



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

### 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: 08.05.2024

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert  
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*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, 16.07.2024



## Resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Project grants	4	109 000	19 782 000
Sales revenue	5,6	500 000	6 313 000
Other income - group companies	5,6	1 183 000	28 770 000
<b>Sum inntekter</b>		<b>1 792 000</b>	<b>54 865 000</b>
<b>Kostnader</b>			
Employee benefit expenses	7	108 751 000	86 558 000
Depreciation and amortisation expenses	8,9,10	4 346 000	1 792 000
Other operating expenses	6,7,8,9	76 847 000	86 388 000
Other operating expenses - group companies	6	14 273 000	
<b>Sum kostnader</b>		<b>204 217 000</b>	<b>174 738 000</b>
<b>Driftsresultat</b>		<b>-202 425 000</b>	<b>-119 873 000</b>
<b>Finansinntekter og finanskostnader</b>			
Share of the profit/ (loss) of associates	11	-34 000	47 000
Finance income	12	29 797 000	27 712 000
<b>Sum finansinntekter</b>		<b>29 763 000</b>	<b>27 759 000</b>
Finance cost	10,12	46 042 000	8 344 000
<b>Sum finanskostnader</b>		<b>46 042 000</b>	<b>8 344 000</b>
<b>Netto finans</b>		<b>-16 279 000</b>	<b>19 415 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-218 704 000</b>	<b>-100 458 000</b>
Income tax expense	13	39 439 000	-25 711 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-258 143 000</b>	<b>-74 747 000</b>
<b>Årsresultat</b>		<b>-258 143 000</b>	<b>-74 747 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-258 144 000	-74 747 000
<b>Sum overføringer og disponeringer</b>		<b>-258 144 000</b>	<b>-74 747 000</b>



## Balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Development	8	201 121 000	78 602 000
Utsatt skattefordel	13		39 439 000
<b>Sum immaterielle eiendeler</b>		<b>201 121 000</b>	<b>118 041 000</b>
<b>Varige driftsmidler</b>			
Right of use assets	15	4 621 000	7 126 000
Equipment	9	1 535 000	
Asset under construction	9	778 492 000	393 927 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9		
<b>Sum varige driftsmidler</b>		<b>784 648 000</b>	<b>401 053 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	14	880 098 000	289 952 000
Investeringer i tilknyttet selskap	11	63 373 000	63 585 000
Other long term receivables	15	5 481 000	9 897 000
<b>Sum finansielle anleggsmidler</b>		<b>948 952 000</b>	<b>363 434 000</b>
<b>Sum anleggsmidler</b>		<b>1 934 721 000</b>	<b>882 528 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Accounts receivable	5,16	564 000	86 000
Other receivables	16	66 189 000	38 055 000
Konsernfordringer	5,6,16	835 000	561 000
<b>Sum fordringer</b>		<b>67 588 000</b>	<b>38 702 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	17	525 590 000	339 918 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>525 590 000</b>	<b>339 918 000</b>
<b>Sum omløpsmidler</b>		<b>593 178 000</b>	<b>378 620 000</b>



### Balanse

Beløp i: NOK	Note	2023	2022
<b>SUM EIENDELER</b>		<b>2 527 899 000</b>	<b>1 261 148 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Subscribed share capital	7,18	37 500 000	18 662 000
Beholdning av egne aksjer	7,18	-1 412 000	
Overkurs		2 662 649 000	1 261 393 000
Annen innskutt egenkapital		5 456 000	3 711 000
<b>Sum innskutt egenkapital</b>		<b>2 704 193 000</b>	<b>1 283 766 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		376 934 000	118 790 000
<b>Sum opptjent egenkapital</b>		<b>-376 934 000</b>	<b>-118 790 000</b>
<b>Sum egenkapital</b>		<b>2 327 259 000</b>	<b>1 164 976 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Lease liabilities	10,12	4 961 000	7 208 000
<b>Sum annen langsiktig gjeld</b>		<b>4 961 000</b>	<b>7 208 000</b>
<b>Sum langsiktig gjeld</b>		<b>4 961 000</b>	<b>7 208 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		136 168 000	57 343 000
Public duties payable		14 042 000	2 758 000
Other current liabilities		31 545 000	28 863 000
Other current liabilities - group companies		13 923 000	
<b>Sum kortsiktig gjeld</b>		<b>195 678 000</b>	<b>88 964 000</b>
<b>Sum gjeld</b>		<b>200 639 000</b>	<b>96 172 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 527 898 000</b>	<b>1 261 148 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
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### Konsernets resultatregnskap

Beløp i: NOK	Note	2023	2022
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Project grants	4	489 000	21 039 000
Sales revenue	4,6	32 909 000	6 465 000
<b>Sum inntekter</b>		<b>33 398 000</b>	<b>27 504 000</b>
<b>Kostnader</b>			
Employee benefit expenses	7	161 366 000	106 772 000
Depreciation and amortisation expenses	8,9,10	14 397 000	2 745 000
Other operating expenses	6,7,8,9	127 738 000	80 422 000
<b>Sum kostnader</b>		<b>303 501 000</b>	<b>189 939 000</b>
<b>Driftsresultat</b>		<b>-270 103 000</b>	<b>-162 435 000</b>
<b>Finansinntekter og finanskostnader</b>			
Share of the profit/ (loss) of associates	11	-34 000	47 000
Finance income	12	44 366 000	30 207 000
<b>Sum finansinntekter</b>		<b>44 332 000</b>	<b>30 254 000</b>
Finance cost	10,12	55 641 000	9 361 000
<b>Sum finanskostnader</b>		<b>55 641 000</b>	<b>9 361 000</b>
<b>Netto finans</b>		<b>-11 309 000</b>	<b>20 893 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-281 412 000</b>	<b>-141 542 000</b>
Income tax expense	13	52 067 000	-35 423 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-333 479 000</b>	<b>-106 119 000</b>
<b>Årsresultat</b>		<b>-333 479 000</b>	<b>-106 119 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap		-333 479 000	-106 119 000
<b>Sum overføringer og disponeringer</b>		<b>-333 479 000</b>	<b>-106 119 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Development	8	201 121 000	78 602 000
Utsatt skattefordel	13		51 522 000
Goodwill	8	24 500 000	24 500 000
<b>Sum immaterielle eiendeler</b>		<b>225 621 000</b>	<b>154 624 000</b>
<b>Varige driftsmidler</b>			
Property and plant	9	23 520 000	
Right of use assets	10	76 249 000	7 126 000
Equipment	9	35 974 000	5 615 000
Assets under construction	9	1 421 104 000	470 457 000
Fixtures and fittings, tools, etc	9	2 762 000	80 000
<b>Sum varige driftsmidler</b>		<b>1 559 609 000</b>	<b>483 278 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	11	63 373 000	63 585 000
Other long term receivables	15	54 592 000	64 496 000
<b>Sum finansielle anleggsmidler</b>		<b>117 965 000</b>	<b>128 081 000</b>
<b>Sum anleggsmidler</b>		<b>1 903 195 000</b>	<b>765 983 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Accounts receivable	5,16	1 090 000	86 000
Other receivables	16	74 937 000	48 145 000
<b>Sum fordringer</b>		<b>76 027 000</b>	<b>48 231 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	17	608 632 000	430 123 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>608 632 000</b>	<b>430 123 000</b>
<b>Sum omløpsmidler</b>		<b>684 659 000</b>	<b>478 354 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2023	2022
<b>SUM EIENDELER</b>		<b>2 587 854 000</b>	<b>1 244 337 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Subscribed share capital	7,18	37 500 000	18 662 000
Beholdning av egne aksjer	7,18	-1 412 000	
Overkurs		2 662 649 000	1 261 393 000
Annen innskutt egenkapital		5 456 000	3 711 000
<b>Sum innskutt egenkapital</b>		<b>2 704 193 000</b>	<b>1 283 766 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		485 899 000	153 950 000
<b>Sum opptjent egenkapital</b>		<b>-485 899 000</b>	<b>-153 950 000</b>
<b>Sum egenkapital</b>		<b>2 218 294 000</b>	<b>1 129 816 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Other non-current liabilities	15	6 645 000	6 645 000
Lease liabilities	10,12	77 738 000	7 208 000
<b>Sum annen langsiktig gjeld</b>		<b>84 383 000</b>	<b>13 853 000</b>
<b>Sum langsiktig gjeld</b>		<b>84 383 000</b>	<b>13 853 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		204 062 000	62 608 000
Tax payable	13	729 000	
Public duties payable		24 070 000	2 580 000
Other current liabilities		56 315 000	35 481 000
<b>Sum kortsiktig gjeld</b>		<b>285 176 000</b>	<b>100 669 000</b>
<b>Sum gjeld</b>		<b>369 559 000</b>	<b>114 522 000</b>



## Konsernets balanse

<u>Beløp i: NOK</u>	<u>Note</u>	<u>2023</u>	<u>2022</u>
SUM EGENKAPITAL OG GJELD		2 587 853 000	1 244 338 000



Skatteetaten

Vår dato  
10.01.2022

Din/Deres dato  
16.12.2021

Saksbehandler  
Lars Waalorp

800 80 000  
Skatteetaten.no

Din/Deres referanse  
AR464059889

Telefon  
90833418

Org.nr  
974761076

Vår referanse  
2021/6664924

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

MORROW BATTERIES AS  
Havnegaten 2  
4836 ARENDAL

Att. Jonas Røssland Havnerås, BDO AS

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 16. desember 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

<b>Morrow Batteries AS</b>	<b>org.nr. 913 102 436</b>
<b>Morrow Technologies AS</b>	<b>org.nr. 998 756 138</b>
<b>Agder Battery AS</b>	<b>org.nr. 914 401 984</b>

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

Morrow Technologies AS og Agder Battery AS er heleide datterselskaper av Morrow Batteries AS. Morrow Batteries AS er hovedsakelig eid av norske selskaper. Sammen med et tysk datterselskap driver selskapene virksomhet innen utvikling av battericelleteknologi og salg av batterier. Konsernet er i en oppstartsfase og framtidige kunder vil være både nasjonale og internasjonale. Engelsk er konsernets hovedspråk internt.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører



kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

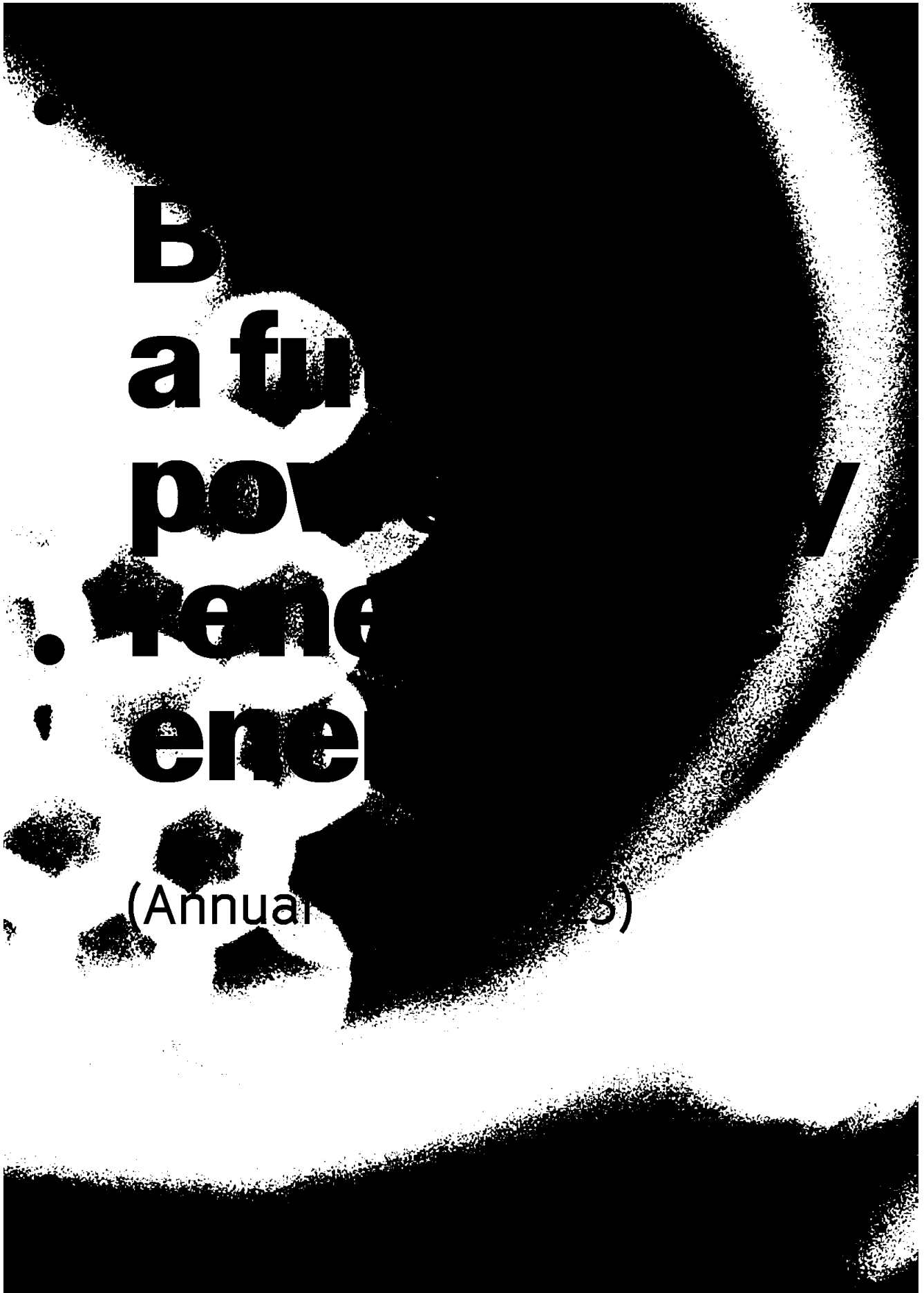
Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapene hovedsakelig har profesjonelle eiere. Videre er det vektlagt at selskapene driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*





# Introduction.

There are solutions to our climate crisis: decarbonisation, electrification, and sustainable energy systems. But these pathways need to be enabled now – at an industrial scale and with unprecedented speed.

At Morrow, scientific problem solvers are coming together – delivering the batteries we need today while 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.

## **Megatrend**

- Electrify society with renewable energy

## **Our mission**

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

## **Our vision**

- Become a premier battery technology and manufacturing company based in Europe

## **Our values**

- Trust
- Collaboration
- Care
- Creativity





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# About Morrow.

(chapter 2)

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## Morrow in brief.

Morrow Batteries ASA (the "Company" or "Morrow") was founded in 2020, with the mission to speed up the energy transition with cost-effective and sustainable batteries. At Morrow, we are working towards both manufacturing the batteries we need right now, while also developing batteries to meet our needs into the future.





Morrow is building a giga-scale battery cell factory in Arendal, Norway, which is set to start operations in the second half of 2024. With the Morrow Cell Factory (MCF), the company will be the first European manufacturer of LFP (Lithium Iron Phosphate) battery cells on a GWh scale.

Morrow is already operating a production line in South Korea, which is manufacturing batteries for customer qualification purposes (CQL). The line, which will be moved to Norway and installed in the MCF during 2024, is also used to train staff who will work at the Arendal site.

In addition, Morrow is operating Norway's largest battery research facility: the Morrow Research Centre (MRC). Located in Grimstad, near Arendal, the MRC is delivering state-of-the-art R&D activities that will support the industrialisation of the Company.

