



Annual Report 2020

General Statement

The enclosed Financial statements and Board of Directors' report, together with the accompanying notes, fulfills DLT ASA's (formerly known as Element ASA) Norwegian statutory requirements for annual reporting. The Annual report 2020 is available in PDF-format on our website www.dltasa.no. Throughout this report "the Company" refers to parent company DLT ASA, while "the Group" refers to DLT ASA and its affiliate companies.

The Board of Directors and Management

James Haft, Chairman of the Board of Directors

James Haft has a JD/MBA from Emory University and has worked in the capital markets since the late 80's. He has experience from Bear Stearns, Furman Selz and ING Barings before founding Pacific Alliance Limited, LLC through which he has co-founded and advised on over 50 internet and distributed ledger technology startups. He is an entrepreneur and Merchant Banker with broad experience managing, advising, fund raising, and developing opportunities for businesses leveraging the digitization of information and value. James has focused on the adoption of distributed ledger technology and other decentralized, encrypted data platforms adopted to improve the security, speed, and cost of transactions and communications.

Viggo Leisner, Board Member

Viggo Leisner has long experience from oil trading, and more than 15 years as responsible for investments and M&A for Arne Blystad AS. During his 15 years as investment manager at Arne Blystad AS, he has been involved in strategic processes, financing and other support for several companies from many different businesses. He has also served at the board of directors of both private and public companies, inter alia as vice chairman of Brabank ASA and board member of Spectrum ASA. He holds a Cand. Merc in Finance from Ålborg University/St. Cloud University Minnesota and he was a sergeant at Norwegian Infantry Officer School.

Kari Mette Toverud, Board Member

Kari Mette Toverud is Director of Communications (Marketing, communication and HR) at Norkart AS. Ms Toverud has worked in the telecom and datacom sectors for the past 25 years: Communication and Marketing Director at Broadnet and Ventelo from 2011 to 2014 and held the same position at Network Norway from 2006 to 2011. She was COO at Cloudberry Mobile from 2014 to 2015 and has held top management positions at Telenor Media, Telenor Mobil and Telenor Nordic Mobile (1995–2006). She has also served on a number of board, notably Telenor Eiendom, Telenor Norge and Telenor Key Partner, and currently sits on the boards of Nextgentel AS, Totalctrl AS, KatrinUri AS and Norwegian Golf Federation. Ms Toverud has a Master of Business and Marketing/Handelsøkonom from BI Norwegian Business School/Handelsakademiet (1987 – 1991).

Thomas Christensen, CEO

Thomas Christensen is a graduate in mechanical engineering from the University of Gothenburg's institute, with a Master of Business Administration from BI Norwegian Business School. He has broad experience within technology, venture capital, and Corporate Finance, and has conducted over 40 M&A transactions, stock listings, debt and equity financing within shipping and technology, both as Chief Financial Officer and external adviser. He has also experience from challenging turnarounds through board positions in global businesses. He is chairman in Grieg Shipbrokers and Nordic Light Norway AS and holds board seats in several companies abroad.

Magnus Nøkleby, CFO

Magnus Nøkleby has worked with finance, accounting and financial reporting for several years. Recently as CFO and co-founder in Optio Incentives AS, a company focusing on assisting listed companies with central parts of their reporting requirements according to IFRS. He has previously been the CFO of the international Norwegian based company The PURE Water Company AS, with subsidiaries in Sweden, Denmark and the UK. Magnus holds a MSc degree in Business and Economics (Siviløkonom) from the Norwegian School of Business (BI).

David Johnston, COO

David Johnston is a pioneer and early leader in decentralized technologies. He played a formative role in early blockchains such as Bitcoin, Ethereum, & Polymesath. and is the former Managing Director of the Decentralized Application Venture Fund and Executive Director of BitAngels, one of the world's largest angel investment groups. He has founded several enterprises in industries ranging from biotech to open-source software and He coined the term Decentralized Applications (Dapps) in 2013. The last decade, David has been an early seed stage investor and advisor in a number of distributed ledger technology projects such Tari, Beam, Vertalo and more.

Management Report

2020 - Restructuring

2020 has been a challenging year not only for Element ASA ("Element"), but society as a whole. Going into the year the focus was to complete the restructuring process and continue to look for investment opportunities within the distributed ledger/blockchain space. As part of the restructuring process several strategic alternatives for the Company was considered and in December it was announced that the Company had signed a letter of intent to acquire Harmonychain AS for commercialization of a blockchain microchip mining system. This potential transaction would later be terminated. During the first quarter of 2021 the restructuring of the Company was completed through an acquisition of Distributed Ledger Technology Ireland Limited, resulting in DLT ASA.

In January 2020 Element paid USD 100,000 for 0.46% of the common equity in GlobexUS Holdings, Corp, a Blockchain-as-a-Service solutions company, with the trading name Horizon-Globex. The company offers a suite of integrated blockchain software applications directed towards the financial sector. The solutions seek to combine Wall Street and Silicon Valley to power the next generation of exchanges and securities offerings in the U.S. and globally.

In February 2020 Element was informed that the buyer of the CMT units, Manco Group Osead, had closed the fund and sold all remaining fund units. As per the sales agreement, Element was entitled to receive 50% of any proceeds of a resale of the fund units if a resale was to take place within 6 months after 25 October 2019. In February, the fund units were re-sold for a unit price of EUR 4,157; thus, Element in February received additional EUR 173 085 for the units.

In May 2020, the Company sold all its Filipino legal entities and the mining licenses to a local Filipino mining company. The Company received a symbolic purchase price for the Filipino Entities. The purchase price may increase to USD 1 million if the mining ban currently in place in the Philippines is lifted within five years following the consummation of the transaction.

Towards the end of the year the Company announced Its intention to acquire the Norwegian technology company Harmonychain AS. A transaction which was later terminated (January 2021) based on findings in the due diligence process, which concluded that the commercialization stage for the blockchain microchip would materialize later than initially indicated.

2021 and onwards

As a part of the Company's restructuring strategy, Element entered into a Share Exchange Agreement ("SEA") to acquire Distributed Ledger Technology Ireland Limited in the first quarter of 2021. This transaction represented a completion of the restructuring process, giving the company an exciting and valuable portfolio of assets in the distributed ledger technology space. To highlight this change, the name of the Company changed to DLT ASA, leaving all things mineral exploration related behind.

In conjunction with the transaction the Company raised capital through a private placement. With new management and a very experienced advisory board in place, the Company is now fully focused on identifying and supporting companies with the right technology, teams and market prospects in the new digital economy, in order to create value for the shareholders.

The new journey is just beginning, so follow DLT on the web and social media to learn more about the Company and its strategy.

Report from the Board of Directors

The Business of the Group

The Company's legal and commercial name is DLT ASA. The Company is a Norwegian public limited company incorporated in Norway under and governed by the Norwegian Public Limited Companies Act, with business registration number 976 094 875. DLT is domiciled in Oslo, Norway.

DLT is an investment and technology company supporting the development of the new digital economy through investments in the distributed ledger technology. Historically the main business of the Company has been to be a mineral exploration company holding mineral exploitation or exploration rights for nickel-cobalt-mineralized areas on the island of Mindoro in the Philippines. This part of the business is now fully divested, and the focus forward is 100 % on the new digital economy and distributed ledger technology.

The Company's main assets currently (as of 31.12.20) are (i) a holding of all shares in PALCapital Ventures Inc., an investment company with early-stage investments within the digital and distributed ledger/blockchain sectors, and (ii) claims for repayment of debt related to the restructuring of AMI, with a total principal amount of USD 4.8 million.

Financial performance

During 2020 the Group has continued the restructuring process initiated in 2019 and actively searched for Investment opportunities within the new digital economy and blockchain ecosystem.

As in previous years, the Group had no operating income in 2020. For the financial period ending 31 December 2020, the Group had a consolidated loss after tax from continuing operations of USD 1.37 million (2019: USD 9.22 million). Total loss after tax for the period was USD 0.3 million (2019: USD 14.0 million). Salary, social expenses, and other administrative expenses by the end of the year was USD 1.9 million (2019: USD 3.3 million), while net financial items were USD 0.5 million (2019: USD -6.1 million). The financial cost amounted to USD 1.0 million (2019: USD 6.5 million).

Cash flow from operating activities was USD -0.9 million (2019: USD -4.9 million). Cash flow from investment activities was USD 0 million (2019: USD 2.6 million), while cash flow from financing activities was USD 0.1 million (2019 USD 3.2 million)

At the end of 2020 cash and bank deposits totalled USD 1.1 million (2019: USD 2.95 million). The Group had no interest-bearing debt at the end of the year.

At 31 December 2020, the Group's equity was USD 5.6 million (2019: USD 6.9 million) or USD 0.29 per outstanding share (2019: USD 0.75 per outstanding share). This corresponds to an equity ratio of 94.6 percent (2019: 89.7 percent), calculated by dividing total equity by total assets (alternative performance measure).

The Company is not engaged in any R&D activities.

Risk review

The Board and management consider systematic and deliberate management of risk as essential in the development of its projects and regard this as a significant factor for long-term value creation for the shareholders, employees and society. The risk assessment process involves analysing both external and internal risk factors, including corporate risk and project risk factors. A risk assessment is presented to the Board on a regular basis. The following are the main risks identified for the Group:

The Group only has funding for a limited time period. As the Group's current assets as of 31.12.2020 are not generating steady income, there is a risk that the Company will not be able to obtain funding for its operations when the current funds run out.

DLT is a project investment company within the distributed ledger technology and block-chain sector, currently holding only a limited number of investments. The Company is therefore exposed to market risk and a lack of diversity in the investment portfolio and cannot fully control or influence the operations and performance of its investments. Further, returns might be adversely affected by poor performance of even a single investment.

The Group's remaining investments are illiquid and may be difficult to realize.

The Group is entitled to receive block-chain based tokens, subject to the terms and conditions of certain agreements, and as of 31.12.2020 has not yet received any such tokens. No assurance can be given that the Group will receive any such tokens.

Corporate governance

Element's governance systems are based on principles set out in the Norwegian Code of Conduct for Corporate Governance. In accordance with section 3-3b of the Norwegian Accounting Act, an overall report of corporate governance at DLT has been prepared and enclosed as a separate document in the annual report.

Environmental Impact and Corporate social responsibility

The Group's vision and values is to act responsibly and build sustainable communities based on ethical, social and environmental norms. The ethical guidelines for Element and the Company's business ethics are being reviewed annually and the Company reports on international standards for corporate social responsibility.

The Company facilitates equal opportunities for professional and personal development regardless of gender and strives to maintain a good working environment. The company has not had any work accidents or incidents in 2020, and the Group has not during the year had any incidents negatively affecting the external environment.

In accordance with section 3-3c of the Norwegian Accounting Act, a report of Corporate Social Responsibility has been prepared. The report is included as a separate document in the annual report and includes details on working environment, injuries, accidents, sickness absence, equality, and non-discrimination, as well as social responsibility and external environment. This report is an integral part of the Board of Directors' report.

Parent Company Results

The parent company had a loss for the year of NOK 12.3 million (2019: NOK 131.4 million). This reflects net financial gain of NOK 4.8 million (2019: Loss of NOK 53.8 million). The Board proposes that no dividend is paid and that the annual result is transferred to other equity.

