

# Fourth Quarter Report 2020

## Subsequent events announced on 17 February 2021

### Element ASA acquires Distributed Ledger Technologies LLC (DLT) in Ireland

- Element ASA signed a share exchange agreement related to Distributed Ledger Technologies LLC, (DLT) Ireland, According to the agreement, 100% the shares in DLT Ireland will be acquired in exchange for 27,000,000 new Element ASA shares valued at NOK 135 million and 3,000,000 warrants with strike price of NOK 12 per share.
- Upon closing of the acquisition, the assets to be held by DLT will consist of; (i) equity and debt interests in existing, profitable bitcoin mining operations located in the United States, and (ii) equity and debt interests and cryptocurrency tokens in a portfolio of businesses and assets which leverage distributed ledger technologies.
- The combined company intends to invest in and operate further bitcoin mining businesses and will continue to develop its portfolio of investments in the platforms, protocols, exchanges, and wallets which define the new digital economy. Through the acquisition, the Company will engage a new management team of well-seasoned professionals in the digital economy and the public markets.
- The transaction is subject to among other things, approval by Element's extraordinary general meeting (EGM) to be held on or about March 17, 2021.

### Element ASA raised NOK 35 million in a Conditional Private Placement

- Element ASA raised approximately NOK 35 million in gross proceeds through a conditional offering of 7 million new shares at a subscription price of NOK 5.04 per Offer Share (identical to the ELE closing price at February 17). The net proceeds from the issuance of the Offer Shares in the Offering will be used for general corporate purposes. Element will also propose that the EGM that the Company carries out
- The Board of Directors of Element will propose to the EGM to approve to carry out a repair offering of up to 1,800,000 new shares towards the Company's shareholders as of 17 February 2021. The subscription price in the Repair Offering will be equal to the subscription price in the Offering. The Board of Directors may at its discretion decide not to proceed with the Repair Offering.

### Thomas Christensen new group CEO - and James Haft new Chairman of Element ASA

- Element ASA further announced that Geir Johansen on 1 March 2021, will step down as group CEO and will be replaced by Thomas Christensen, currently the Chairman of the Board of Directors of Element ASA. Mr. Christensen will be replaced as Chairman by James Haft, USA.

## Financials

### FOURTH QUARTER 2020

Operating result for the quarter amount to USD -0.62 million (-0.51m). Other operating expenses was USD -0.45 (-0.30) million for the quarter; while cost related to board and employee was USD -0.17 million(-0.26m). Net Financial items was USD -0.36m (-3.1m).

Net loss after tax for the quarter was USD 0.67 million (-6.23m).

At end of Q4 2020, cash and cash equivalents amounted to USD 1.12 million (2.89m at Y.E. 2019).

Total assets at the end of the quarter equals USD 5.95 million (7.66m Y.E. 2019). The reduction mainly reflects the reduction in cash compared to end of year 2019.

Total equity at the end of quarter is USD 5.63 million (6.87m) with an equity ratio of 96%.

## Outlook

Going forward, and assuming that the EGM will approve the proposed share exchange agreement, the new management team of Element plans to source opportunities within the new digital economy and strategically partner with the industry's best-in-class operators through its Bitcoin mining operations and its continuing expansion of these operations

Leveraging these partnerships into a larger presence in the Bitcoin mining space, both through Bitcoin mining and associated industry verticals, will be an important step in the Company's plan to build its portfolio of future oriented investments. In short, the Company's plans going forward include:

- Using Bitcoin and other digital asset mining to generate cash flow
- Cash flows generated could be used to make investments in other decentralized projects
- Focus on the infrastructure which the new decentralized economy will require
- Cash flows from operations will be opportunistically supplemented via the capital markets

The business will be developed through partnerships across multiple industry verticals

## Responsibility statement

We confirm to the best of our belief that the enclosed financial statements, which have been prepared in accordance with IAS 34 – Interim Reporting, give a true and fair view of the company's assets, liabilities, financial position and results of operation.