Morrow is deeply embedded in European industrial networks and supported by robust shareholders, including Å Energy, one of Norway's largest energy utilities; the Danish pension fund PKA; technology pioneers Siemens and ABB; the Norwegian state's climate investment company Nysnø; and NOAH, a leading Norwegian environment company.

The Morrow Group includes Morrow Batteries ASA, Morrow Technologies AS, Morrow Industrialization Center AS, and Morrow Batteries GmbH.



# 2023 – a year of industrialisation.

As of 2023, Morrow's operations are centred on three activities and locations: the Morrow Research Centre (MRC), the Morrow Cell Factory (MCF) and the Customer Qualification Line (CQL).

The MRC opened in June 2023 and is set to become a leading hub for innovation in the battery industry in Europe. The new premises houses around 60 highly skilled researchers from 25 different countries and features a 2000 square metre lab area. It is located at the University of Agder (UiA) campus in Grimstad and operates in tandem with a major UiA initiative to build a world-class academic hub for battery technology and battery education.

The CQL is a battery manufacturing line designed to bridge the gap between battery research and mass production. It was first set up in South Korea and has been in operation since Q1 2023. It was installed at a rented facility with a fully-equipped dry room and will be operational until relocation to Norway in spring 2024. Upon arrival in Norway, it will be installed within the Morrow Cell Factory at Eyde Energy Park. The line is semi-automatic and mirrors the process of the larger MCF line, allowing for easy transfer of processes and wider learning from the CQL to the commercial MCF line. Throughout 2023, Morrow has had staff in South Korea to help run the line in collaboration with South Korean partners. A number of machine operators and process engineers have had short stays in South Korea to prepare and learn ahead of the start of operations at the Morrow Cell Factory (MCF) in Arendal.

The 20,000 square metre MCF factory was completed in summer 2023. Further construction inside the building and installation of battery manufacturing machinery commenced in autumn 2023. In the latter part of 2023, Eyde Energy Park housed 150 machine installation specialists on site. The number of installation specialists is expected to peak at 400 for a short period in early 2024. Morrow is aiming for steady production by late 2024, at which point commercial production of Morrow's first generation LFP battery cell will commence.

#### Key events during 2023:

- Opened Norway's largest battery research centre in Grimstad, the MRC.
- Started up the CQL in South Korea, rapidly achieving a high yield operation and manufacturing several thousand battery cells.
- Certified and started supplying potential customers with B-samples of its first LFP battery.
- Completed the construction of the MCR building and started installing machines and equipment in the gigafactory.
- Prepared the grounds for producing the first samples of the advanced next-generation LNMO battery (Lithium Nickel Manganese Oxide) in the first quarter of 2024.



CEO letter

# Sustainable batteries securing our future.



**Lars Christian  
Bacher**  
(Chief Executive  
Officer – CEO).



Notably we started production at the CQL in South Korea. After only a few months of operations, we achieved stable throughput on the production line with impressive efficiency. We validated and subsequently produced several thousand B-samples of our initial LFP battery, many of which have been shipped to potential customers for testing and evaluation purposes. Further, we completed the construction of the MCF building.

**Dear shareholders,**

We are presently witnessing global trends driving electrification across industries and markets and accelerating the transition towards intermittent sources of energy. Batteries are a key enabler of this transition, providing flexible, efficient, and mobile energy storage solutions.

However, in the world of tomorrow, we not only need sustainable batteries - we also need security. Sadly, the state of the world has changed for the worse. War and conflict, geopolitical rivalries, and environmental, social, and governmental challenges, as well as supply-chain issues, continue to disrupt the energy value-chain.

Batteries are a key enabler for the electrification of society, facilitating storage and mobility of energy and hence the development of wind and solar power. Batteries helps stabilise the power grid and increase supply. Therefore, they are not only enablers for the energy transition - they also support security of supply.

In 2023, Morrow Batteries continued its mission to speed up the energy transition with cost-effective and sustainable batteries. During the year we reached several important milestones in developing our industrial and technological capabilities.

As I write this letter to you, we are completing the installation of production equipment in the factory. Once this work is complete and commercial production starts in the second half of 2024, the MCF will be Europe's first and only giga-scale factory for the production of LFP batteries.

We will start by manufacturing the battery cells of today: proven LFP cells already produced at giga-scale elsewhere. This will not only secure production but also help market penetration: sustainable LFP batteries fit with customers' needs, particularly in energy storage markets and green shift segments such as trains, trucks, construction machines, and e-buses.

Simultaneously, we are pushing forward in developing the batteries of tomorrow. The Lithium Nickel Manganese Oxide (LNMO) technology developed by the company replaces cobalt with cheap and abundant manganese as a scaffold to better use the lithium and nickel inside the battery cell. This means that the batteries are significantly more sustainable than existing technology, as well as more cost-effective. LNMO cells made by Morrow will be offered first to supercharge heavy mobility segments (trains, trucks, and ferries) and long-life Battery Energy Storage Systems (BESS) markets.



Instrumental in the development of this in-house technology was the inauguration of the MRC in Grimstad last year. This is the largest battery research centre in Norway, delivering state-of-the-art R&D results. As of the end of 2023, the research centre housed 59 highly-skilled battery specialists, who together with external researchers and scientists are making great efforts in speeding up the energy transition.

While the energy transition depends on batteries for energy storage, it also requires the transition towards an integrated, secure, and independent European battery value chain. We are therefore proud to be instrumental in building a Norwegian value-chain along the "battery coast" around Arendal, Norway. Here, business partners are joining forces in developing a battery value chain eco-system powered by a stable supply of Norwegian hydropower.

Our most important advantage continues to be our people. Morrow has succeeded in attracting experts from different areas of the battery lifecycle. By mixing international capabilities with local industrial heritage and adding the unique Norwegian workplace model, we have a strong platform for building sustainable competitive advantages and achieving our vision.

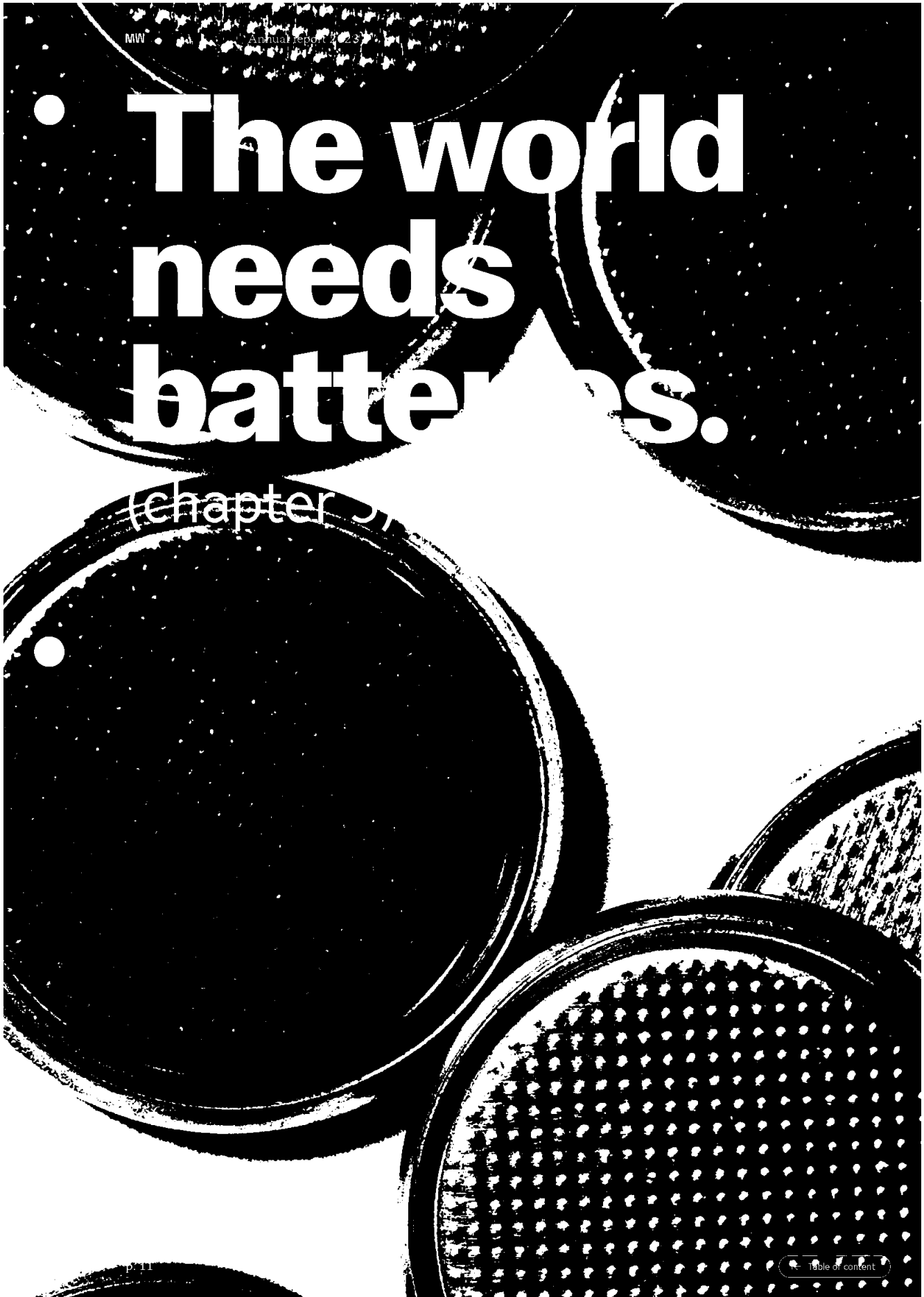
We are fortunate and pleased that our owners are with us for the long term, solidly based on Norwegian and European values. They continued to support the company with more than NOK 1.4 billion of new growth capital invested in the company in 2023.

Morrow and I are also grateful for the continued and dedicated support from our local and national political stakeholders. Together we have worked towards a shared goal of getting in place the necessary frame conditions for developing a sustainable Norwegian battery industry. In this regards, we are pleased with the risk-sharing financing instrument created by the Norwegian government as part of the 2024 state budget.

We at Morrow are on a crystal-clear mission: Speeding up the energy transition with cost-effective and sustainable batteries.

I look forward to reaching our next milestones together, securing firm offtake agreements, and starting giga-production soon, making real the ambition for a Norwegian battery industry.

**Lars Christian Bacher**  
(Chief Executive Officer – CEO).



MW Annual report 2023

# • The world needs batteries.

(chapter 5)

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# The world needs batteries and Morrow expects strong growth in demand supported by global megatrends.

## Decarbonisation:

A rapidly accelerating shift towards sustainable industries and a society less dependent on fossil fuels is driving the adoption of renewable energy. Batteries are key enablers of this transition, representing proven and efficient solutions to energy storage and transportation. Favourable regulative frameworks supporting zero-emission targets are driving the electrification of industries and society at large, which in turn is driving the demand for batteries.

## Electrification and technological innovation:

An increasing number of transportation manufacturers are phasing out fossil-fuel engines in favour of electric power systems. As technological development continues to drive down the cost of batteries, the electrification of energy-intensive sectors like commercial vehicles, maritime transportation, mining, and aviation, is gaining momentum. The accelerated adoption of intermittent renewable energy sources such as wind and solar power is also driving demand for energy storage systems to ensure grid stability and balance the market.

## Regional resilience and independence:

Heightened geopolitical unrest and risks to exposed strategic supply chains and industries, is driving demand for more localised battery supply chains. This is creating a need for European-owned battery initiatives with local operations and regional value- and supply-chains.

According to Rystad Energy, global demand for lithium-ion batteries is expected to grow by a CAGR of 35% annually over the next decade, from 0.4 TWh in 2021 to more than 6.0 TWh by 2030. Electric vehicles, BESS, and commercial vehicles are expected to account for 44%, 36%, and 14% of demand in 2030 respectively. The demand forecast is outpacing current supply projects by a substantial margin, resulting in a large market opportunity for Morrow.



MW

Annual report 2023

# Strategy.

(chapter 4)

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# Our mission.

Morrow is on track to become a premier battery technology and manufacturing company based in Europe. Our mission is to speed up the energy transition with sustainable and cost-effective batteries.

### Sustainable batteries

- Use the Morrow Industrialization Center to advance and commercialise our LFP and LNMO technology platforms
- Manufacture batteries using 100% renewable energy
- Use recycled content in new cell production and build circular battery value chains
- Manage social and environmental risks in supply chains through robust due diligence

### Cost leadership

- Combine proven manufacturing technology with high level automation and lean manufacturing achieving operational excellence
- Use existing experienced workforce as a stepping stone to deliver tier-one operational performance and high yield rates
- Implement industry QHSE standards and acquire all relevant certifications

**Produce sustainable batteries with industry leading R&D** - Sustainability is at the core of Morrow's strategy as we are implementing technological breakthroughs across the value chain based on our state-of-the-art LFP and LNMO battery cells. The Morrow Industrialization Center offers multi-site infrastructure to accelerate the industrialisation of new battery technology. When large-scale production starts in 2024, Morrow will be operating the first gigawatt-scale LFP battery factory in Europe. Based on our own proprietary R&D we will continue testing and soon start manufacturing LNMO batteries that will be among the most sustainable in the world.

Our batteries are produced entirely with clean Norwegian hydropower. We are electrifying our logistics operations and generating energy on site with solar power. Simultaneously, Morrow will ensure that our own battery production scrap is recycled and we are preparing for high volumes of recycled content in our new cell manufacturing. Our battery chemistries do not require cobalt and are supported by more sustainable supply chains. We will deliver cells with high voltage and a high number of cycles, creating long-lasting batteries with low raw material content.

**Cost leadership through operational excellence** - Our production processes are based on proven state-of-the-art manufacturing technology. Our factories will be operated with the highest level of automation supporting lean manufacturing processes. In combination with our strong industrial capabilities, this is expected to drive high yield production for supporting our cost competitiveness.

Morrow has a strong in-house technology and manufacturing team comprising of individuals with proved track records. Aiming for the best industry practice on Quality, Health, Safety and Environment (QHSE), we will put our people at the front and center to our story and success.



### Step-wise growth

- Ensure customer-centric strategy
- Target niche segments and energy storage sectors with LFP
- Enhance and customise LFP and LNMO technology to market needs
- Integrate vertically downstream
- Prepare organisation for automotive business by gradually adhering to automotive standards

**Selected step-wise growth** - We have developed a step-wise production and go-to-market strategy where the customer is in focus. Starting with production of LFP batteries using proven production technologies, we will focus on serving the most promising energy storage and niche markets including construction, marine, trains and e-bus applications. Later, we will supply enhanced LFP and next-generation LNMO technologies customised to market needs as a platform for growth.

### Morrow ecosystem

- Optimise value chains through strong partnerships
- Establish European-based battery supply chains with responsibly sourced materials
- Collaborate with public and private partners at regional, national and European levels to build a globally competitive battery industry

### Building local and regional eco-systems -

Morrow is supporting the development of an integrated battery value-chain on "The battery coast" of southern Norway. The ambition is to develop an eco-system of value chain partners that will enable cost-efficient scaling of technologies in a closed loop circular manufacturing system. Our ambition is based on a strong belief in sustainability throughout close and integrated relationships with partners, suppliers, customers, and other stakeholders.

# Our solutions.

Morrow is developing, manufacturing, and marketing high-quality, cost-effective and sustainable li-ion battery cells.