The annual accounts have been prepared based on the going concern assumption in accordance with section 3-3a of the Norwegian Accounting Act. This is based on the Group's plans, budgets and level of activity going forward.

As of 31 December 2020, the parent company had cash and cash equivalents in the amount of NOK 9.5 million (2019: NOK 25.3 million). The valuation of the Group's assets is based on the going concern assumption.

Assumptions of Continued Operation

As of 31.12.2020 The Group did not have any revenue and relied on other sources for liquidity and funds to finance operations. The Board considers that the cash balance available at the end of the year, including the private placement of March 2021, to be sufficient to secure operations for the next 12 months. In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the assumptions of continuing operations are present.

Outlook

DLT will continue the focus on finding investments within the distributed ledger technology and block-chain sector. Through the acquisition of Distributed Ledger Technology Ireland Limited first quarter of 2021, we strengthened this position, and believe to be on an existing patch within new disruptive technology, which in turn we believe will create value for our shareholders. For more details, please read the management report included with the annual report 2020.

Oslo, 29 April 2021, Board of Directors, DLT ASA

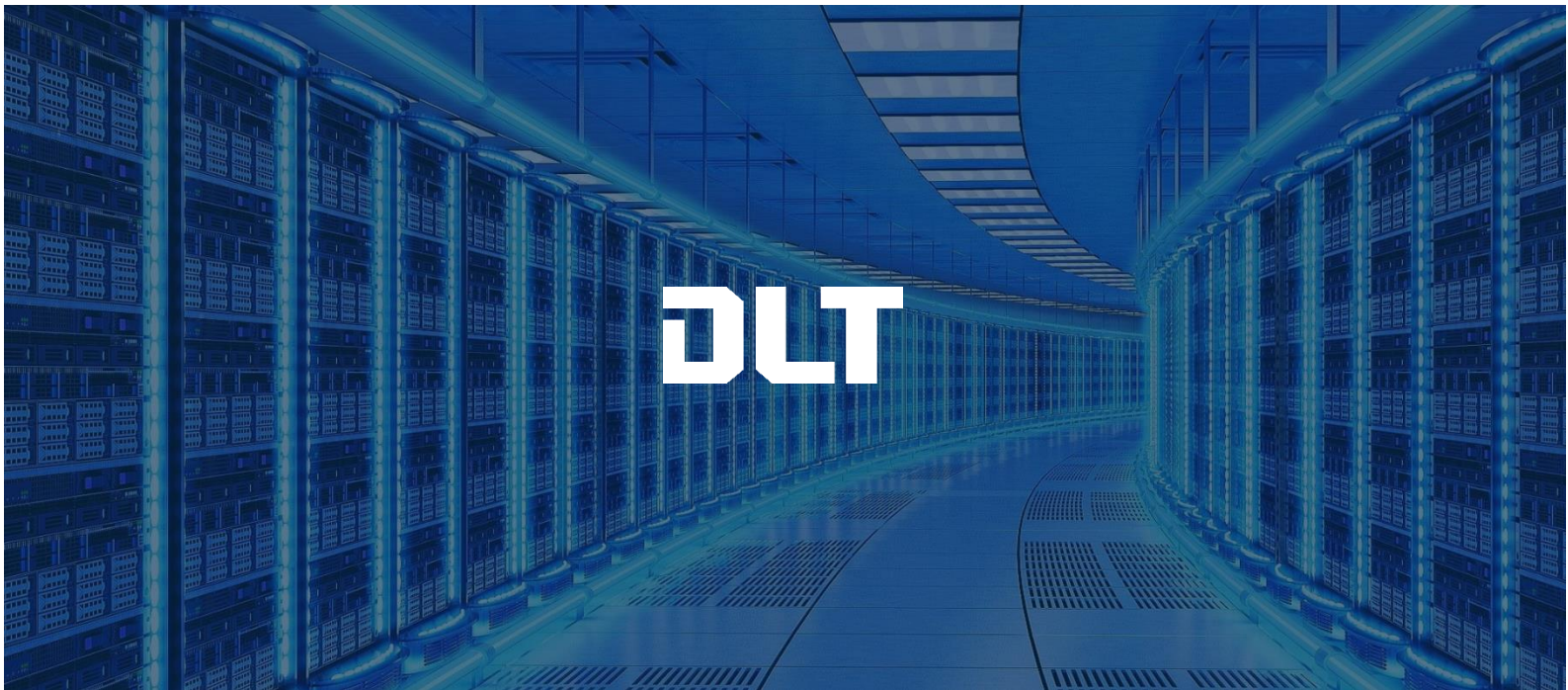
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James Haft
Chairman of the Board

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Board Member

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Board Member

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Thomas Christensen
CEO

Consolidated financial statements



Consolidated statement of profit and loss and other comprehensive income

<i>(USD '000)</i>	<i>Note</i>	2020	2019
Net income/loss from equity acct. Investments		-	-
Other Revenue		-	156
Exploration and evaluation costs		-	-
Salary and social security cost	5, 6, 7, 8	-931	-1 145
Other Operating expenses	9, 10	-968	-2 114
Operating loss		-1 899	-3 103
Financial income	11	1 519	435
Financial costs	11	-990	-6 549
Equity accounted investments	4	-	-
Net financial items		529	-6 114
Loss before tax		-1 370	-9 217
Income Taxes	12	-	-
Loss after tax		-1 370	-9 217
Loss discontinued operations, after tax	15	1 071	-4 831
Loss for the period		-299	-14 048
Basic and diluted earnings per share	13	-0,02	-0,75
Basic and diluted earnings per share - continued operations	13	-0,07	-0,49
Basic and diluted earnings per share - discontinued operations	13	0,06	-0,26
Other comprehensive income:			
Items that will be reclassified to income statement			
Currency translation adjustments		-1 080	-128
Other comprehensive income		-1 080	-128
Total comprehensive income		-1 378	-14 176
Total comprehensive income attributable to Element shareholders		-1 378	-14 176


Consolidated statement of financial position

<i>(USD '000)</i>	<i>Note</i>	2020	2019
ASSETS			
Financial investments		4 399	4 045
Property, plant and equipment		4	8
Equity accounted investments	4	0	0
Total non-current assets		4 403	4 053
Financial investments	11, 14	428	553
Other receivables	14, 16	1	104
Cash and cash equivalents	14, 17	1 122	2 886
Total current assets		1 551	3 543
Assets classified as held for sale	15	0	64
Assets classified as held for sale		0	64
TOTAL ASSETS		5 954	7 660
EQUITY			
Share capital	18	3 500	3 440
Other paid-in-capital	18	94 713	94 657
Cumulative translation adjustments	18	10 654	11 733
Other equity	18	-103 234	-102 957
Total equity		5 633	6 872
LIABILITIES			
Other long term liabilities	19	0	0
Total long term liabilities		0	0
Trade payables	20	47	119
Derivatives	14	0	0
Convertible notes		0	0
Other current liabilities	19, 20	274	141
Total current liabilities		321	260
Liabilities associated with assets classified as held for sale	15	0	529
Liabilities associated with assets classified as held for sale		0	529
TOTAL EQUITY AND LIABILITIES		5 954	7 660

Oslo, 29 April 2021, Board of Directors, DLT ASA


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James Haft
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 James Haft
 Chairman of the Board

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 Viggo Leisner
 Board Member

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 Kari Mette Toverud
 Board Member

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 Thomas Christensen
 CEO

Consolidated statement of cash flows

<i>(USD '000)</i>	<i>Note</i>	2020	2019
Profit/loss for the year, continued operations		-1 370	-9 217
Profit/loss for the year, discontinued operations		1 071	-4 831
Operating activities			
Depreciation		4	3
Non-cash expenses related to options and warrants		42	9 192
Change in trade and other receivables		-139	404
Change in trade payables and other current liabilities		61	-284
Changes in other long term liabilities		0	0
Change in assets held for sale		-521	-148
Cash flow from operating activities		-851	-4 881
Investment activities			
Net expenditure on property, plant and equipment		0	0
Equity accounted investments		0	0
Investment in other financial assets		0	2 624
Cash flow from investment activities		0	2 624
Financing activities			
Proceeds from new shares issued		103	1 035
Repurchase of shares		0	-80
Cash flow from financing activities		0	2 250
Cash flow from financing activities		103	3 205
Net change in cash and cash equivalents		-748	948
Cash and cash equivalents at the start of the period		2 950	2 127
Sum translation effects		-1 080	-125
Cash and cash equivalents at the end of the period for cont. and disc. Operations		1 122	2 950

Consolidated statement of changes in equity

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

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01 Information about the company and the group

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

The consolidated financial statements for 2020 comprise the parent company and its subsidiaries (collectively referred to as the "Group" or to each company as a "group company"), and show the consolidated profit/loss and the consolidated financial position for the parent company DLT ASA and the companies in which it has a controlling interest, when these are presented as a single financial unit.

The Group's main activity has historically been to engage in international exploration and evaluation activities with a focus on non-precious metals and mineral projects. At the beginning of 2019, the Group had ownership interests in projects in Ambershaw Metallics Inc (AMI) in Canada, the Mindoro Nickel Project in the Philippines as well as fund units in Minière De Touissit SA.

During 2019 the Group went through a restructuring process with the intent of selling or restructuring all mining interests and terminating the convertible loan facility with ABO/EHGF.

As of 31.12.2020 the Group has completed the restructure process, including the sale of the Mindoro Nickel Project. Its only link to the previous focus area is the claims for repayment of debt related to the restructuring of AMI, with a total principal amount of USD 4.8 million.

The parent company was listed on Oslo Stock Exchange on 21 December 2006. The consolidated financial statements for DLT ASA, including disclosure requirements for the accounting period ended 31 December 2020, were approved by the Board of Directors and CEO on 29 April 2021, and will be presented for approval at the annual General Meeting on 25 June 2021.

02 Basis of preparation of the financial statements

The consolidated financial statements for the financial year 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations that are relevant to the Group, as well as the disclosure requirements in the Norwegian Accounting Act and requirements set out by Oslo Stock Exchange, which are effective for financial periods commencing 1 January 2020. The consolidated financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative instruments) which are recorded at fair value through equity or the statement of profit or loss

Going concern

The annual accounts have been prepared based on the going concern assumption in accordance with section 3-3a of the Norwegian Accounting Act. This is based on the Group's plans, budgets and level of activity going forward.

As of 31 December 2020, the Group had cash and cash equivalents in the amount of USD 1.122 million, which is enough to cover the Group's operating expenses and liabilities for the 12 months following the end of year. Any new significant investments would need to be funded separately by the Group.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

03 Accounting Principles

3-1 Basis for consolidation

Subsidiaries

Subsidiaries are companies over which the Group has control. Control is defined as the power to govern the financial and operating policies of another entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Eliminations

Intercompany transactions and balances are eliminated.

Foreign currency transactions

Functional currency and presentation currency

The functional currency of the parent company (Element ASA) is NOK, while the presentation currency for the Group is USD. Comparable companies use primarily USD as their presentation currency. The Company is of the opinion that the results for the Group are best reflected using USD as the presentation currency, since this provides comparability with other corresponding companies. All amounts are presented in whole thousands if not otherwise stated.

Transactions and balances in foreign currency

Each group company registers transactions in the currency that is commonly used in the financial community where the group company operates (functional currency).