Oslo, 28 February 2021, Board of Directors, Element ASA

Viggo Leisner  
*Board Member*

Thomas Christensen  
*Chairman*

Kari Mette Toverud  
*Board Member*

Geir Johansen  
*CEO*

## Interim consolidated statement of profit and loss and other comprehensive income

(USD '000)	Note	Fourth quarter		Year to date		Year end
		31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2019
Net income/loss from equity acct. investments		-	49	-	156	156
Exploration and evaluation costs		-	-	-	-	-
Salary and social security cost		-171	-261	-931	-1 145	-1 145
Other operating expenses		-450	-296	-968	-2 114	-2 114
<b>Operating loss</b>		<b>-621</b>	<b>-508</b>	<b>-1 899</b>	<b>-3 103</b>	<b>-3 103</b>
Financial income		97	427	1 519	435	435
Financial costs		-134	-3 528	-990	-6 549	-6 549
Equity accounted investments	3	-	-	-	-	-
<b>Net financial items</b>		<b>-36</b>	<b>-3 100</b>	<b>529</b>	<b>-6 114</b>	<b>-6 114</b>
<b>Loss before tax</b>		<b>-657</b>	<b>-3 608</b>	<b>-1 370</b>	<b>-9 217</b>	<b>-9 217</b>
Income Taxes		-	-	-	-	-
<b>Loss after tax</b>		<b>-657</b>	<b>-3 608</b>	<b>-1 370</b>	<b>-9 217</b>	<b>-9 217</b>
Loss discontinued operations, after tax	7	-	-2 623	1 071	-4 831	-4 831
<b>Loss for the period</b>		<b>-657</b>	<b>-6 231</b>	<b>-299</b>	<b>-14 048</b>	<b>-14 048</b>
Basic and diluted earnings per share		-0,03	-0,33	-0,02	-0,75	-0,75
Basic and diluted earnings per share - continued operations		-0,03	-0,19	-0,07	-0,49	-0,49
Basic and diluted earnings per share - discontinued operations		-	-0,14	0,06	-0,26	-0,26
<b>Other comprehensive income:</b>						
<b>Items that will be reclassified to income statement</b>						
Currency translation adjustments		148	-3	-1 080	-128	-128
<b>Other comprehensive income</b>		<b>148</b>	<b>-3</b>	<b>-1 080</b>	<b>-128</b>	<b>-128</b>
<b>Total comprehensive income</b>		<b>-509</b>	<b>-6 234</b>	<b>-1 378</b>	<b>-14 176</b>	<b>-14 176</b>
<b>Total comprehensive income attributable to Element shareholders</b>		<b>-509</b>	<b>-6 234</b>	<b>-1 378</b>	<b>-14 176</b>	<b>-14 176</b>

## Interim consolidated statement of financial position

<i>(USD '000)</i>	Note	Year to date 31.12.2020	Year end 31.12.2019
<b>ASSETS</b>			
Financial investments	4	4 399	4 045
Property, plant and equipment		4	8
Equity accounted investments	3	-	-
<b>Total non-current assets</b>		<b>4 403</b>	<b>4 053</b>
Financial investments	4	428	553
Other receivables		1	104
Cash and cash equivalents	5	1 122	2 886
<b>Total current assets</b>		<b>1 551</b>	<b>3 543</b>
Assets classified as held for sale	7	-	64
<b>Assets classified as held for sale</b>		<b>-</b>	<b>64</b>
<b>TOTAL ASSETS</b>		<b>5 954</b>	<b>7 660</b>
<b>EQUITY</b>			
Share capital		3 500	3 440
Other paid-in-capital		94 713	94 657
Cumulative translation adjustments		10 654	11 733
Other equity		-103 234	-102 957
<b>Total equity</b>		<b>5 633</b>	<b>6 872</b>
<b>LIABILITIES</b>			
Other long term liabilities		-	-
<b>Total long term liabilities</b>		<b>-</b>	<b>-</b>
Trade payables		47	119
Convertible notes	4	-	-
Other current liabilities		274	141
<b>Total current liabilities</b>		<b>321</b>	<b>260</b>
Liabilities associated with assets classified as held for sale		-	529
<b>Liabilities associated with assets classified as held for sale</b>		<b>-</b>	<b>529</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 954</b>	<b>7 660</b>