The markets served by Morrow are expected to grow substantially in the years to come. Today, electric vehicle applications is the largest segment for batteries. However, battery energy storage systems are becoming more prevalent for both private and industrial use, in order to balance energy supply and demand and optimise the grid.

We have consciously chosen to focus on the energy storage markets first, as conventional LFP technology suits these markets and customer qualification processes are quicker. Addressing these markets first with our LFP technology and attractive value propositions is securing both production and market penetration.

**Battery Energy Storage Systems (BESS)** store extra electricity when demand is low and release it when demand is high. These solutions can also provide backup power during outages or help keep the grid stable during periods of peak demand. Batteries are an efficient and effective means of energy storage. They can store electrical energy as chemical energy and quickly convert it back to electrical power as needed, making them ideal for energy storage systems. Additionally, batteries offer a high degree of scalability, making it possible to design BESS that meet the specific needs of any application, from single homes to entire cities. Our focus for BESS is on delivering LFP batteries that are safe, durable, and as sustainably made as possible.

**Upcoming green shift industries**, such as electric trucks, buses, heavy-duty construction equipment, and maritime vessels, demand reliable and durable batteries that can withstand heavy usage. One critical requirement for these applications is long life cycle to support greater distances and lifetimes. LFP batteries are the preferred choice for these applications, offering a cost-effective and durable solution. However, with Morrow's upcoming LMNO-X technology, the quick charge ability of commercial vehicle batteries will improve significantly, making them an even more attractive option for these sectors. Morrow will accelerate further growth in Europe by offering custom-made batteries for various segments. Our Li-ion batteries provide

high power density and C-rates, making them a competitive choice for our customers.

Creating the next generation of **electric car batteries**. At Morrow, our world-class team of scientists and process engineers is committed to developing the next generation of sustainable battery solutions for the automotive industry. Our cutting-edge research focuses on creating a new LMNO-C chemistry that will offer high-end performance and highly sustainable sourcing for e-mobility markets.

We know that making high-performance batteries available fast and on a large scale will make a difference.

Key market segments:



## Energy Storage

How Battery Energy Storage Systems are speeding up the green energy transition.



## Commercial vehicles

Battery solutions for electric commercial vehicles.



## Marine

Custom-made batteries for electrifying marine vessels.



## Mobility

Creating the next generation of electric car batteries.

# Industrial scaling.

Morrow has established a strong base for building a battery manufacturing platform primed for further growth with validation and support from strong industrial owners. The company ensures technological leadership through a comprehensive development model.

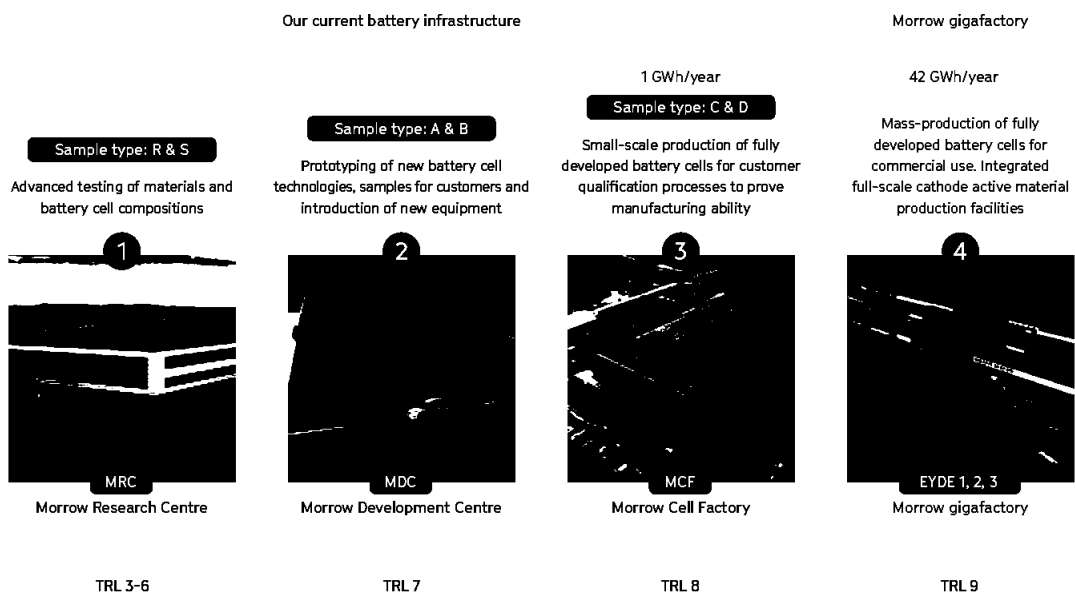
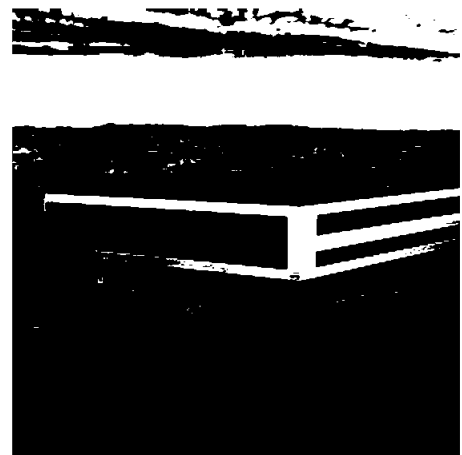


Figure: Increasing technology readiness and production volumes

## Morrow Research Centre (MRC)

The MRC is the cornerstone of the comprehensive infrastructure we are building to industrialise battery cell production in Europe. With a team of highly-skilled researchers from around the world, the MRC boasts expertise that Norway has not previously possessed. With groundbreaking research for battery technology and cell production, the MRC is at the centre of a dynamic eco-system for battery production. Our research extends beyond our wholly owned centre in Grimstad and includes partnerships with the University of Agder (UiA), the Institute for Energy Technology (IFE), the University of Oslo and SINTEF, substantially extending the reach of our R&D activities.





#### Customer Qualification Line (CQL)

Our CQL is a small-scale battery manufacturing line, a vital facility to bridge the gap between battery research and mass production. The CQL has a capacity of 2,000 battery cells per month and serves several purposes. Firstly, it produces TRL 7 stage batteries to prove their technological feasibility and provides feedback to the Morrow Research Centre. Secondly, it is used to produce A and B sample battery cells for customer qualification processes.

Morrow has temporarily set up the CQL in South Korea and has been operational since Q4 2022. It has been installed at a rented facility with fully equipped dry room and will be operational until relocation to Norway in 2024. The CQL will be installed in the same facility as the MCF at the Eyde Energy Park and renamed to the Morrow Development Centre (MDC). The line is semi-automatic and mirrors the process of the larger MCF line, allowing for easy transfer of processes from the MDC to the commercial MCF line.

#### Morrow Cell Factory (MCF)

The MCF is an important building block in developing large-scale industrial capabilities. It will demonstrate scale-up and mass-production capabilities while supplying battery cells for customer applications. The MCF is equipped with similar production equipment as intended for planned expansions to reach the stated goal of 43 GWh installed production capacity at Eyde Energy Park in Arendal. In addition, Morrow will consider expansion opportunities for additional gigafactories.

# Regional supply chains.

The EU recently adopted the Critical Raw Materials Act, which aims to ensure secure and sustainable supply of critical raw materials for Europe's industries and significantly lower the EU's dependency on imports from single country suppliers.

These efforts are part of a megatrend where complex global supply chains in strategic industries are discouraged, in favour of sourcing from regional or closely aligned suppliers.

There is a growing sense of risk and unease in doing business in or with authoritarian states, underlying a trend towards regionalisation. Political tension between the world's two largest economies, the United States and China, are high and have been further exacerbated by the Russian invasion and war in Ukraine. A further deterioration in US-China relations will have a profound impact on European security and economy, which can be mitigated by more regional-based and diverse supply chains in sectors such as batteries.

Morrow acknowledges that the battery industry is prone to risks. Known potential risks include an adverse impact from environmental destruction, unsafe working conditions, and use of child labour. This calls for a robust sustainability risk management framework. Morrow is also legally required under the Norwegian Transparency Act to identify and assess risks and any actual or potential adverse impacts throughout its supply chain, and report on this work annually. This includes risks related to human rights violations and decent work conditions.

The OECD's Responsible Business Conduct Due Diligence framework has been identified as a useful guide in these efforts and Morrow has modelled our procedures on this framework. The provisions in the Norwegian Transparency Act mirrors the EU's requirement that companies must demonstrate to meet minimum social safeguards as well as due diligence requirements in the new EU Battery Regulation and in other provisions.

# Partnerships and collaboration.

Building a European battery value chain from scratch is challenging and requires collaboration across industries, countries, and businesses to succeed. Hence, partnerships across the value chain are an integrated part of Morrow's strategy.

Morrow has established strong relationships with many leading European research and development communities. The company has also entered partnership with several leading European-based global industry and technology companies to develop downstream product solutions. The development of a DC block solution is one example. The establishment of a recycling JV with Stena Recycling is another.

Establishing partnerships across the value chain with local businesses is also important. Several companies in southern Norway possess world-leading process capabilities and/or offer materials such as graphite and nickel, which is essential in battery production. The region also offers abundant renewable energy sources, supporting the establishment of sustainable battery value chain elements.

Selected new partnerships and collaborations that Morrow entered into in 2023 include:

- **In February**, Morrow signed a Memorandum of Understanding (MoU) with the AI startup Optimeering to develop AI-driven automation software for short-term power market operations.
- **In March**, Morrow signed a MoU with Eldrift on a long-term supply of batteries for Eldrift's Battery Energy Storage Solutions. Under the non-binding offtake agreement, Eldrift agreed to purchasing 1.5 GWh of Morrow's batteries starting in 2024.
- **In August**, Morrow partnered with Gamma Technologies, a leading multi-physics systems simulations software provider. This partnership enables us to accelerate our battery cell development with the virtualisation of cell development.
- **In August**, Morrow entered a preferred supplier agreement with Siemens to optimise and automate our battery production, ensuring leading process control and top-of-class battery quality.
- **In September**, Morrow and Shenzhen Kedali Industries Co., Ltd signed a supply agreement for battery mechanical parts delivery to our MCF production facility.
- **In October**, Morrow renewed a purchase agreement with Echion Technologies for the supply of active anode material for next generation battery technology.
- **In December**, Morrow renewed a purchase agreement with Topsoe for the supply of cobalt-free LNMO cathode active material for next generation battery technology.
- **In December**, Miljøstiftelsen Bellona and Morrow Batteries entered a partnership to develop best practices for sustainable battery materials and production of green batteries.



# Sustainability.

Sustainability is at the core of Morrow's strategy, and we strive to excel as a frontrunner in the battery sector, pioneering sustainability breakthroughs within our cell technology and across our value chain.

Morrow is working towards sustainable batteries along three dimensions:

## Decarbonisation

- We make high performance batteries available for mass consumption, resulting in reduced CO2 emissions in the transport and energy sectors.
- We are building a value chain where sustainable mining and sustainable battery material production in Europe using renewable energy will take centre stage.
- Our cell manufacturing is powered by 100% renewable hydropower.
- We are electrifying our logistics operations and generating our own energy on site with solar panels.

## Circularity

- We are working towards a record-high level of recycled content in our new cell manufacturing.
- We will enable direct recycling of our production scrap and end-of-life-cells.
- New waste streams are being identified and mobilised for the battery supply chain.
- We are facilitating a digital Battery Passport that enables reuse and recycling of end-of-life batteries.

## Sustainable innovation

- Our ground-breaking LNMO battery chemistries will remove toxic solvents, eliminate cobalt, and reduce nickel and lithium in high performance battery cells.
- Our R&D teams are facilitating the use of more sustainable and abundant battery materials in industrial scale battery cell production.
- Our chemistry and manufacturing innovations reduce energy consumption during cell manufacturing.
- Our LNMO battery chemistry ensures high voltage and high number of cycles - creating long lasting batteries that reduce overall raw material use.
- We are developing products with low carbon footprints in closed loop systems.
- We are working towards tighter value chain integration through partnerships that are increasingly becoming circular through recycling.

# Letter from the Director of Sustainability.

2023 was the warmest year on record with the earth's surface temperature reaching 2.1 degrees above baseline temperatures. The world needs to rapidly transition to renewable energy and electrify transport if we are to avoid further devastating temperature increases.



  
**Dr. Stina  
Tørrisen**  
(Director of  
Sustainability).

Batteries produced by Morrow will be used in energy storage systems that support wind and solar power production as well as in electric vehicles. Crucially, these batteries, which offer important solutions to the climate crisis, also need to be sustainable.

In 2023, we worked along three tracks to deliver sustainable batteries: decarbonisation, circularity, and sustainable innovation.

## “A major asset in this quest is our research scientists pushing for innovative breakthroughs in battery technology ..”

Dr. Stina Torjesen

We mapped the carbon emissions across our battery value chain - from mines to completed battery cells. Our analysis indicates that we will likely come close to zero-emission battery manufacturing at our home location when production starts. There are, however, several carbon emission hotspots in our supply chain and we are working hard to reduce these. Using more recycled content will be one important measure.

A first stepping stone is the recent partnership established with Stena Recycling. Morrow's battery production scrap from the Morrow Cell Factory will be handled at Stena's new state-of-the-art battery recycling plant in Halmstad, Sweden. We will also jointly explore how we can build an agile and market-driven circular battery value chain where industrial waste streams are turned into battery materials for Morrow's cell production. A major asset in this quest is our research scientists pushing for innovative breakthroughs in battery technology, which will bring new and less carbon intensive materials into industrial-scale battery production.

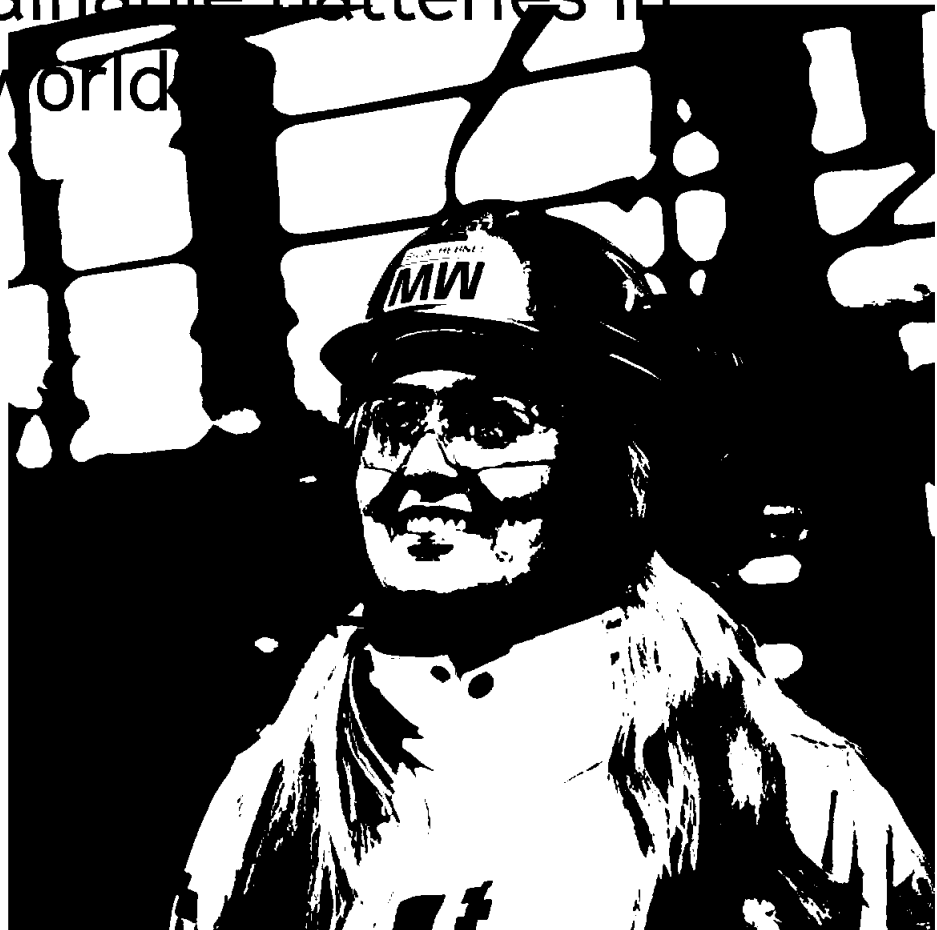
2023 was also the year when the landmark EU Battery Regulation was ratified, and the European Sustainability Reporting Standards (ESRS) was adopted as required in the Corporate Sustainability Reporting Directive (CSRD). The new standards offer a comprehensive and systematic framework for companies to chart their green transition journey; set social, environmental and governance targets; and communicate openly on progress. Morrow is not yet legally obliged to report according to the ESRS, but we have already incorporated key principles. This year's Impact Report presents Morrow's first climate accounting and a double materiality assessment including climate change mitigation, resource use, rights of workers in the value chain and biodiversity. Going forward, Morrow will build data collection mechanisms and reporting procedures for the company's material topics. This will enable Morrow to put forward robust insights in compliance with the ESRS in due time.