In the preparation of the financial statements for the respective group companies, transactions in currencies other than the functional currency of the entity are translated to the functional currency of the respective group company at the foreign exchange rate on the transaction date. Monetary items in foreign currencies are translated to functional currency applying the foreign exchange rate at the balance sheet date. Currency gains and losses that occur as a consequence of currency fluctuations between the transaction date and the payment date, and currency gains/losses due to translation of monetary items from foreign currency to the functional currency at the exchange rate at the balance sheet date, are recognised in profit or loss.

Consolidation

The accounts of any unit in the Group which uses a functional currency deviating from the Group's presentation currency are translated to USD as follows:

- Assets and liabilities are translated at the foreign exchange rate at the balance sheet date.
- The income statement is translated at average exchange rates; and,
- All exchange differences are entered as separate items as part of the consolidated statement of changes in equity

Currency differences on monetary items that are a part of the Group's net investment in a subsidiary are recognised as other comprehensive income.

The Group's functional currencies are NOK (Norwegian krone), also including and PHP (Philippine pesos) in 2019. At year end, balance sheet items were converted from functional currency NOK to presentation currency USD using the following exchange rates:

	NOK 31.12		PHP 31.12	
	2020	2019	2020	2019
USD	8,53	8,78	N/R	50,65

3-2 Use of estimates and assumptions

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, and information on potential liabilities. This particularly applies to the depreciation of tangible fixed assets, impairment of goodwill and evaluations related to acquisitions and pension commitments. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Judgments

The management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles. The following notes include the Group's assessments regarding:

- Financial instruments, note 14 Financial assets and financial liabilities

Key areas for judgments, assumptions and estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below or in its respective note.

3-3 Cash and cash equivalents

Cash and cash equivalents include bank deposits and other short-term highly liquid investments. Restricted cash includes bank deposits for withholding taxes and bank deposits pledged as security to cover certain guarantees.

3-4 Revenue recognition

The Group does not have any revenues as of 31 December 2020.

3-5 Investments in associates

An associate is an equity investment in which DLT can exercise significant influence, which is the power to participate in the financial and operating policy decisions of the entity. Significant influence is assumed to exist when DLT owns between 20 and 50 percent of the voting rights unless other terms and conditions affect DLT's influence. Special voting rights may extend control beyond what is conveyed through the owners' proportional ownership interest. Such rights may take the form of a specified number of board representatives, the right of refusal for important decisions, or the requirement of a qualified majority for important decisions which effectively results in joint control with the specific ownership situation. DLT accounts for investments in associates and participation in joint ventures using the equity method. DLT recognizes its share of net income, including depreciation and amortization of excess values and any impairment losses, in Share of the profit (loss) in equity accounted investments.

3-6 Employee benefits

Pension obligations

The Group has a defined contribution plan for its employees in Norway. A defined contribution plan is a pension arrangement where a fixed yearly contribution is paid to a pension fund. The Group has no legal or constructive obligation to pay further contributions. Compulsory contributions are recognised as personnel costs as they arise.

Share based payment

The Group has share-based programs for the executive management and board members. The programs are measured at fair value at the date of the grant. The share option program is settled in stocks. The fair value of the issued options is expensed over the vesting period which in this case is over the agreed-upon future service time.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

3-7 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, except for:

- Temporary differences linked to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates, or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have enough profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset. Deferred tax and deferred tax assets are measured based on the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Due to uncertainty related to the possible utilisation of tax losses carried forward within a reasonable timeline, deferred tax assets as of 31 December 2020 have not been recognised.

3-8 Earnings per share

The basic and diluted earnings per share as presented for ordinary shares.

The basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share are calculated by dividing the profit for the period with the weighted average number of outstanding shares adjusted for potential dilution effects. Options are dilutive when they result in the issue of ordinary shares for less than the average market price of ordinary shares during the period, and only when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Stock options are excluded from the computation if their effect is anti-dilutive.

3-9 Discontinued operation

Assets-held-for-sale; all non-current assets that are held for sale, which is when the carrying amount will be recovered principally through a sales transaction. Assets-held-for-sale are measured at fair value less costs to sell.

Impairment loss on initial classification as Asset-held-for-sale are allocated to the asset and included in profit or loss. This also applies subsequent re-measurement of reversal of previous recorded impairment loss. Assets held-for-sale are reclassified to held-for-use if they no longer meet the criteria to be classified as held-for-sale. The presentation of an operation as a discontinued operation is limited to a component that is classified as held-for-sale, and;

- represents a separate major line of business or geographical area or operations
- is part of a co-ordinated single plan to dispose of a separate major line of business or geographical area of operations; or,
- is a subsidiary acquired exclusively with a view to resale.

An operation segment will normally represent a separate major line of business or geographical area of operation.

The discontinued operations fall within Level 3 of the fair value hierarchy, and has been valued using a method of comparable, and discounted for asset specific risk factors. The fair value of the asset is done by the managements based on market assumptions and external inputs.

3-10 Share capital and shareholder information

Ordinary shares are classified as equity. Expenses that are directly attributable to the issue of ordinary shares are recognised as a reduction in equity (share premium reserve).

Dividend distributions to the shareholders of the Company are classified as liability from the date on which the dividend is adopted by the general meeting.

When treasury shares are repurchased, the purchase price including directly attributable costs is recognized in equity. Treasury shares are presented as a reduction in equity. Losses or gains on transactions involving treasury shares are not recognized in the statement of comprehensive income.

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognized in the statement of comprehensive income in the same period as the gain or loss on the sale is recognized.

3-11 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Group classifies an asset as current when it:

- Expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- Holds the asset primarily for the purpose of trading
- Expects to realize the asset within twelve months after the reporting period

Or

- The asset is cash or a cash equivalent unless the asset is 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, including deferred tax assets.

The Group classifies a liability as current when it:

- Expects to settle the liability in its normal operating cycle
- Holds the liability primarily for the purpose of trading
- Is due to be settled within twelve months after the reporting period

Or

- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liabilities.

3-12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classified its financial assets in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit and losses

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include short-term deposits.

Financial assets at fair value through profit and loss

Financial assets and liabilities are classified as fair value through profit and loss if they are held for sale or are classified as this at initial recognition. All financial assets can be classified as fair value through profit and loss if:

- The classification reduces a mismatch in the measurement or recognition that would otherwise have arisen as a result of different rules for measuring assets and liabilities
- The financial assets are included in a portfolio as current measured and reported at fair value

Transaction costs are recognised in profit or loss when incurred. Financial assets at fair value are measured at reporting date. Changes in fair value are recognised in the profit or loss.

The Group has the following assets recognised in the statement as fair value through profit and loss

- Convertible loan notes
- Derivatives
- Investment in fund units

A financial asset is deemed to be exposed to impairment if there are objective indications that one or more events have had a negative effect on the estimated future cash flow from the asset. Material financial assets are tested for impairment individually. The remaining financial assets are divided into groups where each group has similar credit risks/characteristics and the impairment assessment is performed on a group basis.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group does not have financial liabilities held-for-trading or liabilities designated as at fair value through profit or loss.

Loans, borrowings, and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

3-13 Financial income and expense

Financial income consists of interest income on financial investments, gains related to the disposal of financial investments and changes in the fair market values of financial assets and liabilities at fair value through profit and loss.

3-14 Cash flow statement

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

04 Investments accounted for using the equity method

<i>(USD '000)</i>	2020	2019
Loss before tax	-1 370	-9 217
Loss after tax	-1 370	-9 217
<hr/>		
<i>(USD '000)</i>	2020	2019
Opening balance	-	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
Investment at 31 December	-	-

05 Salaries and personnel expenses

<i>(USD '000)</i>	2020	2019
Payroll expenses	755	1 119
Social security costs	107	117
Pension costs	33	32
Costs related to options granted to employees and directors	21	211
Other benefits	15	43
Total	931	1 521
Of which are related to discontinued operations	-	-376
Expensed salaries and personell costs	931	1 145

Average number of full time equivalents (continuing operations)	1,0	3,0
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06 Remuneration of corporate management, the Board of Directors

The Group Management consists of the Group Directors. Group Directors are the CEO/CFO and the COO that are both employed by the parent company, in addition to the President in the largest subsidiaries.

Corporate Group Management 2020

<i>Remuneration to group management 2020 (USD '000)</i>	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Pension cost</i>	<i>Total remuneration</i>
Geir Johansen, CEO	277	0,4	80	33	390
Hans Ola Haavelsrud (COO)*	42	0,1	-	-	42
Total remuneration to group management	319	1	80	33	432

* Hans Ola Haavelsrud has resigned from his position, employment and board positions in the company. The agreement is settled of a total of one-time payment of NOK 750.000 + holiday pay is agreed.
An option agreement has also been entered with rights of 25.000 shares.

The Group Management takes part in the general pension scheme described in the pension note (7). As CEO Mr. Johansen has a severance payment agreement equivalent to 18 months' salary. The share option program for corporate management is described in note 8 *Share-based payment*.

Remuneration to the Board of Directors

Remuneration of the Board of Directors consists of a fixed annual fee depending on the role in the board, as well as an agreement that the board members will be compensated at an hourly rate of NOK 1700 for work performed over and beyond what regular director duties normally would demand.

The members of the Board do not have agreements for severance pay. The election committee proposes the remuneration of the Board of Directors.

<i>Remuneration to the board of directors (USD '000)</i>	2020	2019
Lars Christian Beitnes	-	5
Frode Aschim	-	22
Mona Lynne Eitzen	-	22
Per Johnny Bråthen	-	2
Jon Ola Frankplads	-	1
Thomas Christensen	55	109
Rolf Viggo Leisner	19	-
Odd Ivar Lindland	2	-
Odd Aarhus	2	1
Nils Kristoffer Gram	19	20
Kari Mette Toverud	39	40
Total remuneration to the board of directors	137	223

Board members have been granted options. The share option program is described in more detail in note 8 *Share based payment*.

07 Pension obligations

The Group has a commitment to pay a yearly contribution for each employee of 5% of the salary up to 7.1 times the base amount (G) in the Norwegian Social Security Act and 11% salary between 7.1 and 12 times the base amount.

In addition, the Group has set up a disability insurance arrangement (70% of salary up to 12 times the base amount), a spouse/cohabitant pension agreement (60 % of the disability pension in 10 years) and a child pension arrangement (50% of the disability pension, payment for each child under the age of 21).

As at 31 December 2020, the Group's pension scheme had one member (31 December 2019: three members). In the accounting period, the costs related to the contribution plan amounted to USD 33 thousand (2019: USD 32 thousand).

08 Share-based payment

The company has a share option programme covering certain employees in senior positions and board members. Fair value of the options is measured using the Black–Scholes pricing model. Fair value of the share options is based on fair value at the grant date. Risk free interest rate is correspondingly set to interest level at the grant date. Volatility is equivalent to the 3-year annualized volatility starting on the grant date. Share option costs are recorded directly to equity according to the vesting schedule of the individual share option grants.

Social security expense on options is recognised over the estimated vesting period. The social security expense is calculated using the appropriate tax rate on the difference between the market price and the exercise price for the shares at the balance sheet date.