## Interim consolidated statement of cash flow

(USD '000)	Fourth quarter		Year to date		Year end
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2019
Profit/-loss for the year, continued operations	-657	-3 608	-1 370	-9 217	-9 217
Profit/-loss for the year, discontinued operations	-	-2 623	1 071	-4 831	-4 831
<b>Operating activities</b>					
Depreciation	1	-	4	3	3
Non-cash expenses related to warrants and impairments	-	-	-	-	-
Change in trade and other receivables	116	-54	-139	404	404
Change in trade payables and other current liabilities	128	-359	61	-284	-284
Warrants and impairment	-	5 414	42	9 192	9 192
Change in assets held for sale	-	-47	-521	-148	-148
<b>Cash flow from operating activities</b>	<b>-412</b>	<b>-1 277</b>	<b>-851</b>	<b>-4 881</b>	<b>-4 881</b>
<b>Investment activities</b>					
Net expenditure on property, plant and equipment	-	-	-	-	-
Equity accounted investments	-	-	-	-	-
Investment in other financial assets	-	2 624	-	2 624	2 624
<b>Cash flow from investment activities</b>	<b>-</b>	<b>2 624</b>	<b>-</b>	<b>2 624</b>	<b>2 624</b>
<b>Financing activities</b>					
Proceeds from new shares issued	-	720	103	1 035	1 035
Repurchase of shares	-	2	-	-80	-80
Proceeds from borrowings	-	65	-	2 250	2 250
<b>Cash flow from financing activities</b>	<b>-</b>	<b>787</b>	<b>103</b>	<b>3 205</b>	<b>3 205</b>
Net change in cash and cash equivalents	-412	2 134	-748	948	948
Cash and cash equivalents at the start of the period	1 386	817	2 950	2 127	2 127
Sum translation effects	148	-1	-1 080	-125	-125
<b>Cash and cash equivalents at the end of the period for cont. and disc. Operations</b>	<b>1 122</b>	<b>2 950</b>	<b>1 122</b>	<b>2 950</b>	<b>2 950</b>

## Interim consolidated statement of changes in equity

<i>(USD '000)</i>	<i>Note</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>Cumulative translation</i>	<i>Other equity</i>	<i>Held for sale</i>	<i>Total</i>
<b>Equity 1 January 2019</b>		<b>1 229</b>	<b>93 392</b>	<b>11 861</b>	<b>-22 194</b>	<b>-67 781</b>	<b>16 507</b>
Loss for the period					-9 217	-4 831	-14 048
Other comprehensive income				-128			-128
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-128</b>	<b>-9 217</b>	<b>-4 831</b>	<b>-14 176</b>
Capital increase		2 229	1 326	-	537	-	4 091
Repurchase of shares		-19	-61	-	-	-	-80
Share options cost		-	-	-	188	-	188
Converted warrants		-	-	-	342	-	342
<b>Total transactions with owners</b>		<b>2 211</b>	<b>1 265</b>	<b>-</b>	<b>1 066</b>	<b>-</b>	<b>4 542</b>
<b>Equity 31 December 2019</b>		<b>3 440</b>	<b>94 657</b>	<b>11 733</b>	<b>-30 345</b>	<b>-72 612</b>	<b>6 872</b>
<i>(USD '000)</i>							
<b>Equity 1 January 2020</b>		<b>3 440</b>	<b>94 657</b>	<b>11 733</b>	<b>-30 345</b>	<b>-72 612</b>	<b>6 872</b>
Loss for the period					-1 370	1 071	-299
Discontinued operation					-71 540	71 540	-
Other comprehensive income				-1 080			-1 080
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-1 080</b>	<b>-72 911</b>	<b>72 612</b>	<b>-1 378</b>
Capital increase		60	57	-	-	-	117
Repurchase of shares		-	-	-	-	-	-
Share options cost		-	-	-	22	-	22
Converted warrants		-	-	-	-	-	-
<b>Total transactions with owners</b>		<b>60</b>	<b>57</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>139</b>
<b>Equity 31 December 2020</b>		<b>3 500</b>	<b>94 713</b>	<b>10 654</b>	<b>-103 234</b>	<b>-</b>	<b>5 633</b>



# Notes to the interim consolidated financial statements

## 1 Information about the Group

Element ASA is a public limited liability company incorporated and domiciled in Norway. The Group's office address is Rundingen 2, 0250 Oslo, Norway. The Group's shares are listed on the Oslo Stock Exchange.