**Dr. Stina Torjesen**  
(Director of Sustainability).



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We are on a mission to safeguard our planet and our way of life for future generations. Every day, we devote ourselves to develop and deliver the most cost-effective and sustainable batteries in the world.





# 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.

During 2023, our expansion continued, and we now have 158 employees representing 29 different nationalities. Our employees represent a true picture of diversity.

To build a culturally robust platform from which to scale, we are focusing on strengthening our organisation by developing our people and leaders. Both leaders and employees need to have the confidence and strength from our culture and the tools required to bring the organisation forward in this part of our journey. With our strategy, we also set out the key activities for achieving our goals in respect of diversity, equality, and inclusion.

We will continue to recruit people with the right capabilities, motivation, and collaboration skills at the right time. 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 improvement, who understand both the culture and business of their tasks. We do this to reduce risk and accelerate growth.

Our leadership development framework is starting to materialise to facilitate the development of a broader skillset of multi-functional and cross-cultural competencies, as well as continue building a strong and innovative company culture.

Our values – trust, collaborate, care, creativity – define how we want to achieve our goals together. These guiding principles and fundamental beliefs help us function together as a team and work towards realising our strategy. They make it easier for us to achieve the right results, the right way; help us communicate and collaborate better; and hire future colleagues with the right attitude. Every day, we devote ourselves to developing and delivering the most cost-effective and sustainable battery cells in the world.

#### Our values:

- **We trust**  
Trust is the Scandinavian way and it is at the core of how we communicate, behave and collaborate.
- **We collaborate**  
We perform our best when we work together with colleagues, partners, customers and suppliers.
- **We care**  
Caring means protecting our people, planet, business performance and company.
- **We create**  
Finding new solutions to old problems excites us. We think, test, and try again.



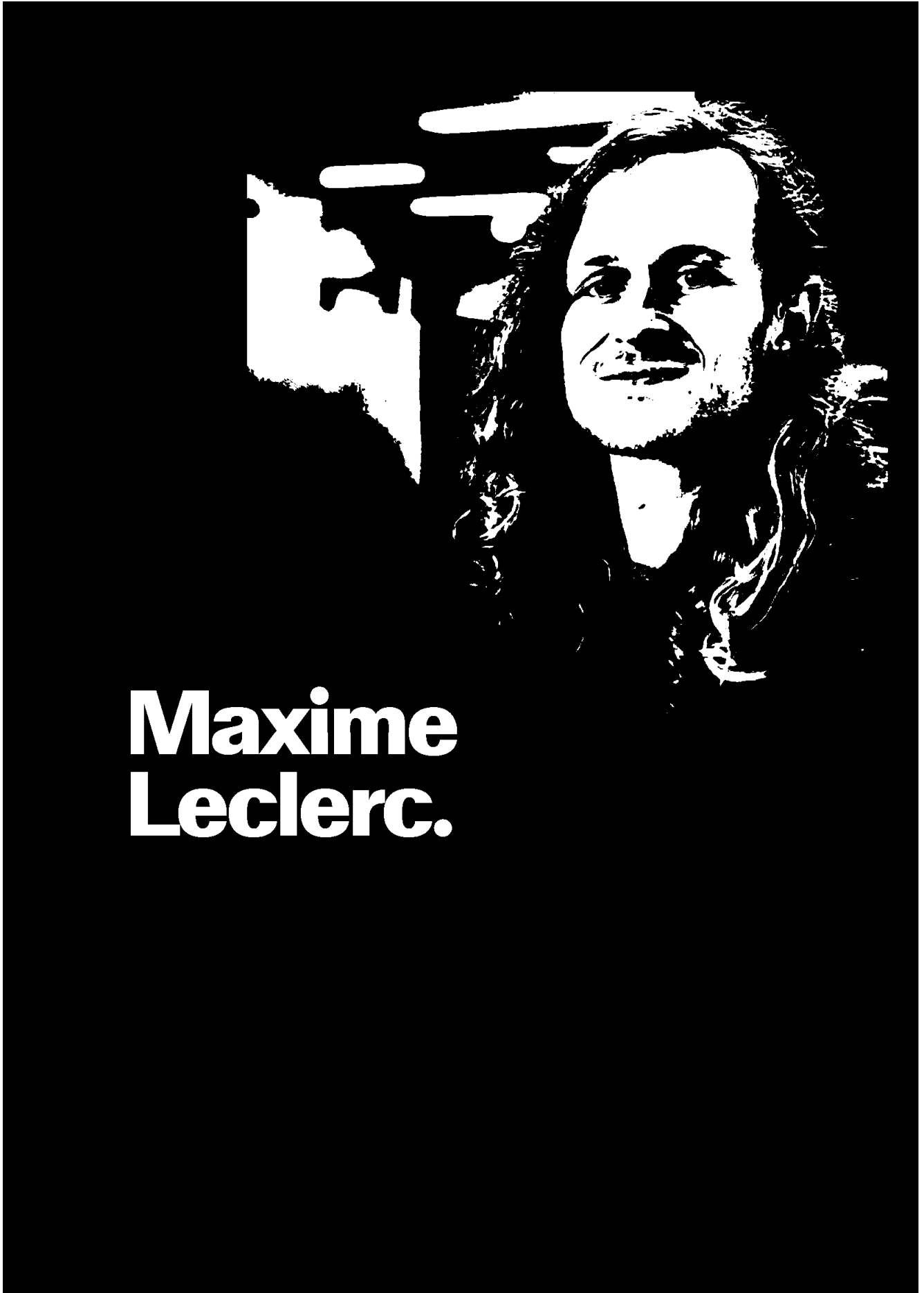
**Meet Morrow.**



**Kathrine  
Knudsen.**



# Kristoffer Tømmermo.



**Maxime  
Leclerc.**



**Susanna  
Stene.**



**Adriana  
Navarro-Suarez.**

## Executive leadership team.



### Lars Christian Bacher

(Chief Executive Officer – CEO).

Lars Christian Bacher became Chief Executive Officer of Morrow on 1 December 2022. He 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 a master's degrees from the Norwegian School of Economics (NHH) and the Norwegian University of Science and Technology (NTNU).



### Steffen Føreid

(Chief Financial Officer – CFO).

Steffen Føreid started as Chief Financial Officer at Morrow in October 2023. He has broad international leadership and capital markets experience from public and private companies in energy and maritime industries. He has served as a CFO for almost 15 years and been responsible for implementing financing strategies for supporting multi-billion USD global expansions. Previously, Føreid served as CFO at Gen2 Energy, Freyr Battery (NYSE), and Høegh LNG Holdings (OSE) and as Director and CEO/CFO at Høegh LNG Partners (NYSE). He holds a degree in Finance and Business Administration from the Université de Fribourg in Switzerland.



### Dr. Andreas Maier

(Chief Operational Officer – COO).

Dr. Andreas Maier joined Morrow in April 2021 and was appointed Chief Operational Officer in April 2022. He has solid experience in battery manufacturing from Samsung SDI. At Samsung, as VP of Quality, he oversaw the quality of cell production in South Korea, China, and Hungary. He holds an 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 South Korea. He also managed the build-up of a large-scale production facility with Hyundai Mobis in South Korea.



## Asta Stenhagen

(General Counsel and Head of Legal & Compliance).

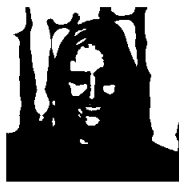
Asta Stenhagen joined Morrow in April 2022 as the General Counsel and Head of Legal & Compliance, bringing with her more than two decades of legal, finance, and operational experience from her previous roles at Tietoevry, Wilhelmsen Group, and the lawfirm Thommesen, as well as various board positions. 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 Law Degree from the University of Oslo (UiO), including legal subject matters from University of Århus (Denmark) and project management from UiO.



## Elisabeth Meidel

(Director of People & Culture).

Elisabeth Meidel joined Morrow in October 2021 and currently serves as the Director People & Culture, bringing with her more than 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 Norway. 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.



## Christin-Marie Boudgoust

(Chief Commercial Officer as of January 2024).

Christin-Marie Boudgoust joined Morrow in January 2024 and currently serves as Chief Commercial Officer. She brings with her a wealth of experience and a strong track record in the commercial business area. Prior to joining our team, Christin-Marie served as the Director of Business Development Battery Systems at Webasto. She has also held key positions, including Key Account Manager in the EV field at Samsung SDI and General Manager at DBK Heaters Trading (SH) where she successfully established a Chinese subsidiary in Shanghai, China. Christin-Marie is leading our commercial business area, overseeing the sales area as well as both the Business Development and the Technical Sales support teams. Christin-Marie holds a Diploma in Business Administration from the Cooperative State University Karlsruhe, Germany.



## Jon Fold von Bülow

(Chief Science Officer – CSO as of January 2024 & Co-Founder).

Jon Fold von Bülow is one of the co-founders of Morrow and serves as Chief Science Officer. With over a decade of experience in the battery industry, Jon has held various roles in research, development, and management. Before joining Morrow, Jon led 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. He 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).



## Naja Boone

(Director of Marketing & Communications).

Naja Boone joined Morrow in August 2022 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.



## Pål Brun

(Executive Vice President Corporate Affairs & Co-Founder).

Pål Brun is one of the co-founders of Morrow and currently serves as Executive Vice President of Corporate Affairs. Brun has over 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

(Director Strategy & Corporate Development).

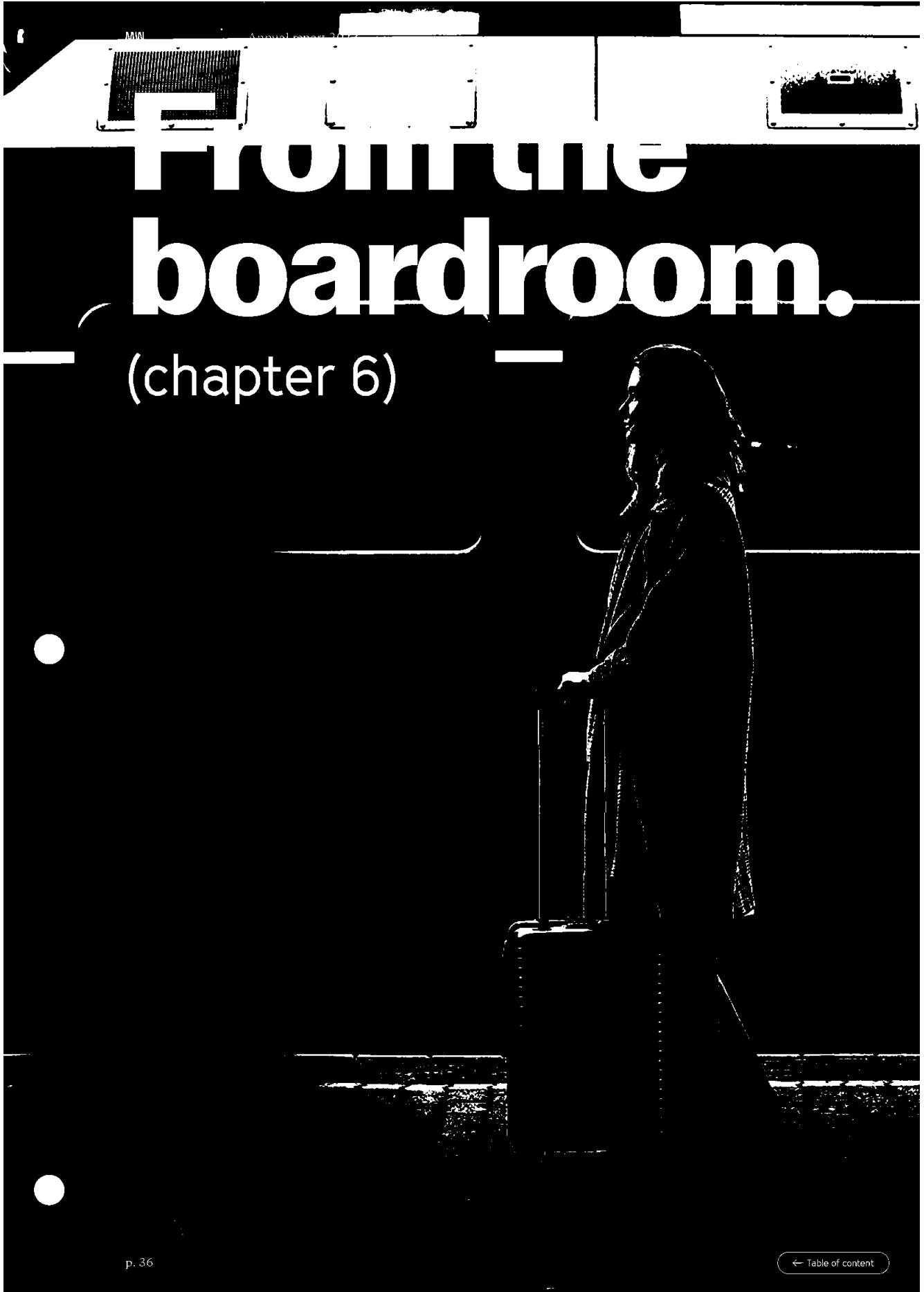
Nina Hunsager Framås joined Morrow in April 2021 and currently serves as Director of Strategy and Corporate Development. Bringing with her more than ten years of experience in management consulting, Framås' proficiency lies in corporate strategy and development, business improvement, and operational optimisation. She has extensive experience from leading major and complex transformation projects and processes in a fast-paced environment. Nina holds a Master of Science in Business and Economics (Sivilekonom) from BI Norwegian School of Economics.



## Dr. Rahul Fotedar

(Chief Technology Officer – CTO & Co-Founder).

Dr. Rahul Fotedar is one of the co-founders of Morrow and currently serves as the Chief Technology Officer. His 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 Masters's degree in chemistry from TU München and a Ph.D specialising in battery materials from ETH Zürich.



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# Board of Directors.