<i>Grant date</i>	<i>Number of options on 01.01.2020</i>	<i>Granted 2020</i>	<i>Exercised during year</i>	<i>Forfeited during the year</i>	<i>Average strike price</i>	<i>Average strike price excercised options</i>	<i>Remaining share options 31.12.2020</i>	<i>Expiry date</i>
06.03.2017	20 000				36,40		20 000	14.12.2021
15.11.2017	22 500				39,00		22 500	14.12.2021
06.06.2018	-				81,00		-	06.06.2023
06.06.2018	46 500				81,00		46 500	06.06.2022
25.01.2019	93 000				15,00		93 000	2022/2023
28.06.2019	225 000				2,63		225 000	2022/2023
Total	407 000	-	-	-			407 000	

Variables in the model for the allotment of options

	2020	2019
Expected life	1-3 Year	1-3 Year
Risk free interest	0,92% - 1,23%	0,92% - 1,23%
Volatility	91,2% - 107,9%	91,2% - 107,9%

The fair value of the options has been calculated using Black & Scholes option-pricing model.

The average fair value of the options granted in is in 2020 is TUSD 1 222 (2019: TUSD 1 222).

Share based payments compensated to key management are as follows:

	<i>Number of options on 01.01.2020</i>	<i>Granted 2020</i>	<i>Exercised during year</i>	<i>Forfeited during the year</i>	<i>Average strike price</i>	<i>Average strike price excercised options</i>	<i>Remaining share options 31.12.2020</i>	<i>Expiry date</i>
Thomas Christensen	100 000				8,81		100 000	2022/2023
James Haft	50 000				2,63		50 000	2023
Kari Mette Toverud	43 000				7,81		43 000	2022/2023
Hans Ola Haavelsrud	50 000				8,81		50 000	2023
Kris Gram *	25 000				2,63		25 000	2022/2023
Viggo Leisner **	-						-	
Geir Johansen	50 000				2,63		50 000	2023
Total	318 000	-	-	-			318 000	

* Board member until 30.0.2020

** Board member from 30.6.2020

09 Remuneration of Auditors

<i>(USD '000)</i>	2020	2019
Statutory audit	113	153
Other assurance services	-	-
Tax advisory	2	9
Other services		
Total	115	162
Amounts excluding VAT		

10 Other operating expenses

<i>(USD '000)</i>	2020	2019
Travel and transportation cost	-55	64
Marketing and investor relations	-1	92
Hire and rent expenses	-	-
Consultancy fees	-878	1 651
IT expenses	-4	20
Depreciation	-4	4
Other operating costs	-24	283
Total	-968	2 114
Of which is related to discontinued operations		
Other Operating Costs	-968	2 114

Rental cost, including office rent, is not recognized in accordance to IFRS16. These costs represents no commitment nor financial obligation, thus not recognized.

11 Financial income and expenses

<i>(USD '000)</i>	2020	2019
Interest from financial investments		
Interest Income	1 519	435
Financial income	1 519	435
Interest cost	-1	-3
Other financial costs	-878	-6 522
Net realized foreign exchange losses	-112	-24
Net unrealized foreign exchange losses	-	-
Financial costs	-990	-6 549
Net financial items	529	-6 114

The Group has recorded interest income arising from the Group's investment in convertible notes issued by Ambershaw Metallics Inc.

12 Tax

<i>Reconciliation between nominal and actual tax rate, continued operations (USD)</i>		2020	2019
Loss before tax		-1 370	-9 217
Expected income tax based on nominal tax rate		-301	-2 120
Permanent differences		-18 763	820
Temporary differences		19 489	-124
Change in non recognized tax assets		703	-292
Actual recognized tax expense continued operations		-	-

Annual expiration of tax loss carried forward:

<i>(USD '000)</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>Sum</i>	Indefinite	Total
Tax loss carried forward	-	-	-	-	52 095	52 095

As of 31 December 2020, there are no deferred tax liability in the balance sheet.

The Group's temporary differences related to the following items:

<i>(USD '000)</i>	2020	2019
Tangible assets	-19	-21
Other provisions	-732	-31
Tax loss carried forwards	-52 095	-48 527
Pensions	-	-19
Unrealized foreign currency gain/-losses	-	-1 527
Long term receivables and liabilities in foreign currencies	-	18 374
Total future tax-increasing/-reducing differences	-52 846	-31 749
Of which is future tax-increasing/-reducing differences related to continuing operations	-52 846	-27 250
Of which is future tax-increasing/-reducing differences related to discontinued operations	-	-4 500

Off-balancesheet deferred tax assets	11 626	7 345
Of which is off-balancesheet deferred tax assets related to continuing operations	11 626	5 995
Of which is off-balancesheet deferred tax assets related to discontinued operations	-	1 350

13 Earnings per share

As of 31 December 2020, the Group has options and warrants outstanding which have a dilutive effect on the number of shares outstanding, however, the effect is not included in earnings per share as the Group has recorded losses for 2020.

<i>(USD '000)</i>	2020	2019
Loss for the year from continuing operations	-1 370	-9 217
Loss for the year from discontinued operations	1 071	-4 831
Weighted average number of shares outstanding	19 096 857	18 774 277
Effect of potential diluted shares	-	-
Weighted average number of shares outstanding including dilution	19 096 857	18 774 277

<i>(USD)</i>	2020	2019
Basic and diluted earnings per share	-0,02	-0,75
Basic and diluted earnings per share - continued operations	-0,07	-0,49
Basic and diluted earnings per share - discontinued operations	0,06	-0,26

14 Financial assets and financial liabilities

Financial assets and liabilities

<i>USD ('000)</i>	2020	2019
Other long-term receivables	4 399	4 045
Other short-term receivables	428	500
Other receivables	-	-
Convertible Loan Notes	-	-
Derivatives	-	-
Investments in fund units	-	53
Cash and Cash equivalents	1 122	2 886
Total financial assets	5 949	7 484
Trade payables	-47	-119
Derivatives	-	-
Total financial liabilities	-47	-119

<i>USD ('000)</i>	2020		2019	
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
Other long-term receivables	4 399	4 399	4 045	4 825
Other short-term receivables	428	428	500	500
Convertible Loan Notes	-	-	-	-
Derivatives	-	-	-	-
Investments in fund units	-	-	53	53
Cash and Cash equivalents	1 122	1 122	2 886	2 886
Total financial assets	5 949	5 949	7 484	8 264
Derivatives	-	-	-	-
Total financial liabilities	-	-	-	-

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 unobservable inputs (Level 3)
Assets measured at fair value	31.12.2020	-	-	4 827
Assets measured at amortized cost	31.12.2020	-	-	-
Convertible loan notes	31.12.2020	-	-	-
Derivatives	31.12.2020	-	-	-
Investments in fund units	31.12.2020	-	-	-
Liabilities measured at fair value				
Convertible notes	31.12.2020	-	-	-
Derivatives	31.12.2020	-	-	-
		-	-	4 827

There were no transfers between level 1 and level 2 during 2020

USD ('000)	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value				2 271
Assets measured at amortized cost			1791	-
Convertible loan notes	31.12.2019	-	-	-
Derivatives	31.12.2019	-	-	-
Investment in fund units	31.12.2019	-	53	-
		-	1 844	2 271

There were no transfers between level 1 and level 2 during 2020

Financial risk management

The Group is exposed to several types of financial market risk arising from its normal business activities:

- Credit risk
- Liquidity risk
- Market risk
- Equity risk

The corporate management monitors the Group's most important financial risks and assesses whether measures are required to reduce a specific risk if a need to do so is identified.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk related to bank deposits is considered limited as the Group uses only banks that international credit rating firms consider having high creditworthiness. A large proportion of the Group's cash is placed with DaNB Bank in Norway.

The Company is exposed to credit risk related to the loans extended by the Company as a part of the sale and restructuring of the assets in AMI. More specifically, to the promissory note issued to Eardly as well as the two term loans issued to AMI. The Company is exposed to the risk that AMI is not repaying the two term loans, where one is due on 30 June 2021 (partially repaid and payment due date extended from the original due date of 31. July 2019) and the other is due (including all accrued interest) in December 2024. The promissory note issued to Eardly is due in December 2024. The company is entitled to receive financial reports from AMI on a regular basis which helps the Company to assess the risk of not being repaid at maturity. There is no interest to be received on any of the loans as all interest falls due at the maturity date of the loans. Both the term loans have a security package which includes fixed and floating charges over all assets in AMI. The promissory notes are secured by the AMI shares (27,6%) owned by Eardly.

Liquidity risk

Liquidity risk is the risk that the Group being unable to fulfil its financial obligations when they fall due. Cash management shall ensure there is enough available cash to fulfil the Group's obligations without involving unacceptable losses.

DLT considers that it has enough cash available to pay for all administrative expenses for the next 12 months. If the Group decides to make significant investments, Element will have to issue shares to fund such investment. There is always a risk that the equity markets would not be available to DLT and that any investment therefore could not be funded.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Group's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The loans extended as a part of the AMI restructuring, allows DLT to sell parts or all the loans to a third party. There is a risk that DLT would not be able to sell the loans if the credit markets have moved negatively at the time that DLT wanted to sell the loans.

Foreign currency risk

The Group is exposed to currency risk relating to costs, receivables and liabilities in currency other than the functional currency for its entities, which are NOK. Foreign exchange transactions are mainly in USD. At present, the Group does not utilise financial instruments to handle its currency risk.

The Group's balance sheet is exposed to exchange rate movements between the functional currencies and the presentation currency (USD). Most of the Group's cash and cash equivalents are in NOK.

Equity price risk

The Group's non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and the group has limits on individual and total equity instruments. Results on the equity portfolio are reviewed by the Group's management on a regular basis. The Group's Board of Directors reviews and approves all changes in equity investments.

15 Discontinued operation/Assets held for sale

The Group has since 2015 actively tried to sell the Mindoro Nickel Project without successfully closing a sales transaction. In May 2020 the Company sold all its Filipino legal entities and the mining licenses to a local Filipino mining company. The Company received a symbolic purchase price for the Filipino Entities. The purchase price may increase to USD 1 million if the mining ban currently in place in the Philippines is lifted within five years following the consummation of the transaction.

Statement of profit and loss from discontinued operations

<i>(USD '000)</i>	2020	2019
Other Revenue	-	-8
Exploration and evaluation costs	-	-89
Salary and social security cost	-	-364
Other Operating expenses	1 071	-4 371
Operating loss	1 071	-4 831
Financial income	-	-
Financial costs	-	-
Net financial items	-	-
Results before tax	1 071	-4 831
Deferred tax expense	-	-
Results after tax	1 071	-4 831
Results for the period	1 071	-4 831

Assets and liabilities related to discontinued operations

<i>(USD '000)</i>	2020	2019
ASSETS		
Exploration and evaluation assets	0	0
Property, plant and equipment	0	0
Total non-current assets	0	0
Other receivables	0	0
Other financial assets	0	0
Cash and cash equivalents	0	64
Total current assets	0	64
TOTAL ASSETS	0	64
LIABILITIES		
Deferred tax	0	202
Other long term liabilities	0	0
Total long term liabilities	0	202
Trade payables	0	166
Other current liabilities	0	161
Total current liabilities	0	327
TOTAL LIABILITIES	0	529

Statement of cash flow for continued and discontinued operations

<i>(USD '000)</i>	2020		2019	
	Cont.	Discont.	Cont.	Discont.
Profit/-loss for the year	-1 370	1 071	-9 217	-4 831
Non-cash items	42	-	5 266	3 926
Changes in working capital	-74	-521	123	-148
Cash flow from operating activities	-1 402	550	-3 828	-1 053
Investment activities				
Net expenditure on property, plant and equipment	-	-	-	-
Equity accounted investments	-	-	-	-
Investment in other financial assets	-	-	2 624	-
Cash flow from investment activities	-	-	2 624	-
Financing activities				
Proceeds from new shares issued	103	-	1 035	-
Repurchase of shares	-	-	-80	-
Cash flow from financing activities	-	-	2 250	-
Cash flow from financing activities	103	-	3 205	-
Net change in cash and cash equivalents	-1 299	550	2 001	-1 053
Cash and cash equivalents at the start of the period	3 175	-225	1 878	250
Transferred from cont. To Discont. Operations	-	-	-632	632
Translation effects	-754	-326	-71	-54
Cash and cash equivalents at the end of the period/year	1 122	-	3 175	-225

16 Other receivables

Other receivables as of 31 December 2020:

<i>(USD '000)</i>	2020	2019
Advance payments	0	0
Other short term receivables	1	104
Loan to employee	0	0
Total other receivables	1	104

17 Cash and cash equivalents

<i>(USD '000)</i>	2020	2019
Cash and bank deposits	953	2 843
Restricted bank deposits	170	42
Total cash and cash equivalents in the statement of financial position	1 122	2 886
Cash and cash equivalents related to discontinued operations	-	64
Cash and cash equivalents in the statements of cash flow	1 122	2 950

18 Share capital and shareholder information

As of 31 December 2020, Element ASA had a share capital of NOK 30,554,971 comprising 19,096,857 shares with a par value of NOK 1.60. All shares have equal voting rights and rights to dividends from the Company. All shares are fully paid.