As at the date of this report, the Group's main activity is to Invest In companies within the digital part of the economy.

## 2 Basis for preparation and changes to the Group's accounting policies

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, 'Interim financial reporting'.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### ACCOUNTING PRINCIPLES

The same accounting principles and methods of calculation have been applied as in the Annual Report for 2019. Future effects of new accounting standards were described in the Consolidated Financial Statements for 2019.

### ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

## 3 Investments accounted for using the equity method

(USD '000)	Fourth quarter		Year to date		Year end
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2019
Opening balance	-	3 060	-	3 060	3 060
Net income/(loss) from equity accounted investments	-	-	-	-	-
Acquisitions and increase in paid in capital	-	-	-	-	-
Dividend and other distributions	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-
Divestments, derecognition and decrease in paid in capital	-	-3 060	-	-3 060	-3 060
<b>Ending balance</b>	-	-	-	-	-

## 4 Financial assets and liabilities

USD ('000)	Year to date	Year end
	31.12.2020	31.12.2019
Other long-term receivables	4 399	3 562
Other short-term receivables	1	500
Convertible loan notes	-	-
Derivatives	-	-
Investments in fund units	-	53
Cash and cash equivalents	1 122	2 886
<b>Total financial assets</b>	<b>5 522</b>	<b>7 001</b>
Convertible notes	-	-
Trade payables	-47	-119
<b>Total financial liabilities</b>	<b>-47</b>	<b>-119</b>

FAIR VALUES USD ('000)	Fourth quarter		Year end 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Other long-term receivables (x)	4 399	4 825	3 562	4 825
Other short-term receivables	1	1	500	500
Convertible loan notes	-	-	0	0
Derivatives	-	-	0	0
Investments in fund units	-	-	53	53
Cash and cash equivalents	1 122	1 122	2 886	2 886
<b>Total financial assets</b>	<b>5 522</b>	<b>5 948</b>	<b>7 001</b>	<b>8 264</b>
Convertible notes	-	-	0	0
Trade payables	-47	-47	-119	-119
<b>Total financial liabilities</b>	<b>-47</b>	<b>-47</b>	<b>-119</b>	<b>-119</b>

(x) Simple agreement on future tokens are reclassified with effect from 2019 from intangible assets to financial assets according to IFRS 9.

FAIR VALUE HIERARCHY USD ('000)	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Assets measured at fair value	31.12.2020	-	-	2 271
Assets measured at amortized cost	31.12.2020	-	1 791	-
Convertible loan notes	31.12.2020	-	-	-
Derivatives	31.12.2020	-	-	-
Investments in fund units	31.12.2020	-	-	-
Assets measured at fair value	31.12.2019	-	-	2 271
Assets measured at amortized cost	31.12.2019	-	1 791	-
Convertible loan notes	31.12.2019	-	-	-
Derivatives	31.12.2019	-	-	-
Investment in fund units	31.12.2019	-	53	-

## 5 Cash and cash equivalents

	Year to date	Year end
(USD '000)	31.12.2020	31.12.2019
Cash and bank deposits	953	2 843
Restricted bank deposits	170	42
<b>Total cash and cash equivalents in the statement of financial position</b>	<b>1 122</b>	<b>2 886</b>
Cash and cash equivalents related to discontinued operations	-	64
<b>Cash and cash equivalents in the statements of cash flow</b>	<b>1 122</b>	<b>2 950</b>

## 6 Related party disclosures

Name	Position	Shares	Options	CFDs
Thomas Christensen	Chairman of the board	1 400 000	100 000	-
Kari Mette Toverud	Member of the board	28 412	43 000	-
James Haft	Consultant	-	50 000	-
Geir Johansen	CEO	-	50 000	-
Hans Ola Haavelsrud	COO	-	50 000	-
<b>Total</b>		<b>1 428 412</b>	<b>293 000</b>	<b>-</b>

400.000 of the shares controlled by Mr. Christensen is owned through his company Easy2Connect AS.

# Reporting calendar

## Financial reporting 2021

Annual Report 2020 ..... 30.04.2021

Quarterly Report – Q1 ..... 28.05.2021

Half year Report ..... 30.08.2021

Quarterly Report – Q3 ..... 25.11.2021

Quarterly Report – Q4 ..... 25.02.2022

## Contact details

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