## Liv Monica Bargem Stubholt

Chair of the board

Liv Monica Bargem Stubholt was appointed Chair of the board in June 2022. She 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 of Hafslund Oslo Celsio and deputy chair of Vår Energi. Stubholt holds a Cand. Jur. Degree from the University of Oslo.

## Atle Knudsen

Board member

Atle Knudsen joined the board of Morrow in May 2023. He is Executive Vice President for New Industries at Å Energi. Knudsen holds a Master's degree in marketing from the Southern Denmark Business School and an MBA from the Norwegian School of Economics. He is the chairperson of Å Energi Invest and Entelios Nordic.

## Anders Læg Reid

Board member

Anders Læg Reid joined the Morrow board in 2020. With more than 30 years of experience in banking, he has held multiple leadership positions in Sparebanken NOR, Gjensidige NOR, and DNB, including heading 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.

## Tor Øystein Repstad

Board member

Tor Øystein Repstad joined the Morrow board in 2020 and is currently serving as the CEO of Å Energi Venture (previously Agder Energi Invest). He has worked in the industry for over 20 years and has gained experience working with Otovo, Norsk Energigjenvinning, Å Energi (previously Agder Energi), and Eco Stor. 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).

## Pedro Valle e Azevedo

Board member

Pedro Valle e Azevedo joined the board of Morrow in June 2022. He is an Investment Director of the Equity Finance Team at Siemens Financial Services. He has specialised in investment opportunities in the energy and infrastructure sectors. His expertise spans 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 a Bachelor in Business Management and Industrial Engineering (Portugal) and an Executive MBA in Finance and Leadership from FAU Erlangen-Nürnberg.



# Board of Directors' report.

Morrow Batteries ASA ("Morrow" or the "Company") is an industrial technology company that develops, manufactures, and markets high-quality lithium-ion battery cells. The company is on a mission to speed up the energy transition and since its establishment it has taken important steps towards supplying sustainable and cost-effective batteries to energy storage, niche, and automotive markets.

The Morrow Group includes Morrow Batteries ASA, Morrow Technologies AS, Morrow Industrialization Center AS, and Morrow Batteries GmbH.

## OPERATIONS AND LOCATIONS

Morrow is building a giga-scale battery cell factory in Arendal, Norway, that is scheduled to start operations in the second half of 2024. The Morrow Cell Factory (MCF) will be the first giga-scale factory in Europe for manufacturing LFP batteries. Morrow is already running a production line in South Korea for supplying battery samples for customer qualification purposes, which will be moved to Norway and installed in the MCF during 2024. Furthermore, Morrow is operating Norway's largest battery research centre located in Grimstad, the Morrow Research Centre (MRC), which is delivering state-of-the art R&D results.

Morrow is starting up the MCF by manufacturing conventional LFP batteries for energy storage and niche market applications. This is a conscious decision to secure both production and market penetration. The LFP Bev 2 battery is produced on a giga-scale today and fits customer needs in targeted markets. In parallel, Morrow is continuing to develop next-generation LFP and LNMO battery technologies and will consider growing selectively across chemistries and markets.

At the end of 2023, Morrow had three assets in operation or under development:

### Morrow Research Centre (MRC)

The Morrow Research Centre opened in April 2023 and, as of the end of 2023, housed 59 highly-skilled battery specialists who delivered state-of-the-art R&D activities. The research centre is the largest of its kind in Norway and probably still the largest in Northern Europe.

### Customer Qualification Line (CQL)

The Customer Qualification Line, located in South Korea, started operations at the turn-key providers location in Chungju in the beginning of 2023. The main purpose of the facility is to produce high-quality electrodes, assemble prototype battery cells, train giga-factory operators, and produce battery T-, A- and B-samples to be tested internally before B-samples are sent to potential customers for qualification purposes. Hence, the CQL is an important asset in bridging the gap between battery R&D and mass production. The facility will be relocated to Norway during 2024 and integrated into the MCF while the MCF is completed.

### Morrow Cell Factory (MCF)

The MCF is Morrow's first giga-scale factory. Depending on chemistry, the facility will have an annual manufacturing capacity of 1-1.5 GWh. The start of production at the MCF is scheduled for mid-2024, with commercial production expected to start during the fourth quarter of 2024.



## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Morrow has prepared the consolidated financial statements in accordance with the Regulation on the simplified application of the International Financial Reporting Standards (IFRS \* Accounting Standards) as adopted by the European Union. Unless otherwise stated, all amounts below refer to the consolidated financial statements for the group. The financial statements cover the period from 1 January 2023 to 31 December 2023.

During the period, the Group's revenues increased from NOK 28 million in 2022 to NOK 33 million in 2023. Operating loss ended at negative NOK 270 million in 2023, compared to negative NOK 162 million in 2022. The deterioration is mainly due to an increase in salary and personnel expenses in line with the Group's growth ambitions. The loss for the period was negative by NOK 334 million, compared to negative NOK 106 million in 2022. The Group's total assets amounted to NOK 2,588 million at the end of 2023, compared to NOK 1,244 million in 2022. The Group had a cash position of NOK 609 million at year-end 2023 compared to NOK 430 million at year-end 2022. Total equity amounted to NOK 2,218 million at year-end 2023, compared to 1,130 million as of year-end 2022.

Cash flows from operating activities ended 2023 at a negative NOK 125 million compared to a negative NOK 100 million in 2022. Cash flows from investing activities were negative by NOK 1,128 million in 2023, compared to negative NOK 678 million last year. Cash flows from financing activities of NOK 1,431 million in 2023 includes NOK 1,420 million in new equity. Cash flow from financing activities in 2022 ended at NOK 995 million.

### Review of the Parent Company

Morrow Batteries ASA's revenues decreased from NOK 55 million in 2022 to NOK 2 million in 2023. The reduction is mainly due to decreased income from companies within the Morrow Group and a reduction in public grants. Operating loss ended at negative NOK 202 million, compared to negative NOK 120 million in 2022. The deterioration was largely due to higher personnel expenses and lower revenues. The loss for the period was negative by NOK 258 million, compared to negative NOK 75 million in 2022.

Total assets amounted to NOK 2,528 million as of 31 December 2023, up from NOK 1,261 million as of 31 December 2022. The company's

cash position was NOK 526 million at year-end 2023, up from NOK 340 million at year-end 2022. Total equity amounted to NOK 2,327 million at year-end 2023, compared to NOK 1,165 million at the end of 2022.

Cash flows from operating activities ended 2023 at a negative NOK 152 million compared to negative NOK 54 million in 2022. Cash flows from investing activities were negative by NOK 1,096 million, compared to negative NOK 799 million the year before. Cash flows from financing activities of NOK 1,434 million mainly include NOK 1,420 million from the share issued during the year 2023. Cash flow from financing activities in 2022 ended at NOK 988 million.

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

<b>To retained earnings:</b>	NOK 258 million
<b>Total allocated:</b>	NOK 258 million

## ENTERPRISE RISKS MANAGEMENT

Morrow's risk management process follows a cyclical and iterative approach where we work to identify, analyse, assess, and manage relevant and significant risks that we encounter. Risk management is a vital and integral part of our organisation's governance and management. It enables us to anticipate, prevent, and mitigate the potential threats and uncertainties that may affect our objectives and performance. It also enables us to seize the opportunities and benefits that may arise from the changing and complex environment.

Our operations are exposed to internal and external risks that could impact our ability to achieve our objectives for sustainable growth, development, and performance. To ensure the sustainability, resilience, and growth of our company in a dynamic and complex environment, we have applied the COSO risk framework where risk and opportunities are classified by four categories, namely: strategic, operational, financial and compliance risks.

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.

Every business function is responsible for managing risks and completing the risk mitigating actions within their respective



business operations and area of responsibility according to the risk management framework. Our risk reports are reviewed and approved by the Board of Directors on a regular basis.

#### Strategic risks

Morrow is growing in a fast-paced environment and needs to mature further and gather insights to materialise its strategic opportunities. Morrow's ability to compete for funding and customers and its product/price attractiveness are amongst the key strategic risks. We must therefore successfully execute on our current projects and plans, and continue to further strengthen our commercial capacity and competence.

#### Operational risk

Significant operational risks involve Morrow's ramp-up of the Morrow Cell Factory and transition into a cost-efficient, 'lean' company. We will continue lean and versatile set-up at the factory while focusing key operational parameters (e.g., yield, throughput, and availability).

Morrow has very low tolerance related to risks associated with HSE and people safety. Through the construction of our Morrow Cell factory scale (1GWh) more than 300 workers from our suppliers are on site every day, installing equipment. Morrow is continuously working to achieve the goal of zero harm to personnel, materials, and the environment, and has a high focus on HSE activities.

Morrow's growth relies on successful project execution, and we have an ambitious growth and development plan. Timing is crucial - and challenging. Successful project management is impacted by several factors such as securing power, power prices, logistics, governmental approval processes, permits and access etc. Morrow is in a development phase where many of these elements are in place for the first step of construction. We will further continue to manage these risks through project portfolio management and reporting.

The company increasingly risks 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 risks including liquidity risk, market risk and credit risk.

Liquidity risk is the risk that Morrow may be unable to pay its financial obligations as they fall due. The company has so far mainly used equity financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments. Morrow has a strong shareholder base including industrial and financial investors that have proven willing and capable of supporting the company. Further, the company has good liquidity management, reducing the risk of urgent liquidity needs.

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.

#### Compliance risk

Morrow strives for full compliance with our Code of Conduct, and national and international laws and regulations in which we operate. This includes complying with rules related to e.g., accounting, procurement, or transactions.

Morrow is exposed to risk of loss or misuse of Morrow IP, but this is being mitigated by the establishment of an IP risk strategy and an action roadmap.

The risk of unbalanced contracts remains for a scale-up company and may imply e.g. low margins, uncapped liability, strict warranties, and low probability of success.

Morrow's success in mitigating compliance risks has high shareholder attention. Constructive and transparent work processes, general transparency and respect is the foundation to support a compliance culture. Clear alignment on the company's goals supports a good working environment between the board and management.



## SIGNIFICANT EVENTS DURING THE YEAR

- **28 February:** Morrow announces significant development milestone with the production of A-sample LFP cells.
- **20 March:** Morrow and Eldrift sign MoU for long-term supply of Battery Energy Storage Solutions.
- **30 March:** Morrow starts battery cell production at its technology development centre in South Korea.
- **12 May:** Morrow Batteries ASA raises NOK 569 million in a convertible loan
- **9 June:** Morrow opens Norway's largest battery research centre in Southern Norway
- **5 July:** Morrow achieves yield of 86 per cent from Customer Qualification Line in Korea in four months.
- **16 August:** Morrow aims to realise the first prismatic LNMO battery cell in the world by early 2024.
- **17 August:** New milestone reached as Morrow installs dry room at Morrow Cell Factory.
- **28 August:** Morrow, Nordic Batteries and Eldrift join forces to build Norwegian battery supply-chain.
- **22 September:** Morrow raises up to EUR 70 million in new capital from its owners.
- **31 October:** Morrow sends certified LFP B-sample batteries to customers, taking yet another step towards GWh scale production.
- **23 November:** Morrow announces factory acceptance tests (FATs) concluded in South Korea, taking the company closer to production start.

## INVESTING IN R&D

Battery technologies are evolving rapidly and building market share requires keeping pace with developments in the field. Morrow has maintained a strong commitment to develop batteries in-house rather than licensing in relevant technologies. This is a differentiating factor that enables the company to develop battery solutions in close cooperation with customers and be at the forefront of development.

The highly-skilled battery specialists at the MRC have already delivered state-of-the-art R&D results. They have developed competitive LFP and NMC technologies and recently achieved the important milestone of producing the world's first A sample of an LNMO battery. The LNMO technology is expected to substantially reduce the levelised cost of battery cells and reduce the CO2 footprint of the battery value chain considerably.

## SUSTAINABILITY

Morrow's sustainability performance is outlined in detail in the 2023 Morrow 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](http://www.morrowbatteries.com) by 30th June 2024. Morrow will also issue a Communication on Progress to the UN Global Compact during 2024.

Morrow is in a start-up phase and has voluntarily started defining its material topics (double materiality) in accordance with the European Sustainability Reporting Standards (ESRS) during Q2 2024. A set of overarching targets has been defined for five of the material topics. The targets are set for 2025 and 2030. Morrow will use 2024 to break these overarching targets into more specific indicators and define additional goals as stipulated in the ESRS (KPIs).

### Environmental impact

Morrow's mission is to speed up the energy transition with cost-effective and sustainable batteries. The company is preparing for near-zero emission manufacturing of battery cells at the Morrow Cell Factory and is targeting substantial reductions in CO2 emissions in the battery supply chain. Morrow will recycle battery production scrap and is preparing for recycled materials to be used in the production of new battery cells. Morrow's suppliers commit to upholding high environmental standards and are screened for environmental risk before being onboarded. Direct battery material suppliers are regularly audited on their environmental performance through on-site visits. The Morrow Cell Factory



building is being constructed in line with the requirements of BREEAM-NOR.

#### Work environment

Morrow's commitment to zero harm to its employees extends beyond mere accident prevention. The company recognises that employee well-being encompasses both physical and mental health. Easy access to a variety of services from health care professionals is provided through 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 prioritising 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. Morrow has twice during 2023 completed employee engagement surveys, where stress level especially were monitored.

Sickness absence amounted to 6,796.35 hours, corresponding to 2.74% of the total number of working hours. There were 1.56% long-term sickness absence for all employees. No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

#### Employees and diversity

Morrow 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 2023, we scaled up significantly, and by the end of the year, our workforce expanded to 158 with 29 nationalities 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 strong gender balance. As of December 2023, we had 57 women and 101 men in our workforce. Four out of ten members of our leadership team are women, and we are led by a female Chair of the Board of Directors. We recognise that our current board of directors, although legally being elected in the last Annual General Meeting, does

not meet the gender representation requirements defined by the Norwegian Public Companies Act section 6-11 a. However, we will propose new candidates for the Board of Directors at the Annual General Meeting scheduled for 8 May 2024, that will make us compliant if elected. We are working to maintain a gender balance across all business units.

The company's reporting on diversity and equal opportunity is available in the Statement of Equality and Non-Discrimination published on the Morrow 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 familiarise themselves and sign this code as they enter the workforce. Morrow's Supplier Code of Conduct stresses the importance of decent working conditions and respect for human rights. All suppliers are requested to assess and sign this code when collaborating with the company. Suppliers are screened for human and labour related risk before being onboarded and direct battery material suppliers are regularly audited on their human and labour rights practices through on-site visits. The Morrow Cell Factory building is being constructed in line with requirements of BREEAM-NOR (achieving a 'very good' rating).

Morrow's human rights and decent work policy, Environmental policy, Mineral policy and the Code of Conduct, are available on its website.

Morrow launched a whistleblowing channel (Compass) in 2023 through external provider Deloitte. No Compass notifications were received during 2023.



## EQUITY AND OWNERSHIP

Since its inception in 2020, Morrow has been supported by leading industrial and financial shareholders. The company is fully European-owned and deeply embedded in European R&D and industrial networks. As of December 2023, the largest shareholders in the company include:

- **Å Energi Invest AS** (49.9%), one of Norway's largest energy utilities with operations throughout the value chain, owned by Statkraft and municipalities in Southern Norway,
- **Private Equity Minorities I K/S** (1.6%), a pension fund and one of one of Denmark's leading asset management companies,
- **Siemens Project Ventures GmbH** (15.2%), a world-leading technology company,
- **ABB Switzerland Ltd.** (7.5%), a world-wide technology leader in electrification and automation,
- **NOAH AS** (7.2%), a leading Norwegian environmental company,
- **Nysnø Klimainvesteringer AS** (2.7%), the Norwegian government's climate investment company.