On 31 December 2020 the Company held 197,237 treasury shares. The Group cannot vote and has no right to dividends from treasury shares.

<i>20 largest shareholders 31.12.2020</i>	<i>Number of shares</i>	<i>Ownership in % of total shares</i>
HOPE FOR MORE AS	1 650 000	8,64 %
CHRISTENSEN	1 000 000	5,24 %
SAGA PURE ASA	970 000	5,08 %
NORDNET BANK AB	662 975	3,47 %
EASY2CONNECT AS	400 000	2,09 %
AUPLATA SA	375 000	1,96 %
SIMBA AS	374 171	1,96 %
PRO AS	371 764	1,95 %
SILVERCOIN INDUSTRIES AS	332 181	1,74 %
STARSHIP AS	288 280	1,51 %
JENSEN	275 364	1,44 %
NORDNET LIVSFORSIKRING AS	262 421	1,37 %
VOLLSTAD	237 610	1,24 %
HAUGSTAD	235 000	1,23 %
STORVESTRE	209 763	1,10 %
WIPS AS	203 000	1,06 %
INDUS PRODUCTION SERVICES AS	200 000	1,05 %
WESTMOEN	200 000	1,05 %
ELEMENT ASA	197 237	1,03 %
JOHANSEN	180 000	0,94 %
Other	10 472 091	54,84 %
Total shares	19 096 857	100,00 %

Shares Element ASA owned by corporate management and board members as of 31 December 2020:

<i>Name</i>	<i>Position</i>	<i>Shares</i>	<i>Options</i>	<i>Warrants</i>	<i>CFDs</i>
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		
Kris Gram	Former member of the board		25 000		
Geir Johansen	CEO		50 000		-
Hans Ola Haavelsrud	COO		50 000		-
Total		1 428 412	318 000	-	-

400,000 of the shares held by Mr. Christensen are held through his company Easy2connect AS.

19 Provision and contingent liabilities

<i>(USD '000)</i>	2020	2019
Other long term liabilities	-	-
Other long term liabilities	-	-
Trade Payables	47	119
Trade Payables	47	119
Public duties payable	54	102
Accrued operating expenses	220	38
Provisions and contingent liabilities	-	-
Total other current liabilities	274	141

20 Trade payables, other current liabilities, and non-interest-bearing financial liabilities

<i>(USD '000)</i>	2020	2019
Trade Payables	47	119
Public duties payable	54	102
Accrued operating expenses	220	38
Provisions and contingent liabilities	-	-
Total other current liabilities	274	141

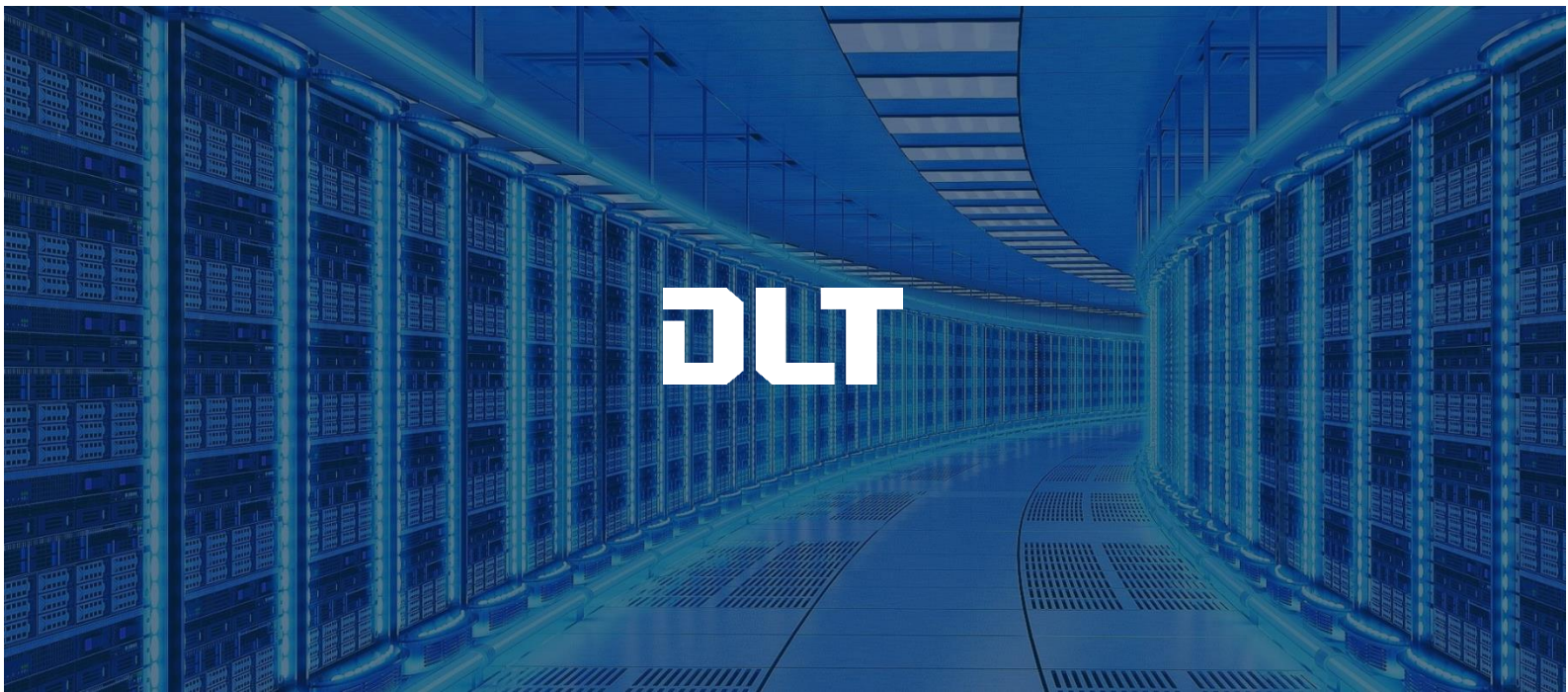
21 Transactions with related parties

The 2020 annual general meeting approved that the Company enter into a 12-month framework agreement with ProCorp AS whereby the Company may purchase consultancy services within the ordinary operations of the Company from ProCorp AS. The services will be based on an agreed upon and market term hourly rate, and/or a market term fixed price for certain pre-defined assignments, and otherwise be on terms and conditions that is customary for these kinds of agreements.

Each of the Directors of the Board will be compensated at an hourly rate of NOK 1700 for work performed over and beyond what regular director duties normally would demand.

22 Subsequent events

As a part of our strategy, Element ASA (DLT ASA after this event) entered into a Share Exchange Agreement (SEA) to acquire the company Distributed Ledger Technology Ireland Limited within the first quarter of 2021. Reference is made to the Extraordinary General Meeting in the company, dated 17 March 2021, and the Investor Presentation as of 17 February 2021 (available on the company webpage).



Parent company financial statements

Statement of profit and loss

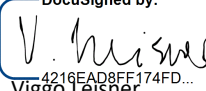
<i>(NOK '000)</i>	<i>Note</i>	2020	2019
Other Revenue	3	-	1 383
Net loss from associated company	4	-	-50 555
Exploration and evaluation costs		-	-
Salary and social security cost	5, 6, 7	-8 393	-10 061
Other Operating expenses	6, 8	-8 713	-18 403
Operating loss		-17 106	-77 636
Interest income	9	5 094	17
Interest expense	9	-6	-28
Other financial income	9	-	3 786
Other financial costs	9	-1 325	-58 110
Net currency gain/-loss	9, 11	-328	560
Net financial items		3 435	-53 774
Loss before tax		-13 671	-131 410
Tax on ordinary profit/-loss	10	-	-
Loss for the year		-13 671	-131 410
Allocation of profit/-loss:			
Transferred to/-from other equity		-13 671	-131 410

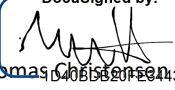
Statement of financial position

(NOK '000)	Note	2020	2019
ASSETS			
Furnitures, fixtures, etc		35	75
Equity accounted investments	4	-	-
Investment in subsidiary companies	12	5 186	4 300
Other receivables	14	31 946	31 275
Loans to subsidiaries	14	481	461
Total non-current assets		37 648	36 112
Investments in financial assets	9, 11, 12	3 653	4 390
Other receivables	15	10	932
Cash and cash equivalents	16	9 545	25 316
Total current assets		13 207	30 639
TOTAL ASSETS		50 855	66 750
EQUITY			
Share capital	18	30 448	29 723
Share premium reserve	18	500 389	499 925
Other paid in capital	18	285 231	285 231
Total equity		816 068	814 879
Other equity		-767 951	-754 280
Total retained earnings		-767 951	-754 280
TOTAL EQUITY		48 118	60 600
LIABILITIES			
Other long term liabilities	19	-	-
Total long term liabilities		-	-
Trade payables		397	1 042
Public duties payable		-	-
Derivatives	9	-	-
Other current liabilities	19	2 341	5 110
Total current liabilities		2 738	6 151
TOTAL LIABILITIES		2 738	6 151
TOTAL EQUITY AND LIABILITIES		50 855	66 750

Oslo, 29 April 2021, Board of Directors, DLT ASA

DocuSigned by:
James Haft
 5E8701CC33C842C...
 James Haft
 Chairman of the Board

DocuSigned by:

 4216EAD8FF174FD...
 Viggo Leisner
 Board Member

DocuSigned by:

 140B5820F2343...
 Thomas Christensen
 CEO

DocuSigned by:

 2ABC40F8AGD84B5...
 Kari Mette Toverud
 Board Member

Statement of cash flows

<i>(NOK '000)</i>	<i>Note</i>	2020	2019
Operating activities			
Profit/-loss for the year		-13 671	-131 410
Depreciation		40	-
Non-cash expenses		-	49 334
Change in trade and other receivables		-860	34 352
Change in trade payables and other current liabilities		-2 469	4 893
Changes in other long term liabilities		-	-
Recognized expenses settled in options and shares		-	-
Non-cash impairment of financial assets		-	-
Cash flow from operating activities		-16 960	-42 831
Investment activities			
Net expenditure on property, plant and equipment		-	15
Change in long term group receivables		-	1 734
Investment in financial assets		-	21 540
Cash flow from investment activities		-	23 289
Financing activities			
Capital increase		1 189	28 528
Repurchase of shares		-	-
Cash flow from financing activities		1 189	28 528
Net change in cash and cash equivalents		-15 771	8 985
Cash and cash equivalents at the start of the period		25 316	16 330
Cash and cash equivalents at the end of the period/year		9 545	25 316

Notes to the financial statements

- 01 General information
- 02 Basis for preparation
- 03 Accounting principles
- 04 Exploration and evaluation costs
- 05 Salary and personnel expenses
- 06 Remuneration of executive management, board of directors and auditors
- 07 Shared-based payment
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- 09 Financial income and expense
- 10 Tax
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- 13 Investments in subsidiaries
- 14 Intercompany balances - receivables
- 15 Accounts receivable and other short-term receivables
- 16 Cash and cash equivalents
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- 18 Equity
- 19 Provision and contingent liabilities
- 20 Transactions with related parties
- 21 Subsequent events

01 General information

DLT is a project investment company within the distributed ledger technology and block-chain sector. Historically the main business of the Company has been to be a mineral exploration company holding mineral exploitation or exploration rights for nickel-cobalt-mineralized areas on the island of Mindoro in the Philippines. This part of the business is now fully divested, and the focus forward is 100 % on the new digital economy and technology. The Company is the parent company of the DLT Group.

The Company was listed on Oslo Stock Exchange on 21 December 2006. A list of the largest shareholders as at 31 December 2020 is presented in note 16 *Share capital and shareholder information*. The Company had one employee at the end of 2020.

02 Basis for preparation

This set of financial statements comprises the parent company accounts for DLT ASA only, and has been prepared in accordance with the Accounting Act of 1998 and the generally accepted accounting principles in Norway (NGAAP).

The consolidated financial statements of DLT ASA as of 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are presented in a separate section of this financial statements.

Going Concern

The annual accounts have been prepared based on the going concern assumption in accordance with section 3-3a of the Norwegian Accounting Act. This is based on the Company's plans, budgets and level of activity going forward.

As of 31 December 2020, the Company had cash and cash equivalents in the amount of NOK 9,545 thousand, which is enough to cover the Company's operating expenses and liabilities for the 12 months following the end of year. Any new significant investments would need to be funded separately.

Use of estimates

The preparation of the financial statements is based on available information at the time of finalizing the annual accounts. Actual results/outcome may differ from the estimates. The effects of changes in accounting estimates are accounted for in the same period as the estimates are changed.

Key areas of judgments, assumptions and estimates at the balance sheet date, which have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in its respective note.

03 Accounting principles

3-1 Currency

The accounts for the parent company are reported in NOK and rounded to the nearest thousand. Transactions in foreign currencies are recorded at monthly average exchange rates that correspond to market exchange rates.

Monetary items in foreign currencies are recorded at the year-end exchange rates. Currency gains/losses are recognised as financial items.

As of 31 December 2020, the exchange rate for the most important currency, USD, was 8,53 (31 December 2019: NOK/USD 8.78).

3-2 Revenue recognition

The company does not have any commercial operations as of 31 December 2020.

3-3 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

3-4 Balance sheet classification

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

3-5 Cash and cash equivalents

Bank deposits, cash and cash equivalents comprise cash, bank deposits and other liquid assets with an original maturity of three months or less.

3-6 Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

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

3-7 Share capital and shareholder information

Ordinary shares are classified as equity. Expenses that are directly attributable to the issue of ordinary shares are recognised as a reduction in equity (share premium reserve).

Dividend distributions to the shareholders of the Company are classified as liability from the date on which the dividend is adopted by the general meeting.

3-8 Provision and contingent liabilities

Provisions are recognised when, the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate for the outflow necessary to settle the obligation at the date of the balance sheet. The amount is discounted to present value if the interest effect is material.

3-9 Transactions with related parties

Two parties are regarded as related if one of the parties exercises significant influence over the other party's strategic or operational management.

Related parties during the accounting period were the Company's board and management and subsidiaries. All transactions between related parties are based on the arm's length principle (estimated fair market value).

3-10 Intercompany balances - receivables

Long-term loans are recognised at the nominal value received when the loans were established. The borrowing capacity of the subsidiaries are tested on a yearly basis.

3-11 Employee benefits

Pension obligations

The Group has a defined contribution plan for its employees in Norway. A defined contribution plan is a pension arrangement where a fixed yearly contribution is paid to a pension fund. The Group has no legal or constructive obligation to pay further contributions. Compulsory contributions are recognised as personnel costs as they arise.

Share based payment

The Group has share-based programs for the executive management and board members. The programs are measured at fair value at the date of the grant. The share option program is settled in stocks. The fair value of the issued options is expensed over the vesting period which in this case is over the agreed-upon future service time.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

3-12 Cash flow statement

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

04 Investments in associates

<i>(NOK '000)</i>	2020	2019
Opening balance	-	-
Net income/(loss) from equity accounted investments	-	-50 555
Acquisitions and increase in paid in capital	-	-
Dividend and other distributions	-	-
Other comprehensive income/(loss)	-	-
Divestments, derecognition and decrease in paid in capital	-	-
Investment at 31 December	-	-50 555

05 Personnel expenses

<i>(NOK '000)</i>	2020	2019
Payroll expenses	6 807	6 890
Social security costs	967	986
Pension costs	297	276
Costs related to options granted to employees and directors	189	1 850
Other personnel costs	133	60
Expensed salaries and personell costs	8 393	10 061
Of which are allocated to other group companies	0	-
Average number of full time equivalents	3,0	3,0

06 Remuneration of executive management, board of directors and auditors

Corporate Group Management 2020

<i>Remuneration to management 2020 in (NOK '000)</i>	<i>Salary</i>	<i>Benefits in kind</i>	<i>Bonus</i>	<i>Pension cost</i>	<i>Total</i>
Geir Johansen, CEO	2 500	4	720	297	3 521
Hans Ola Haavelsrud (COO)*	375	1	-	-	376
Total remuneration to management	2 875	5	720	297	3 897

*(COO) Hans Ola Haavelsrud has resigned from his position, employment and board positions in the company. The agreement is settled of a total of one-time payment of NOK 750.000 + holiday pay is agreed.

An option agreement has also been entered with rights of 25.000 shares.

The share option program for corporate management is described in note 7 *Share-based payment*.

Remuneration to the Board of Directors

Remuneration of the Board of Directors consists of a fixed annual fee depending on the role in the board, as well as an agreement that the board members will be compensated at an hourly rate of NOK 1700 for work performed over and beyond what regular director duties normally would demand.

The members of the Board do not have agreements for severance pay. The election committee proposes the remuneration of the Board of Directors.

<i>Remuneration to board of directors 2020 in (NOK '000)</i>	2020	2019
Lars Christian Beitnes	-	41
Frode Aschim	-	198
Mona Lynne Eitzen	-	198
Per Johnny Bråthen	-	18
Jon Ola Frankplads	-	12
Thomas Christensen	500	957
Odd Aarhus	15	12
Rolf Viggo Leisner	175	-
Nils Kristoffer Gram	175	175
Odd Ivar Lindland	20	-
Kari Mette Toverud	350	350
Total remuneration to the board of directors	1 235	1 961

Board members have been granted options. The share option program is described in more detail in note 7 *Share-based payment*.

Remuneration to auditor

<i>(NOK '000)</i>	2020	2019
Statutory audit incl. Technical assistance with financial statements	1 011	1 280
Other assurance services	-	-
Tax advisory	22	83
Other services	-	-
Total remuneration to auditors	1 033	1 364

Amounts excluding VAT

07 Shared-based payment

The company has a share option programme covering certain employees in senior positions and board members. Fair value of the options is measured using the Black–Scholes pricing model. Fair value of the share options is based on fair value at the grant date. Risk free interest rate is correspondingly set to interest level at the grant date. Volatility is equivalent to the 3-year annualized volatility starting on the grant date. Share option costs are recorded directly to equity according to the vesting schedule of the individual share option grants.

Social security expense on options is recognised over the estimated vesting period. The social security expense is calculated using the appropriate tax rate on the difference between the market price and the exercise price for the shares at the balance sheet date.

<u>Grant date</u>	<u>Number of options on 01.01.2020</u>	<u>Granted 2020</u>	<u>Exercised during year</u>	<u>Forfeited during the year</u>	<u>Average strike price</u>	<u>Average strike price excercised options</u>	<u>Remaining share options 31.12.2020</u>	<u>Expiry date</u>
06.03.2017	20 000				36,40		20 000	14.12.2021
15.11.2017	22 500				39,00		22 500	14.12.2021
06.06.2018	-				81,00		-	06.06.2023
06.06.2018	46 500				81,00		46 500	06.06.2022
25.01.2019	93 000				15,00		93 000	2022/2023
28.06.2019	225 000				2,63		225 000	2022/2023
Total	407 000	-	-	-			407 000	

Variables in the model for the allotment of options

Expected life	2020 1-3 Year	2019 1-3 Year
Risk free interest	0,92% - 1,23%	0,92% - 1,23%
Volatility	91,2% - 107,9%	91,2% - 107,9%

The fair value of the options has been calculated using Black & Scholes option-pricing model.

The average fair value of the options granted in is in 2020 is TUSD 1 222 (2019: TUSD 1 222).

Share based payments compensated to key managemetn are as follows:

	<u>Number of options on 01.01.2020</u>	<u>Granted 2020</u>	<u>Exercised during year</u>	<u>Forfeited during the year</u>	<u>Average strike price</u>	<u>Average strike price excercised options</u>	<u>Remaining share options 31.12.2020</u>	<u>Expiry date</u>
Thomas Christensen	100 000				8,81		100 000	2022/2023
James Haft	50 000				2,63		50 000	2023
Kari Mette Toverud	43 000				7,81		43 000	2022/2023
Hans Ola Haavelsrud	50 000				8,81		50 000	2023
Kris Gram *	25 000				2,63		25 000	2022/2023
Viggo Leisner **	-						-	
Geir Johansen	50 000				2,63		50 000	2023
Total	318 000	-	-	-			318 000	

* Board member until 30.0.2020

** Board member from 30.6.2020

08 Other operating costs

<i>(NOK '000)</i>	2020	2019
Travel and transportation cost	492	562
Marketing and investor relations	-	810
Hire and rent expenses	-	-
Consultancy fees	7 913	14 397
IT expenses	39	179
Depreciation	40	35
Other operating costs	228	2 420
Total	8 713	18 403
Of which are allocated to other group companies	-	-

09 Financial income and expense

<i>(USD '000)</i>	2020	2019
Interest from financial investments		
Interest Income	5 094	17
Other financial income	-	3 786
Net unrealized foreign exchange income	-	635
Financial income	5 094	4 438
Interest expences	-6	-28
Other financial costs (x)	-1 325	-58 110
Net realized foreign exchange losses	-328	-75
Net unrealized foreign exchange losses	-	-
Impairment of financial assets	-	-
Financial costs	-1 659	-58 212
Net financial items	3 435	-53 774

(x) Adjustments AMI tnok 657 and PAL Capital tnok 435.