The shareholders have provided substantial amounts of funding and valuable support and collaboration as the company has executed its strategy. It is expected that existing shareholders will continue supporting Morrow in partnership with new investors coming into the company as capital is raised to fund growth.

Morrow issued a total of 2,388,859 new shares in 2023, split in two tranches on 9 October 2023, and 21 December 2023. Additionally, on 16 October 2023, a convertible loan was exchanged into equity resulting in the issuance of 1,183,503 new shares. As of 31 December 2023, the total outstanding shares were 3,750,035, each with a par value of NOK 10.

Going forward, Morrow will require further financing to complete the Morrow Cell Factory, start operations, and scale up the organisation to deliver on its strategy. The company plans to fund future investments through a combination of equity, debt, and public financing, potentially supplemented by other means. Morrow expects to have substantial off-take agreements in place before starting construction of each giga factory.

## BOARD OF DIRECTORS

Franziska Beata Bossart Bright and Maria Moræus Hanssen resigned from the Board during 2023. Per year-end 2023, the Board consists of Liv Monica Bargem Stubholt (Chairperson), Tor Øystein Repstad, Atle Knudsen, Pedro Valle e Azevedo, and Anders Læg Reid.

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.

## SUBSEQUENT EVENTS

In February 2024, Morrow and Stena Recycling entered into a partnership agreement to build a circular battery value chain, whereby the companies agreed that battery production scrap from the MCF will be handled at Stena Recycling's new facility for battery recycling in Halmstad, Sweden. The goal is to build a complete circular battery value chain using recycled material in new battery cell production.

In the first quarter of 2024, Morrow Industrialization Center AS received NOK 120 million from a NOK 150 million loan, initially agreed with Innovation Norway in the fourth quarter of 2022.



## **SIGNIFICANT UNCERTAINTY RELATED TO 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.

Morrow Group is in its start-up phase, with extensive investments to be made and, as such, will require further financing to continue its activities throughout 2024. There is uncertainty related to this financing and, as such, there is uncertainty related to going concerns in 2024.

In terms of funding, the subsidiary Morrow Industrialization Center AS received a loan of NOK 120 million in Q1 2024 from Innovation Norway. Further on, the parent company, Morrow Batteries ASA, is set to receive a capital contribution of up to EUR 55 million following the annual general meeting in May 2024.

In addition, further funding will be required in Q3 2024 to ensure sufficient liquidity throughout 2024. In this respect, the Group will apply for NOK 1 500 million in public funding within the new Green Industrial Financing (Grønn Industrifinansiering) framework, which is under development. If the company is not able to attract such funding, there is uncertainty related to going concern in 2024. We refer to note 3 regarding the going concern assumption.

## **RESPONSIBILITY STATEMENT**

"We confirm that, to the best of our knowledge, the financial statements for the period from 1 January 2023, up to and including 31 December 2023, 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, 16 April 2024  
**BOARD OF DIRECTORS**

Liv Monica Bargem Stubholt  
Chair of the Board

Atle Knudsen  
Board member

Tor Øystein Repstad  
Board member

Anders Læg Reid  
Board member

Pedro Valle e Azevedo  
Board member

Lars Christian Bacher  
CEO



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## Morrow Batteries ASA

### Statement of profit or loss and other comprehensive income

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2023	2022	2023	2022
<b>Revenue</b>					
Project grants	4	489	21 039	109	19 782
Sales revenue	5,6	32 909	6 465	500	6 313
Other income - group companies	5,6	0	0	1 183	28 770
<b>Revenue and other income</b>		<b>33 398</b>	<b>27 504</b>	<b>1 792</b>	<b>54 865</b>
<b>Operating expenses</b>					
Employee benefit expenses	7	161 366	106 772	108 751	86 558
Other operating expenses	6,7,8,9	127 738	80 422	76 847	86 388
Other operating expenses - group companies	6	0	0	14 273	0
Depreciation and amortisation expenses	8,9,10	14 397	2 745	4 346	1 792
<b>Operating expenses</b>		<b>303 501</b>	<b>189 940</b>	<b>204 218</b>	<b>174 738</b>
<b>OPERATING LOSS</b>		<b>-270 103</b>	<b>-162 436</b>	<b>-202 426</b>	<b>-119 873</b>
<b>Financial income and expense</b>					
Share of the profit/ (loss) of associates	11	-34	47	-34	47
Finance income	12	44 366	30 207	29 797	27 712
Finance cost	10,12	55 641	9 361	46 042	8 344
<b>Net financial items</b>		<b>-11 310</b>	<b>20 892</b>	<b>-16 279</b>	<b>19 416</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>-281 413</b>	<b>-141 543</b>	<b>-218 705</b>	<b>-100 457</b>
Income tax expense	13	52 067	-35 423	39 439	-25 711
<b>NET LOSS</b>		<b>-333 481</b>	<b>-106 120</b>	<b>-258 144</b>	<b>-74 747</b>
Other comprehensive income		0	0	0	0
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>-333 481</b>	<b>-106 120</b>	<b>-258 144</b>	<b>-74 747</b>
<b>Attributable to:</b>					
Equity holders of the parent		-333 481	-106 120	-258 144	-74 747



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## Morrow Batteries ASA

### Statement of financial position

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2023	2022	2023	2022
<b>ASSETS</b>					
<b>Non current assets</b>					
Development	8	201 121	78 602	201 121	78 602
Deferred tax asset	13	0	51 522	0	39 439
Goodwill	8	24 500	24 500	0	0
<b>Total intangible assets</b>		225 621	154 625	201 121	118 041
Property and plant	9	23 520	0	0	0
Equipment	9	35 974	5 615	1 535	0
Assets under construction	9	1 421 104	470 457	778 492	393 927
Fixtures and fittings, tools, etc	9	2 762	80	0	0
Right of use assets	10	76 249	7 126	4 621	7 126
<b>Total tangible assets</b>		1 559 610	483 279	784 648	401 053
Investments in subsidiaries	14	0	0	880 098	289 952
Investments in associates	11	63 373	63 585	63 373	63 585
Other long term receivables	15	54 592	64 496	5 481	9 897
<b>Total financial assets</b>		117 965	128 081	948 952	363 433
<b>Total non current assets</b>		1 903 196	765 984	1 934 721	882 527
<b>Current assets</b>					
Accounts receivable	5,16	1 090	86	564	86
Other receivables	16	74 937	48 145	66 189	38 055
Other receivables - group companies	5,6,16	0	0	835	561
<b>Total receivables</b>		76 027	48 231	67 588	38 702
Cash and cash equivalents	17	608 632	430 123	525 590	339 918
<b>Total cash and cash equivalents</b>		608 632	430 123	525 590	339 918
<b>Total current assets</b>		684 659	478 354	593 178	378 620
<b>TOTAL ASSETS</b>		2 587 855	1 244 338	2 527 899	1 261 147

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## Morrow Batteries ASA

### Statement of financial position

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2023	2022	2023	2022
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Subscribed share capital	7,18	37 500	18 662	37 500	18 662
Own shares	7,18	-1 412	0	-1 412	0
Share premium		2 662 649	1 261 393	2 662 649	1 261 393
Other paid-in capital		5 456	3 711	5 456	3 711
<b>Total owners equity</b>		<b>2 704 194</b>	<b>1 283 766</b>	<b>2 704 194</b>	<b>1 283 766</b>
Uncovered loss		-485 899	-153 950	-376 934	-118 790
<b>Total accumulated loss</b>		<b>-485 899</b>	<b>-153 950</b>	<b>-376 934</b>	<b>-118 790</b>
<b>Total equity</b>		<b>2 218 295</b>	<b>1 129 816</b>	<b>2 327 260</b>	<b>1 164 976</b>
<b>Liabilities</b>					
Lease liabilities	10,12	77 738	7 208	4 961	7 208
Other non-current liabilities	15	6 645	6 645	0	0
<b>Total other non current liabilities</b>		<b>84 383</b>	<b>13 853</b>	<b>4 961</b>	<b>7 208</b>
Trade creditors		204 062	62 608	136 168	57 343
Tax payable	13	729	0	0	0
Public duties payable		24 070	2 580	14 042	2 758
Other current liabilities		56 315	35 481	31 545	28 863
Other current liabilities - group companies	6	0	0	13 923	0
<b>Total current liabilities</b>		<b>285 176</b>	<b>100 669</b>	<b>195 679</b>	<b>88 963</b>
<b>Total liabilities</b>		<b>369 559</b>	<b>114 523</b>	<b>200 639</b>	<b>96 172</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 587 855</b>	<b>1 244 338</b>	<b>2 527 899</b>	<b>1 261 147</b>

Arendal, 16 April 2024

#### BOARD OF DIRECTORS

Liv Monica Bargem Stubholt  
Chair of the board

Tor Øystein Repstad  
Board member

Pedro Valle e Azevedo  
Board member

Atle Knudsen  
Board member

Anders Læg Reid  
Board member

Lars Christian Bacher  
CEO



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## Morrow Batteries ASA

### Statement of changes in equity

GROUP								
Amount in NOK 000's	Note	Share capital	Not registered share capital*	Own shares	Share premium	Other paid in capital	Un-covered losses	Total equity
Equity 01.01.2023		1 621	17 040	0	1 261 393	3 711	-153 950	1 129 816
Loss for the year		0	0	0	0	0	-333 481	-333 481
Capital contribution	18	35 724	0	0	1 372 823	0	0	1 408 547
Employee share purchase program	7	155	-17 040	-1 412	28 433	0	0	10 136
Share based payments	7	0	0	0	0	1 745	0	1 745
Foreign currency translation		0	0	0	0	0	1 532	1 532
<b>Equity 31.12.2023</b>		<b>37 500</b>	<b>0</b>	<b>-1 412</b>	<b>2 662 649</b>	<b>5 456</b>	<b>-485 899</b>	<b>2 218 295</b>

GROUP								
Amount in NOK 000's	Note	Share capital	Not registered share capital*	Own shares	Share premium	Other paid in capital	Un-covered losses	Total equity
Equity 01.01.2022		104	0	0	291 376	2 263	-47 751	245 991
Loss for the year		0	0	0	0	0	-106 120	-106 120
Capital contribution	18	1 517	0	0	970 017	0	0	971 534
Employee share purchase program	7	0	17 040	0	0	0	0	17 040
Share based payments	7	0	0	0	0	1 448	0	1 448
Foreign currency translation		0	0	0	0	0	-79	-79
<b>Equity 31.12.2022</b>		<b>1 621</b>	<b>17 040</b>	<b>0</b>	<b>1 261 393</b>	<b>3 711</b>	<b>-153 950</b>	<b>1 129 816</b>

\*Registered January 3, 2023



## Morrow Batteries ASA

### Statement of changes in equity

PARENT COMPANY								
Amount in NOK 000's	Note	Share capital	Not registered share capital*	Own shares	Share premium	Other paid in capital	Un-covered losses	Total equity
Equity 01.01.2023		1 621	17 040	0	1 261 393	3 711	-118 790	1 164 976
Loss for the period		0	0	0	0	0	-258 144	-258 144
Capital contribution	18	35 724	0	0	1 372 823	0	0	1 408 547
Employee share purchase program	7	155	-17 040	-1 412	28 433	0	0	10 136
Share based payment	7	0	0	0	0	1 745	0	1 745
<b>Equity 31.12.2023</b>		<b>37 500</b>	<b>0</b>	<b>-1 412</b>	<b>2 662 649</b>	<b>5 456</b>	<b>-376 934</b>	<b>2 327 260</b>

PARENT COMPANY								
Amount in NOK 000's	Note	Share capital	Not registered share capital*	Own shares	Share premium	Other paid in capital	Un-covered losses	Total equity
Equity 01.01.2022		104	0	0	291 376	2 263	-44 043	249 699
Loss for the period		0	0	0	0	0	-74 747	-74 747
Capital contribution	18	1 517	0	0	970 017	0	0	971 534
Employee share purchase program	7	0	17 040	0	0	0	0	17 040
Share based payment	7	0	0	0	0	1 448	0	1 448
<b>Equity 31.12.2022</b>		<b>1 621</b>	<b>17 040</b>	<b>0</b>	<b>1 261 393</b>	<b>3 711</b>	<b>-118 790</b>	<b>1 164 976</b>

\*Registered January 3, 2023



## Morrow Batteries ASA

### Statement of cash flow

Amount in NOK 000's	Note	GROUP		PARENT COMPANY	
		2023	2022	2023	2022
<b>Cash flow from operating activities</b>					
Loss before income taxes		-281 413	-141 543	-218 705	-100 457
Income tax paid		184	0	0	0
Depreciation and amortisation expenses	8,9,10	14 397	2 745	4 346	1 792
Changes in group receivables and payables		0	0	-274	6 377
Changes in receivables and payables		142 041	39 207	62 631	38 037
<b>Net cash flow from operating activities</b>		<b>-124 791</b>	<b>-99 591</b>	<b>-152 003</b>	<b>-54 251</b>
<b>Cash flow from investing activities</b>					
Purchase of tangible non current assets	9,10	-1 015 331	-470 877	-387 941	-393 764
Purchase of intangible non current assets	8	-122 518	-78 602	-122 518	-78 602
Purchase and proceeds from subsidiaries	14	0	0	-590 147	-259 565
Purchase and proceeds from other investments	11,15	10 117	-128 081	4 627	-73 481
<b>Net cash flow from investing activities</b>		<b>-1 127 733</b>	<b>-677 560</b>	<b>-1 095 979</b>	<b>-805 413</b>
<b>Cash flow from financing activities</b>					
Interest paid on convertible loan	12	15 472	0	15 472	0
Payment of lease liabilities	10	-4 868	-1 641	-2 248	-1 641
Share capital contribution	18	1 420 428	990 023	1 420 428	990 023
Proceeds from issuing long term non-financial loan	15	0	6 645	0	0
<b>Net cash flow from financing activities</b>		<b>1 431 033</b>	<b>995 028</b>	<b>1 433 653</b>	<b>988 383</b>
Net change in cash and cash equivalents		178 509	217 877	185 672	185 672
Cash and cash equivalents at beginning of the period		430 123	212 246	339 918	339 918
<b>Cash and cash equivalents at end of the period</b>	17	<b>608 632</b>	<b>430 123</b>	<b>525 590</b>	<b>525 590</b>



## 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. The company is headquartered at Havnegaten 2, 4836 Arendal, Norway. Morrow Batteries ASA was established in 2020. In October 2022, the company was converted to a public limited liability company under the Norwegian Private Limited Liability Companies Act.

Morrow Batteries ASA and its subsidiaries ("the Group" or "Morrow" or "Morrow Batteries Group") together form a leading global technology company with the ambition to develop and manufacture the world's most cost-effective and sustainable battery cells. The company is fully European owned and deeply embedded in European R&D and industrial networks, with owners including the Norwegian renewable energy company Å Energy, the Danish pension fund PKA, Siemens, ABB, the Norwegian state's climate investment company Nysnø Climate Investments, and the Norwegian environmental company Noah AS. Information on the Group's structure is provided in Note 6 - Intercompany balances with group companies and associates.

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

The consolidated financial statements for the full year 2023 were authorised for issue in accordance with a resolution by the Board of Directors on 16 April 2024.