10 Tax

<i>(NOK '000)</i>	2020	2019
<i>Tax expense for the year are as follows:</i>		
Income tax payable for the period	-	-
Change in deferred tax assets	-	-
Tax on ordinary profit	-	-
<i>Reconciliation between nominal and actual tax rate</i>		
Loss before tax	-13 671	-131 410
Expected income tax based on nominal tax rate	-3 008	-28 910
<i>Tax effect from the following items:</i>		
Non-deductible costs	-160 096	31 118
Effect of change in tax rate	-	-
Change in tax rate from 24% to 23%	-	-
Actual recognized tax expense	-	-
<i>Reconciliation between loss before tax and taxable loss:</i>		
Loss before tax	-13 671	-131 410
Permanent differences	-160 096	31 118
Changes in temporary differences	166 288	-4 712
Correction of change in temporary differences from prior period	-	-33 218
Increase in tax loss carried forward	7 479	138 222
Taxable loss for the period	-	-
<i>(NOK '000)</i>	2020	2019
Tangible assets	-159	-180
Other provisions	-6 249	-266
Long term receivables and liabilities in foreign currencies	-	160 326
Tax loss carried forwards	-429 489	-434 168
Total tax-increasing/-reducing differences	-435 897	-274 288
Deferred tax assets	95 897	60 343
Off balance sheet deferred tax assets	95 897	60 343

The 2019 figures reported in the Annual Report for 2019 had a typing error. The figures reported here for 2019 are correct.

11 Financial market risk

The Company is exposed to several types of financial market risk arising from its normal business activities:

- Credit risk
- Liquidity risk
- Market risk

The corporate management monitors the Company's most important financial risks and assesses whether measures are required to reduce a specific risk if a need to do so is identified.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Most of the Company's financial assets are bank deposits and other receivables.

Credit risk related to bank deposits is considered limited as the Company uses only banks that international credit rating firms consider having high creditworthiness. A large proportion of the Group's cash is placed with DNB Bank in Norway.

The Company is exposed to credit risk related to the loans extended by the Company as a part of the sale and restructuring of the assets in AMI. More specifically, to the promissory note issued to Eardly as well as the two term loans issued to AMI. The Company is exposed to the risk that AMI is not repaying the two term loans, where one is due on 30 June 2021 (partially repaid and payment due date extended from the original due date of 31. July 2019) and the other is due (including all accrued interest) in December 2024. The promissory note issued to Eardly is due in December 2024. The company is entitled to receive financial reports from AMI on a regular basis which helps the Company to assess the risk of not being repaid at maturity. There is no interest to be received on any of the loans as all interest falls due at the maturity date of the loans. Both the term loans have a security package which includes fixed and floating charges over all assets in AMI. The promissory notes are secured by the AMI shares (27,6%) owned by Eardly.

Liquidity risk

Liquidity risk is the risk that the Company being unable to fulfil its financial obligations when they fall due. Cash management shall ensure there is enough available cash to fulfil the Company's obligations without involving unacceptable losses.

DLT considers that it has enough cash available to pay for all administrative expenses for the next 12 months. If the Company decides to make significant investments, DLT will have to issue shares to fund such investment. There is always a risk that the equity markets would not be available to Element and that any investment therefore could not be funded.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and equity prices will affect the Company's holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Price risk

The Company does not have any significant assets or liabilities which are exposed to price risk.

Foreign currency risk

The Company is exposed to currency risk mainly relating to receivables in currency other than the functional currencies, which are NOK. Foreign exchange transactions are mainly in USD. At present, the Company does not utilise financial instruments to handle its currency risk.

<i>(NOK '000)</i>	<i>Amount in currency</i>	<i>NOK/USD 31.12.2020</i>	<i>Carrying amount</i>	<i>Effect of a ±10% change in NOK/USD</i>	
Gross receivables	4 607	8,53	39 312	±	3 931
Carrying amount of receivables	4 607	8,53	39 312	±	3 931

The table shows the effect on the company's equity as of 31 December 2020 if the specified currencies had appreciated/depreciated by 10% and all other variables remained constant.

12 Investments in subsidiaries

<i>(NOK '000)</i>	<i>Registered office</i>	<i>Direct ownership voting share</i>	<i>Year of acquisition</i>
Molynor AS	Oslo	100 %	2007
Mindoro Nickel AS	Oslo	100 %	2007
Element Asset Holding AS	Oslo	100 %	2018
Element Digital Ventures AS	Oslo	100 %	2018
PALCapital Ventures Inc.	USA	100 %	2019

<i>(NOK '000)</i>	<i>Acquisition cost</i>	<i>Capital increase 2011</i>	<i>Impair- ment 2019</i>	<i>Carrying value 31.12.2019</i>	<i>Impair- ment 2020</i>	<i>Carrying value 31.12.2020</i>
Molynor AS	120	8 000	-	-	-	-
Mindoro Nickel AS	518	-	-	-	-	-
Element Asset Holding AS	30	-	-	30	-	30
Element Digital Ventures AS	30	-	-	30	-	30
PALCapital Ventures Inc.	5 126	-	-	4 240	-	5 126
Total Carrying value	5 824	8 000	-	4 300	-	5 186

The Company has loans to Norwegian subsidiaries. Please refer to note 14 *Intercompany balances - receivables* for further details.

13 Intercompany balances - receivables

<i>(NOK '000)</i>	2020	2019
Molynor AS	3 988	3 982
Mindoro Nickel AS	905	899
Intex Resources Phils Inc	-	489 629
Aglubang Mining Corp	-	145 766
Alagag Mining Inc.	-	777
Shapa Holding Corp.	-	529
Element Asset Holding AS	77	73
Element Digital Ventures AS	4	-
Pal Capital	462	461
Impairment	-4 955	-641 655
Total carrying value	481	461

14 Accounts receivable and other short-term receivables

<i>(NOK '000)</i>	2020	2019
AMI loan - current	3 653	4 390
Short term receivables	10	932
Total other receivables - current	3 663	5 322
AMI loan - non current	31 946	31 275
Total other receivables - non current	31 946	31 275

15 Cash and cash equivalents

<i>(NOK '000)</i>	2020	2019
Unrestricted cash and cash equivalents	8 098	24 945
Restricted bank deposits	1 447	371
Total cash and cash equivalents	9 545	25 316

16 Share capital and shareholder information

As of 31 December 2020, Element ASA had a share capital of NOK 30,554,971 comprising 19,096,857 shares with a par value of NOK 1.60. All shares have equal voting rights and rights to dividends from the Company. All shares are fully paid.

On 31 December 2020 the Company held 197,237 treasury shares. The Group cannot vote and has no right to dividends from treasury shares.

<i>20 largest shareholders 31.12.2020</i>	<i>Number of shares</i>	<i>Ownership in % of total shares</i>
HOPE FOR MORE AS	1 650 000	8,64 %
CHRISTENSEN	1 000 000	5,24 %
SAGA PURE ASA	970 000	5,08 %
NORDNET BANK AB	662 975	3,47 %
EASY2CONNECT AS	400 000	2,09 %
AUPLATA SA	375 000	1,96 %
SIMBA AS	374 171	1,96 %
PRO AS	371 764	1,95 %
SILVERCOIN INDUSTRIES AS	332 181	1,74 %
STARSHIP AS	288 280	1,51 %
JENSEN	275 364	1,44 %
NORDNET LIVSFORSIKRING AS	262 421	1,37 %
VOLLSTAD	237 610	1,24 %
HAUGSTAD	235 000	1,23 %
STORVESTRE	209 763	1,10 %
WIPS AS	203 000	1,06 %
INDUS PRODUCTION SERVICES AS	200 000	1,05 %
WESTMOEN	200 000	1,05 %
ELEMENT ASA	197 237	1,03 %
JOHANSEN	180 000	0,94 %
Other	10 472 091	54,84 %
Total shares	19 096 857	100,00 %

Shares Element ASA owned by corporate management and board members as at 31 December 2020:

<i>Name</i>	<i>Position</i>	<i>Shares</i>	<i>Options</i>	<i>Warrants</i>	<i>CFDs</i>
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	-	-
Kris Gram	Former member of the board		25 000		
Geir Johansen	CEO		50 000	-	-
Hans Ola Haavelsrud	COO		50 000	-	-
Total		1 428 412	318 000	-	-

400 000 shares held by Mr. Thomas Christensen are held through Easy2connect AS, a company controlled by Mr. Christensen.

17 Equity

<i>(NOK 1 000)</i>	<i>Share capital</i>	<i>Share premium fund</i>	<i>Other paid in capital</i>	<i>Total paid-in capital</i>	<i>Other equity</i>	<i>Total equity</i>
Equity 1 January 2019	10 351	488 770	285 231	784 351	-632 704	151 647
Loss for the period	-	-	-	-	-131 410	-131 410
Total Income	-	-	-	-	-131 410	-131 410
Capital increase	19 581	11 644		31 225	4 704	35 929
Repurchase of shares	-209	-489		-698		-698
Share option costs				-	2 131	2 131
Warrants costs				-	3 000	3 000
Converted warrants				-		-
Total transactions with owners	19 372	11 155	-	30 527	9 835	40 362
Equity 31 December 2019	29 723	499 925	285 231	814 878	-754 281	60 600
<i>(NOK 1 000)</i>	<i>Share capital</i>	<i>Share premium fund</i>	<i>Other paid in capital</i>	<i>Total paid-in capital</i>	<i>Other equity</i>	<i>Total equity</i>
Equity 1 January 2020	29 723	499 925	285 231	814 878	-754 281	60 600
Loss for the period	-	-	-	-	-13 671	-13 671
Total Income	-	-	-	-	-13 671	-13 671
Capital increase	725	464		1 189		1 189
Repurchase of shares				-		-
Share option costs				-		-
Warrants costs				-		-
Converted warrants				-		-
Total transactions with owners	725	464	-	1 189	-	1 189
Equity 31 December 2020	30 448	500 389	285 231	816 067	-767 952	48 118

18 Provision and contingent liabilities

There are no contingent liabilities at 31.12.2020.

19 Transactions with related parties

The 2020 annual general meeting approved that the Company enter into a 12-month framework agreement with ProCorp AS whereby the Company may purchase consultancy services within the ordinary operations of the Company from ProCorp AS. The services will be based on an agreed upon and market term hourly rate, and/or a market term fixed price for certain pre-defined assignments, and otherwise be on terms and conditions that is customary for these kinds of agreements.

Each of the Directors of the Board will be compensated at an hourly rate of NOK 1700 for work performed over and beyond what regular director duties normally would demand.

20 Subsequent events

As a part of our strategy, Element ASA (DLT ASA after this event) entered into a Share Exchange Agreement (SEA) to acquire the company Distributed Ledger Technology Ireland Limited within the first quarter of 2021. Reference is made to the Extraordinary General Meeting in the company, dated 17 March 2021, and the Investor Presentation as of 17 February 2021 (available on the company webpage)

Responsibility Statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2020 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Company taken as a whole.

We also confirm to the best of our knowledge that the Board of Directors report includes a true and fair review of the development and performance of the business and the position of the entity and the Company, together with a description of the principal risks and uncertainties facing the entity and the Company.