#### NOTE 2

##### Accounting policies

###### 2.1 Basis of the preparation of the accounts

The financial statements for Morrow Batteries ASA "the Parent Company" together with its wholly-owned and controlled subsidiaries, together called "the Group", have been prepared in accordance with the Norwegian Accounting Act §3-9 and Regulations for 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 (IFRS \* Accounting Standards 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 2023. At the end of 2023, 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 of consolidation

The Group's consolidated financial statements comprise Morrow Batteries ASA's financial statements and subsidiaries in which the Company has a controlling interest as of 31 December 2023. 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 6 for a list of subsidiaries consolidated as of 31 December 2023 and note 11 for "Investment in associated companies".

###### 2.3 Use of estimates

In preparing the financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses, and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Therefore, the estimates and judgements are reviewed on a regular basis. Changes are recognised in the period of the change and in future periods if the change affects both. Key areas subject to management's judgements, estimates, and assumptions are: Impairment testing of development and goodwill (ref. note 8).



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 2 - continued Accounting policies

##### 2.4 Foreign currencies

The Group's consolidated financial statements are prepared in Norwegian Kroner (NOK), which is also the parent company's functional currency. The functional currency of an entity is the currency of the economic environment in which the company primarily operates. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

##### 2.5 Classification in statement of financial position

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. Current and non-current liabilities are classified correspondingly. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Fixed assets are valued at cost. Fixed assets with finite useful economic life are depreciated in accordance with a linear depreciation plan.

##### 2.6 Statement of cash flow

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.

##### 2.7 Statement of changes in equity

Statement of changes in equity is prepared on a voluntary basis in line with Norwegian Accounting Act § 7-25.

##### 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

##### Significant uncertainty related to going concern

Morrow Group is in its start-up phase, with extensive investments to be made and, as such, will require further financing to continue its activities throughout 2024. There is uncertainty related to this financing and, as such, there is uncertainty related to going concern in 2024.

In terms of funding, the subsidiary Morrow Industrialization Center AS received a loan of NOK 120 million in Q1 2024 from Innovation Norway. Further on, the parent company, Morrow Batteries ASA, is set to receive a capital contribution of up to EUR 55 million following the annual general meeting in May.

In addition, further funding will be required in Q3 2024 to ensure sufficient liquidity throughout 2024. In this respect, the Group will apply for NOK 1 500 million in public funding within the new Green Industrial Financing (Grønn Industrifinansiering) framework, which is under development. There is uncertainty related to going concern in 2024 if the company is not able to attract such funding.

#### NOTE 4

##### Public grants

###### Accounting policies

Morrow Batteries Group presents revenue from approved project grants as defined in IAS 20. 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 2023 and 2022. The figures are presented in the table below:

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Approved project grants	489	21 039	109	19 782

In March 2023, Morrow Batteries ASA received a first prepayment of NOK 0.1 million from a nonprofit research institute NILU. The prepayment relates to the EU-funded CE-RISE project, in which Morrow participates as an active stakeholder. Innovation Norway 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 2024 and beyond.

##### Pledged assets and covenants due to a granted loan of 150 MNOK from Innovation Norway in 2022

A loan was granted in 2022 by Innovation Norway (IN) with related loan agreement with covenants, conditions and pledged assets signed by Morrow. However, the first payment of the loan was been done in 2024 and as such covenants, conditions and pledged assets will have effect from 2024 and onwards. The loan agreement is between the subsidiary Morrow Industrialization Center AS and IN; however, pledged assets and shares are made across the Group. As of 31.12.2023, Morrow could withdraw from the loan agreement with a cancellation fee of 0,5% of the granted loan.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 5

##### Sales revenue and other income

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Amount in NOK 000's				
Sales revenue	32 909	6 465	500	6 313
Other Income - group companies	0	0	1 183	28 770
<b>Total sales revenue and other income</b>	<b>32 909</b>	<b>6 465</b>	<b>1 683</b>	<b>35 083</b>

##### Other Income - group companies

Other income consist of the activities related to corporate and management services. Other income from transactions between Group companies, where Morrow Batteries ASA is deemed to hold a controlling interest, are presented as internal income and are eliminated in the consolidated statement of profit or loss and other comprehensive income. See Note 6 "Intercompany balances with group companies and associates" for more information.

##### Sales revenue and other income by geographical distribution

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Amount in NOK 000's				
Norway	9 805	6 465	1 683	35 083
Germany	23 104	0	0	0
<b>Total</b>	<b>32 909</b>	<b>6 465</b>	<b>1 683</b>	<b>35 083</b>



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 6

##### Intercompany balances with group companies and associates

##### Accounting policies

Intercompany transactions, balances, income, and expenses between Morrow's Group companies are eliminated upon consolidation. Profits and losses resulting from intercompany transactions are eliminated.

##### GROUP

Amount in NOK 000's	Other income	
	2023	2022
Siva Morrow Eyde Energipark AS (associated company)	0	5 950

##### PARENT COMPANY

Amount in NOK 000's	Other income		Other operating expenses	
	2023	2022	2023	2022
Morrow Technologies AS*	348	14 247	3 143	0
Morrow Industrialization Center AS*	835	14 522	446	0
Morrow Batteries GmbH	0	0	10 685	18 938

Amount in NOK 000's	Other receivables		Other current liabilities	
	2023	2022	2023	2022
Morrow Technologies AS	0	0	12 273	0
Morrow Industrialization Center AS	835	0	0	0
Morrow Batteries GmbH	0	561	1 651	0

\* The company has paid Group contributions of NOK 59,1 million to Morrow Technologies AS and NOK 531 million to Morrow Industrialization Center AS as of 31 December 2023. 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 7

#### 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 2023 to members of the Board of Directors within the group. Remuneration relating to the financial year 2023, but not yet paid, is accrued for in the accounts.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Salary and personnel costs</b>				
Salaries	100 929	84 843	56 373	67 114
Share based payments	1 745	1 448	1 745	1 448
Social security tax	25 389	12 310	12 179	10 121
Pension costs	5 770	3 040	2 407	2 930
Other benefits	27 533	5 130	36 048	4 944
<b>Total Personnel expenses</b>	<b>161 366</b>	<b>106 772</b>	<b>108 752</b>	<b>86 558</b>

	GROUP	PARENT COMPANY
Average number of employees	136	50

The Company's salary adjustment for 2023 was 4 %, which was below the 5,2 % frame agreed between NHO and LO in 2023.

Amount in NOK 000's	Salary	Bonus	ESPP repair	Pension costs	Other benefits	Total
<b>Management remuneration 2023</b>						
Lars Christian Bacher, CEO	4 388	0	5 485	70	110	10 053
Steffen Føreid, CFO*	721	0	0	21	0	742
Dagfinn B. Lie, CFO*	1 946	519	1 801	61	0	4 327
Dr. Rahul Fotedar, CTO	2 376	625	0	56	79	3 136
Dr. Andreas Maier, COO	2 237	600	0	66	0	2 903

On 1 December 2022, Mr. Lars Christian Bacher was appointed as the new Chief Executive Officer.

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.

The total compensation for the CEO and the former CFO in 2023 includes NOK 5,5 million and NOK 1,8 million respectively relating to the repair solution for the Employee Share Purchase Program (ESPP). Further details on this repair solution are described in the section titled "ESPP 2022 repair and 2023 reinvestment". The repair solution applied to all employees who had invested in the ESPP proportionate to invested amounts.

\* Mr. Dagfinn B. Lie, Chief Financial Officer, has resigned from his position on 31 December 2023. The Company has appointed Mr. Steffen Føreid as the new Chief Financial Officer on 9 October 2023.

#### Remuneration to the Board of Directors

Remuneration to members of the Board of Directors amounted to NOK 0,6 million and it was paid out on 20 June 2023. Remuneration relating to the financial year 2023, but not yet paid, is accrued for in the accounts and totals to NOK 0,4 million.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 7 - continued

#### Salary and personnel expenses, number of employees, loans to employees and auditor's fee

##### 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 Statement of profit or loss and other comprehensive income in the year the contribution applies. There were 147 members in the plan as of 31 December 2023.

##### Employee Share Purchase Program (ESPP) - ESPP 2022 repair and 2023 reinvestment

In September 2023, management succeeded raising new capital of EUR 70 million. The first tranche was resolved by the extraordinary general meeting on 22. September 2023 and the second tranche was resolved in December 2023. Due to revised Company's valuation and a reduced value of ESPP 2022, the Company decided to offer a repair solution for employees to re-acquire ESPP 2022 shares at a new price of NOK 617,30. Loans provided from the Company to the employees participating in the ESPP 2022 was repaid as part of the repair as well as waiving of interest on these loans. The Company has not made any payment to the employees. The purchase price for the ESPP 2022 shares less the loan repayment has been reinvested in new shares issued. The new share purchase program offers a two-year sales restricted lock-up period. The authorization was registered in the Norwegian register for business enterprises on 6 December 2023.

##### Share based payments

As of 31 December 2023, certain senior employees of the Group are covered by a share-based option program. The initial employee share option program (ESOP) with options granted back in 2021 was cancelled in 2023 and a new ESOP was granted on 23 November 2023. The ESOP 2023 repair was initiated due to the drop in share price, and as the fair value on the initial ESOP was close to NOK 0 (out-of-money). A total of 24 496 options were granted in new ESOP, with vesting conditions requiring four separate tranches to vest within 12, 24, 36 and 48 months from the option grant date. In 2023 and 2022, expenses of 1 745 tnok and 1 448 tnok were incurred, respectively. The fair value of the options granted in 2023 was NOK 617,3 per option, based on a Black & Scholes model. The assumptions used in the calculation included and expected lifetime of 3 years, expected volatility of 46,41 %, and an interest rate of 3,857%. 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	2023		2022	
	Average strike price	Number of share options	Average strike price	Number of share options
Outstanding options 01.01.23	12,66	1 142	12,52	902
Granted during the year	0,67	24 496	13,46	240
Terminated during the year	12,52	-195	0,00	0
Cancelled during the year (old ESOP)	12,68	-947	0,00	0
<b>Outstanding options 31.12.23</b>	<b>0,67</b>	<b>24 496</b>	<b>12,66</b>	<b>1 142</b>
Options vested	0,62	4 899	12,52	126



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 7 - continued

#### Salary and personnel expenses, number of employees, loans to employees and auditor's fee

Amount in NOK 000's	Grant date	Number of share options	Average strike price	Total
<b>Management share options 2023</b>				
Lars Christian Bacher, CEO	23.11.2023	3 500	0,667	2 333
Steffen Føreid, CFO	23.11.2023	2 500	0,667	1 667
Dr. Andreas Maier, COO	23.11.2023	2 436	0,667	1 624
Dr. Rahul Fotedar, CTO	23.11.2023	10 000	0,667	6 667

As of 31 December 2023, 155 share-based options owned by Mr.Dagfinn B. Lie were terminated due to the resignation from his position as the Company's CFO.

#### Remuneration to the auditors for 2023

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Auditor's remuneration</b>				
Statutory audit*	1 396	458	1 076	329
Attestation services**	438	224	438	224
Other non-audit services***	53	172	50	172
<b>Total auditors' fee</b>	<b>1 887</b>	<b>854</b>	<b>1 564</b>	<b>725</b>

\* 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 public grants.

VAT is not included in the numbers above.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 8

##### Development and goodwill

###### Accounting policies

Development costs are capitalised, providing future economic benefits associated with the development of the intangible asset is expected 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, capitalised development costs are 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 expensed 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.

We refer to the Board of Directors report for further information regarding the research and development activities.

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

Amount in NOK 000's	GROUP		PARENT COMPANY
	Goodwill*	Development	Development
Acquisition cost at 01.01.23	24 500	78 602	78 602
Additions	0	124 382	124 382
Disposals	0	-1 864	-1 864
<b>Acquisition cost at 31.12.23</b>	<b>24 500</b>	<b>201 121</b>	<b>201 121</b>
Accumulated depreciation at 31.12.23	0	0	0
<b>Balance at 31.12.23</b>	<b>24 500</b>	<b>201 121</b>	<b>201 121</b>
Current year amortisation and depreciation	0	1 864	1 864
Economic life		3 - 5 years	3 - 5 years
Amortisation and depreciation method		straight-line	straight-line

\*Goodwill is associated with the acquisition of Morrow Technologies AS in June 2020. 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. The annual impairment test has not identified need for impairment for the 2023 Financial Year.



## 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. Each component is depreciated on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading 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 method is applied.

#### GROUP

Amount in NOK 000's	Property and plant	Equipment	Assets under construction	Fixtures & fit- tings, tools, etc
Acquisition cost at 01.01.23	0	7 223	470 457	306
Additions	24 950	33 826	950 647	3 319
Disposals	0	0	0	-145
<b>Acquisition cost at 31.12.23</b>	<b>24 950</b>	<b>41 049</b>	<b>1 421 104</b>	<b>3 480</b>
Accumulated depreciation at 01.01.23	0	1 608	0	225
Depreciations	1 430	4 202	0	649
Disposals	0	-735	0	-145
Currency translation differences	0	0	0	-12
<b>Accumulated depreciation at 31.12.23</b>	<b>1 430</b>	<b>5 075</b>	<b>0</b>	<b>717</b>
<b>Balance at 31.12.23</b>	<b>23 520</b>	<b>35 974</b>	<b>1 421 104</b>	<b>2 762</b>
Current year depreciations	1 430	4 202	0	649
Economic life			3-5 years	3 years
Amortisation and depreciation method			straight-line	straight-line



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 9 - continued Property, plant and equipment

##### PARENT COMPANY

Amount in NOK 000's	Equipment	Assets under construction	Fixtures & fittings, tools, etc
Acquisition cost at 01.01.23	0	393 927	145
Additions	1 535	384 565	0
Disposals	0	0	-145
<b>Acquisition cost at 31.12.23</b>	<b>1 535</b>	<b>778 492</b>	<b>0</b>
Accumulated depreciation at 01.01.23	0	0	145
Disposals	0	0	-145
Accumulated depreciation at 31.12.23	0	0	0
<b>Balance at 31.12.23</b>	<b>1 535</b>	<b>778 492</b>	<b>0</b>
Current year depreciations	0	0	0
Economic life		3-5 years	3 years
Amortisation and depreciation method		straight-line	straight-line



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 10

##### Leases

##### Group as lessee

The Group has several different lease liabilities related to operations. Lease liabilities are accounted for in accordance with IFRS 16. The Company chooses to lease certain capital assets instead of purchasing them, since this provides flexibility and ensures that the company has the best possible utilisation of capital assets. None of the capital assets that are rented are sublet. The lease terms are between 1 and 15 years, and the majority of lease agreements are renewable at market rate at the end of the lease period.

##### Right-of-use assets

The term of the lease is the agreed term for each lease. For lease agreements in the Group, it has been assessed with reasonable certainty that the leases will not be terminated before they expire. This is assessed for each individual lease agreement. The terms of the lease vary, the longest agreement is entered into for a period of 15 years, while the other agreements have a term of 1 - 3 years. Leased capital assets are depreciated on a straight-line basis over the term of the lease.

The Group's right-of-use assets are categorised and presented in the tables below:

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Acquisition cost at 01.01.23	9 050	3 041	9 050	3 041
Addition	75 398	6 010	0	6 010
<b>Acquisition cost at 31.12.23</b>	<b>84 448</b>	<b>9 050</b>	<b>9 050</b>	<b>9 050</b>
Accumulated depreciation 01.01.23	1 924	190	1 924	190
Depreciation	6 252	1 734	2 482	1 734
Transfers and reclassifications	23	0	23	0
Accumulated depreciation at 31.12.23	8 199	1 924	4 429	1 924
<b>Balance at 31.12.23</b>	<b>76 249</b>	<b>7 126</b>	<b>4 621</b>	<b>7 126</b>

Current year depreciations	6 252	1 734	2 482	1 734
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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:

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Within 1 year	9 376	2 561	2 458	2 561
1 to 5 years	38 702	4 316	4 111	4 316
After 5 years	62 263	0	0	0
<b>Total</b>	<b>110 341</b>	<b>6 877</b>	<b>6 570</b>	<b>6 877</b>



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 10 - continued

##### Leases

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Lease liabilities recognised in the statement of financial position</b>				
Current lease liabilities	0	0	0	0
Non-current lease liabilities	77 738	7 208	4 961	7 208
<b>Lease liabilities</b>	<b>77 738</b>	<b>7 208</b>	<b>4 961</b>	<b>7 208</b>
<b>Leases recognised in the statement of income</b>				
Depreciation for the year	6 252	0	2 482	0
Interest expense related to lease liabilities	2 823	189	255	189
<b>Total</b>	<b>9 075</b>	<b>189</b>	<b>2 737</b>	<b>189</b>
<b>Leases recognised in the statement of cash flow</b>				
Interest paid on lease liabilities	2 823	189	255	189
Payments of principal portion on lease liabilities	2 045	1 452	1 993	1 452
<b>Total</b>	<b>4 868</b>	<b>1 641</b>	<b>2 248</b>	<b>1 641</b>

#### Extension option

The Group's lease of buildings has lease terms that vary between 1 to 15 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 it will exercise the renewal right.



## 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 entities 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. The equity method is used 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 recognised 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	2023
Book value 01.01.23	63 407
Investment in SMEE	0
Share of net loss (before tax)	-34
<b>Book value 31.12.23</b>	<b>63 373</b>

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 of Directors decisions. The Group has a significant non-controlling interest in SMEE as at 31 December 2023.

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

Amount in NOK 000's	Profit after tax	Equity
SMEE	-81	176 511



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 12

##### Financial risks and net financial items

Through its business activities, Morrow Group is exposed to foreign currency, liquidity, credit, and interest rate risk. 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 609 million are deposited in Norway's savings banks DNB and Sparebanken Sør. All cash in Morrow Batteries GmbH is deposited in a German bank. All cash in Morrow Industrialization Center Korea branch is deposited in Hana bank in South Korea.

##### Liquidity risk

The Group monitors its liquidity risk to meet its financial obligations as they fall due. In order to meet seasonal volatility in cash requirement, the Group shall always have cash available. Such obligations are assessed regularly and compared against the cash flow projection. The rolling 6 weeks and 12 months cash flow forecasts are the basis for the risk assessment of the liquidity risk management. The Group's cash position at the year-end of 2023 was NOK 609 million, compared to NOK 430 million at the year-end of 2022. 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. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum amount exposed to credit risk is the carrying amount of accounts receivables, see note 16 "Accounts receivables and other current receivables" and Note 15 "Other non-current receivables and non-current liabilities".

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. All cash in Morrow Industrialization Center Korea branch is deposited in Hana bank in South Korea.

##### 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 the changes in interest rates impact the Group's net finance income and the return on cash. The Group had no interest-bearing debt as of 31 December 2023.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 12 - continued

#### Financial risks and net financial items

The table below summarises the net financial items for both the Group and the Parent for 2023 and 2022.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Finance income</b>				
Interest income	13 708	5 428	10 406	5 246
Other financial income	71	0	71	0
Foreign currency exchange gains	7 626	22 895	4 008	22 385
Unrealised foreign currency exchange gains	22 961	1 883	15 313	81
<b>Total finance income</b>	<b>44 366</b>	<b>30 207</b>	<b>29 797</b>	<b>27 712</b>

In 2023, foreign currency gains were mainly related to funding activities in EUR.

Morrow Batteries ASA secured NOK 569 million through a convertible loan in Q2 2023, with conversion to shares completed in Q3 2023. Interest expenses from the convertible loan have been recognised in statement of profit or loss and other comprehensive income. Interest paid on convertible loan are presented in the table below.

Additionally, the company raised EUR 70 million in capital contributions, received in two equal instalments of EUR 35 million in September and December 2023.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>Finance cost</b>				
Other financial expense	229	666	301	429
Interest expense on lease liability	3 068	189	255	189
Interest paid on convertible loan	15 472	0	15 472	0
Foreign currency exchange losses	30 881	2 997	26 395	2 217
Unrealised foreign currency exchange losses	5 991	5 509	3 619	5 509
<b>Total finance cost</b>	<b>55 641</b>	<b>9 361</b>	<b>46 042</b>	<b>8 344</b>

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 13

##### Tax

##### Accounting policies

The income tax expense comprises 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	
	2023	2022	2023	2022
<b>Tax basis</b>				
Income before tax	-281 413	-141 543	-218 705	-100 457
Non-taxable income/(loss) from subsidiary	0	-3 062	0	0
Change in temporary differences	-4 125	-958	282	179
Permanent difference*	4 482	-16 409	1 776	-16 409
Increase of tax losses carried forward	284 238	161 972	216 648	116 688
<b>Taxable income</b>	<b>3 181</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tax expenses consist of:</b>				
Income tax outside Norway	545	0	0	0
Derecognition of deferred tax assets**	51 522	-35 423	39 439	-25 711
<b>Tax expense</b>	<b>52 067</b>	<b>-35 423</b>	<b>39 439</b>	<b>-25 711</b>
<b>Specification of the tax effect of temporary differences and losses carried forward:</b>				
Tangible assets	5 935	1 073	122	146
Leasing	-1 489	-82	-339	-82
Losses carried forward	-518 752	-235 183	-395 979	-179 332
<b>Basis for deferred tax benefit</b>	<b>-514 305</b>	<b>-234 193</b>	<b>-396 197</b>	<b>-179 267</b>
<b>Unrecognised deferred tax asses</b>	<b>113 147</b>	<b>0</b>	<b>87 163</b>	<b>0</b>
<b>Deferred tax benefit in the balance sheet</b>	<b>0</b>	<b>51 522</b>	<b>0</b>	<b>39 439</b>
<b>Tax rate</b>	<b>22 %</b>	<b>22 %</b>	<b>22 %</b>	<b>22 %</b>

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).

\*\* As the future utilisation of the accumulated tax losses carried forward cannot be demonstrated in the near future as per 31.12.2023, the related deferred tax asset of NOK 113,1 million in the Group and NOK 87,2 million in Morrow Batteries ASA has not been recognised in the balance sheet and the previous year deferred tax assets has been recognised.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 14

##### Subsidiaries

###### Accounting policies

Subsidiaries are entities controlled by Morrow Batteries ASA. Investments in subsidiaries are recognised at cost in the accounts of the parent company. Investments carried at cost are measured at the lower of cost and recoverable amount. Impairment evaluation is performed at the end of each accounting period. If there are indicators of impairment, an impairment test is performed. If estimated recoverable amount is less than the carrying amount, the investment are impaired in the statement of financial position and the corresponding cost is recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in prior periods are reversed if the basis for the impaired value no longer exists or have decreased.

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, the distribution is 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 %

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

Amount in NOK 000's	2023			2022		
	Book value	Total Equity	Net profit (loss)	Book value	Total Equity	Net profit (loss)
Morrow Technologies AS	166 225	82 616	-43 954	107 129	67 474	-15 322
Morrow Industrialization Center AS	713 587	662 740	-31 710	182 536	163 400	-19 113
Morrow Batteries GmbH	287	1 277	328	287	583	-930



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 15

##### Other non-current receivables and non-current liabilities

##### Specification of other non-current receivables

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Guarantees	42 952	54 000	5 068	0
Rental deposit	11 157	600	47	0
Deposit	129	0	13	0
Loans to employees	353	9 897	353	9 897
<b>Other non-current receivables</b>	<b>54 591</b>	<b>64 496</b>	<b>5 481</b>	<b>9 897</b>

##### *Guarantees*

Morrow Batteries ASA is committed to a rental guarantee for the lease agreement for the Morrow Research Centre's lease in Grimstad with J.B Ugland Eiendom AS.

Additionally, Morrow Industrialization Center AS is subject to the contracting obligations and the associated guarantees in connection with construction contracts entered into in 2022 and 2023. This includes a rental guarantee to Siva Morrow Eyde Energipark AS concerning a lease agreement. The guarantee reflects Morrow Industrialization Center AS's proportionate ownership interest in these construction projects. As of 30 September 2023, the rental guarantee has been reduced by NOK 18 million, bringing the total guarantee down to NOK 36.6 million.

##### *Rental deposit*

Rental deposit relates mainly to prepaid security deposit for housing rigs at Eyde Energy Park.

##### *Loans to employees*

Loans to employees relate to the employee share purchase program 2022 (ESPP), further described in Note 7.

##### *Other non-current liabilities*

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

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Loan	6 645	6 645	0	0

Other long term liabilities relate to a loan provision against Arendal Municipality in connection with termination of a contract related to building and operating a cooling water plant at Eyde Energy Park. Repayment of termination expenses has been extended by Arendal Municipality and will be repaid with equal amounts over ten years starting from 1 January 2028.



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 16

##### Accounts receivables and other current receivables

###### Accounting policies

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.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Accounts receivable	1 090	86	564	86
Other receivables	74 937	48 145	66 189	38 055
Other receivables - group companies	0	0	835	561
<b>Total receivables</b>	<b>76 027</b>	<b>48 231</b>	<b>67 588</b>	<b>38 702</b>

###### Other receivables

Other receivables mainly include NOK 40,6 million in tax refunds. NOK 25,7 million in prepayments to suppliers, and NOK 8,2 million in accrued unbilled revenue.

No provision for bad debt has been made in 2023.

#### NOTE 17

##### 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.

Amount in NOK 000's	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
Employees tax deduction*	13 333	4 105	9 734	3 651
Cash in bank	595 299	426 019	515 856	336 267
<b>Total bank deposits and cash</b>	<b>608 632</b>	<b>430 123</b>	<b>525 590</b>	<b>339 918</b>

\* Deposited in a separate bank account



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 18

##### Share capital and shareholder information

###### Share capital

In the updated Shareholders' Agreement dated 25. September 2023, the Board was authorised to allocate shares and/or options within a total pool of 50 000 Shares (or rights to Shares) denominated as the Incentive Pool. As per 31. December 2023, 24 496 share-based options of this authorised Incentive pool has been granted specific employees. We refer to Note 7 for disclosure of management share options.

As such, there is a difference between ownership in percentage in current registered shareholder book (issued shares) and fully diluted ownership percentage based on current cap stack. Overview of shareholders below reflects number of shares issued per shareholder whereas ownership is reflecting the fully diluted ownership percentage.

	Number of shares	Face value	Book value
Ordinary shares	3 750 035	10	37 500 350

Overview of shareholders 31.12.2023	Number of shares	Ownership in %
Å Energi Invest AS	1 871 589	49,9 %
Private Equity Minorities I K/S	599 613	16,0 %
Siemens Project Ventures GmbH	571 371	15,2 %
ABB Switzerland Ltd.	282 891	7,5 %
NOAH AS	268 610	7,2 %
Nysnø Klimainvesteringer AS	102 223	2,7 %
Arendal Fossekompagni AS	11 641	0,3 %
UBS Switzerland AG	7 487	0,2 %
Ericales Invest AS	4 978	0,1 %
Racso AS	4 000	0,1 %
Others	25 632	0,7 %
<b>Total number of shares</b>	<b>3 750 035</b>	<b>100 %</b>

All shares have equal voting rights.

Shares owned by Group management and their related parties 31.12.2023	Number of shares	Ownership in %
Group Management		
Dr. Rahul Fotedar, CTO*	6 931	0,18 %
Pål Brun, EVP Corporate Affairs**	2 125	0,06 %
Bård Karlsen***	2 125	0,06 %
Stenhagen Asta Ellingsen, Head of Legal and Compliance	2 366	0,06 %
Jon Fold Von Bülow, Co-Founder & Head of Research****	1 700	0,05 %
Nina Hunsager Framås, Director of Strategy & Corporate Development	476	0,01 %
Naja Mae Faye Boone, Director of Marketing & Communications	190	0,01 %
<b>Total number of shares in % of total outstanding shares</b>	<b>15 913</b>	<b>0,42 %</b>

\* Represents UBS Switzerland AG, which owns 6931 shares held by Dr. Rahul Fotedar directly

\*\* Represents Nordic Sustainable Ventures AS, which owns 2125 shares held by Mr. Pål Brun directly

\*\*\* Represents Karlsen Consulting AS, which owns 2125 shares held by Mr. Bård Karlsen directly

\*\*\*\* Represents FD3M Holding AS, which owns 644 shares held by Mr. Jon Fold Von Bülow directly



## Morrow Batteries ASA

### Notes to the accounts

#### NOTE 19

##### Estimates

###### Key accounting estimates

During the preparation of the financial statements, the company's management has applied its best estimates and assumptions considered to be realistic based on experience and market conditions. Situations can arise which alter the estimates and assumptions, which will affect the company's assets, liabilities, revenues and expenses. The estimates are reviewed on an ongoing basis and are recognised in the period in which they occur. In the preparation of the consolidated financial statements, management has made some significant judgements relating to the application of accounting policies.

For more detailed information about estimation uncertainty and areas for application of judgement that could have a significant impact on the amounts recognised in the following financial period, please see the following notes: Note 9 "Development and goodwill" and Note 13 "Tax".

###### 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.

#### NOTE 20

##### 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 6 for information about the consolidated subsidiaries and associates. Intercompany balances and transactions between consolidated companies are eliminated in the consolidated accounts.

See Note 14 for an overview of the companies included and further information about the investments. Transactions with associates as per Note 11, primarily consist of financing provided to the companies, with other transactions detailed in Note 6.

To find information about the remuneration of the Management, see Note 7 "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 Chair of the board also serves as a partner. The Company has a separate agreement for the Chair's remuneration and consultancy services.

#### NOTE 21

##### Subsequent events

There have been no material adjusting or non-adjusting events after the balance sheet date with a significant impact on the financial statements for 2023.

As of 31 December 2023, the Group has paid NOK 10,5 million in prepaid rent covering housing and canteen rigs related to the Eyde Energy Park Factory construction. In 2024, it was decided by the Board of Directors to terminate this contract. The anticipated termination expense is expected to be NOK 15 million, necessitating an additional payment of NOK 4,5 million on top of the prepaid amount.

In the first quarter of 2024, Morrow Industrialization Center AS received NOK 120 million from a NOK 150 million loan, initially agreed with Innovation Norway in the fourth quarter of 2022.



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## Independent Auditor's Report

To the General meeting of Morrow Batteries ASA

### Opinion

We have audited the financial statements of Morrow Batteries ASA.

The financial statement comprise:

- The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, statement of profit or loss and other comprehensive income, statements 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 2023, statement of profit or loss and other comprehensive income, statements 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 2023, 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 2023, 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.

Penneo Dokumentnøkkel: C88PQ-F3YZN-68QZJ-41HIV-U3FGJ-NM626

### 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 Group's ability to continue as a going concern

We draw attention to note 3, which indicates that the Group incurred a net loss of TNOK 333 481 during the year ended December 31, 2023. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, 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. 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 Directors' 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.



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 Dokumentnr: C88PQ-F3YZN-68QZJ-41HIV-U3FGJ-NM626



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Annual report 2023

Contact

## MORROW

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Norway

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