Oslo, 29 April 2021, Board of Directors, DLT ASA

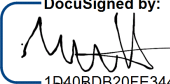
DocuSigned by:
James Haft
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James Haft
Chairman of the Board

DocuSigned by:

4216EAD8FF174FD...
Viggo Leisner
Board Member

DocuSigned by:

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Kari Mette Toverud
Board Member

DocuSigned by:

1D40BDB20FE3443...
Thomas Christensen
CEO

Corporate Governance

1. Corporate governance

DLT is required to report on corporate governance by section 3-3b of the Norwegian Accounting Act and by the Norwegian Code of Practice for Corporate Governance, ref. ongoing obligations for listed companies point 7. The Norwegian Code of Practice for Corporate Governance, last revised 17 October 2018, is available at www.nues.no.

This document addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the board of directors (the "Board"), the chief executive officer (the "CEO") and the Company's executive management team (the "Executive Management Team"). This document, which has been discussed and adopted by the Board, presents the main principles and guidelines for corporate governance at DLT.

2. Values and ethical guidelines

DLT is a project investment company within the distributed ledger technology and block-chain sector. The Group's head office is in Oslo. The Group's objective is to increase values for the shareholders and other interested parties, while continuing to seek new investments and projects. DLT places emphasis on performing its activities within the framework of relevant legislation and regulations.

DLT has ethical guidelines that describe the Group's principles, values, standards and rules for behaviour and govern the Group's decisions, procedures and systems in such a way that they contribute to the well-being of our main interests and respect the rights of all those affected by our activities.

3. Business

Elements business is defined in article 3 of the Company's articles of association. "The Company is engaged in investments within digital assets and other related financial instruments. As well as business development within digital assets and blockchain technology and all related".

DLT's articles of association are available on our website: www.dltasa.no. The website will be updated on an ongoing basis with relevant information about the Company's activities and development.

4. Equity and dividends

The Board aims to maintain a capital structure suited to the Group's risk profile and providing enough financial flexibility to manage unforeseen situations.

The Company's objective is to generate a return for the shareholders at a level which is at least equal to other investment possibilities with comparable risk. The Company does not distinguish between such a return in the form of dividends and in the form of capital appreciation. Given the Company's current investment horizon and balance sheet structure, it is unlikely that the Group will pay dividend on a regular basis. This situation may change if one or more projects are sold or in other ways monetized, or a partnership is entered.

5. Equal treatment of shareholders and transactions with close associates

DLT has only one class of share and all shares have the same rights in the Company. In situations where normal preferential rights shall be deviated from, the Company's board will prepare grounds for such a decision in accordance with the Norwegian Code of Practice for Corporate Governance and shall present these to the General Meeting. This will in turn be based on the joint best interests of the Company and the shareholders.

All DLTs transactions in its own shares are performed on the stock exchange or otherwise at stock exchange prices. In the case of significant transactions between the Company and shareholders, board members and senior management or close associates of these, the Board will ensure that a valuation is performed by an independent third party. This does not apply if the General Meeting shall discuss the matter in accordance with the rules of the Public Limited Company Act. An independent valuation will also be obtained in the case of transactions between companies in the same group where one of the companies involved in the transaction has minority interests.

DLT has guidelines to ensure that board members and senior management advise the Board if they have a direct or indirect significant interest in a transaction or agreement being entered into by the Group.

6. Freely negotiable shares

All shares in DLT ASA are freely negotiable and the Company's articles of association do not contain any form of restriction on negotiability.

7. General meetings

The Board of DLT will facilitate conditions for the shareholders to be able to exercise their rights by participating in the Company's general meetings and for the general meetings to be an effective meeting place for shareholders and the Board.

This means that:

- the notice for the general meeting shall be announced to shareholders no later than three weeks before the general meeting is held;
- all documentation for the general meeting shall be made available on the Company's website no later than three weeks before the general meeting;
- these documents shall be sufficiently detailed to allow shareholders to come to a decision on all items to be discussed;
- in order to register for participation at the general meeting the shareholder must be registered in the shareholders register three working days before the general meeting;
- shareholders who cannot attend themselves shall be given the opportunity to vote by proxy; and
- the chairman of the Board, the nominating committee and the auditor will be represented at the general meeting.

The General Meeting elects the members of the Board and the Company's external auditor. The annual General Meeting is held no later than 30 June each year. The notice of the General Meeting shall inform of the procedure shareholders must follow in order to participate and vote at the general meeting.

During 2020 Element conducted no extraordinary general meetings in addition to the annual general meeting.

8. Nominating Committee

Article 7 of DLTs articles of association states that the Company shall have a nomination committee.

The nominating committee shall consist of three members, elected by the General Meeting for a period of up to two years. The nominating committee shall be composed in such a way as to safeguard the shareholders' interests. The committee members shall be independent of the board and of senior management. No more than one member of the nominating committee can be a board member who should not then stand for re-election. The CEO and other senior managers shall not be members of the committee. As of 31 December 2020, the nomination committee consisted of three members.

The nominating committee proposes candidates for the Company's board and remuneration for board members. The nominating committee will explain the background for its proposals. DLT informs who the members of the nominating committee are.

9. The board: composition and independence

DLT is not required to have a corporate assembly. The board members are elected at the general meeting. The decision is taken by a simple majority. Board members are elected for a period of two years and may be re-elected.

The Company's articles of association state that the Board shall consist of minimum three and maximum eight members. The Board is composed in such a way that it can safeguard the shareholders' interests, as well as the Company's need for competence, capacity, and diversity. Attention has been paid to ensuring that the Board shall function as a collegial body.

The Board of DLT currently consists of three members. Information about each of the board Members is in the Annual Reports of DLT.

The members of the Board are issued options in The Company (see section 12 below) and are encouraged to own shares. Information about board members' remuneration, the number of shares held in DLT etc. is provided in the notes in the consolidated financial statements,

10. The work of the board

The Group's board is responsible for monitoring the Group's senior managers and the Group's strategic development and for ensuring that the interests of shareholders and other interested parties are safeguarded in a satisfactory manner.

The Group's board should determine an annual plan for its work, with emphasis on goals, strategy and implementation.

The Group's board shall:

- ensure that the Group is appropriately organised and that the Group's activities are carried out in accordance with prevailing legislation and regulations, the Group's objectives and articles of association and ethical guidelines, approve and monitor major business and financial strategies and their implementation and further approve key agreements and transactions;
- appoint a CEO and constantly evaluate his or her performance;
- establish a policy for remuneration to senior managers; and,
- ensure that the Group has good internal and external control routines and appropriate systems for risk management.

DLT has established a clear distribution of responsibilities and duties between the Group's board and senior management. The chair of the Board is responsible for ensuring that the Group's board performs its tasks in an effective and correct manner.

The CEO is responsible for the Group's operations. The Group's board has laid down instructions for the CEO and these instructions define which decisions require the Board's approval.

The Group's board shall lead the Group's strategic planning. The Group has determined specific instructions (board instructions) and detailed rules for the Board's work and relevant procedures. Board meetings may take the form of physical or telephone meetings.

The Group is exempt from the requirement to have an audit committee due to the limited size of the balance sheet and the number of employees. The Board has decided that the full Board will act as the audit committee for the Group. This committee shall improve the Group's quality assurance of financial reporting and monitor the Group's internal control and risk management systems. The committee will also be in contact with the Group's elected auditor regarding auditing the Group's annual accounts, as well as monitoring the auditing Group's impartiality.

11. Risk management and internal control

The Group's board ensures that DLT has good internal control and appropriate systems for risk management in relation to the nature and extent of the Group's activities. The internal control and systems also embrace the Group's basic values and ethical guidelines.

The framework for internal control includes routines to ensure that risks associated with the Group's day-to-day operations are identified, analysed and managed routines to review the Group's commercial risk and operational risk routines for internal control of various processes, including compliance with guidelines, routines, instructions and authorisations

The Board of DLT has through its meetings an overview of how risks develop in the Group, with a review of financial developments and administrative conditions. DLT ASA has chosen to outsource periodic consolidation and reporting as well as accounting production for the Norwegian entities to BDO accounting services. This to ensure sufficient capacity and backup solutions, as well as providing wider access to knowledge and experience within the area of accounting. DLT remains ultimately responsible for all accounting and reporting activities for the Group.

12. Remuneration of the board

Remuneration to board members is determined by the General Meeting, based on the nominating committee's recommendations. The remuneration reflects the Board's responsibility, skills and time spent and the complexity of the Group.

All board members have been granted share options. The share option program has been approved by the annual shareholders meeting. The company has chosen to Issue options to the Board members as an alternative to paying a higher remuneration to the Board.

Members of the Group's board and/or companies with which they are associated should not take on specific assignments for the Group in addition to serving on the Board. If a board member does however take on such an assignment, this must be reported to the Board as a whole. Remuneration for such additional obligations shall be approved by the Board. All remuneration to board members is described in detail in notes to the Group's accounts.

The board of directors have since the 2019 AGM been entitled to be compensated on an hourly rate basis for work performed over and beyond what is normally expected from the members of the Board. This has been done to compensate for the fact that the administration of the

Group is very small and requires from time to time additional capacity and competence in the running of the company.

The 2020 annual general meeting approved that the Company enter into a 12-month framework agreement with ProCorp AS whereby the Company may purchase consultancy services within the ordinary operations of the Company from ProCorp AS. The services will be based on an agreed upon and market term hourly rate, and/or a market term fixed price for certain pre-defined assignments, and otherwise be on terms and conditions that is customary for these kinds of agreements.

13. Remuneration of the senior management

The Group's board has determined guidelines for remuneration of the CEO. This remuneration will be reviewed annually.

The Group's option program and similar agreements is approved by the General Meeting before the agreements are introduced. A proposed agreement shall include information about distribution principles, the value of options, accounting consequences and possible dilution effects.

14. Information and communications

The Group's board has established guidelines for how DLT shall communicate and report financial and other information to shareholders, based on openness and with consideration of the requirement for equal treatment of all those involved in the securities market.

It is the Board's goal to provide information about the Group's activities on an ongoing basis to the Group's shareholders, the Oslo Stock Exchange, analysts and investors. This is done by publishing information and holding presentations.

The Group's financial calendar for the coming year will be published no later than 31 December in the current year. The financial calendar and other stock exchange-related information will be first published through the Oslo Stock Exchange news website www.newsweb.no, before the information is also released through news agencies and the Group's website www.dltasa.no.

All information that is communicated to the Company's shareholders shall be published on the Group's website at the same time as it is sent to shareholders.

The Group's board wishes to maintain a regular dialogue with shareholders. Contact information is published on the DLTs website. DLT spokespersons are the chairman of the Board and the CEO.

15. Takeovers

DLTs articles of association do not include any active instruments designed to prevent or obstruct a bid to take over the Group's shares.

In any takeover process, the bidder, the Board of DLT ASA and management, have an independent responsibility to help ensure that the shareholders of DLT ASA receive equal treatment and that the activities of the target Group are not unduly disturbed. The Board has a specific responsibility for ensuring that shareholders have enough time and information to be able to come to a decision on the bid.

The Board shall not without specific grounds seek to prevent or impede anyone from putting forward a bid for the Group's business or shares. If a bid is presented for the Group's shares, the Group's board shall not use its authority to issue shares or take any other action for the

purpose of hindering the process of the bid, unless this has been approved by the general meeting after the bid has become known.

If a bid for the Group's shares is presented, the Board shall issue a statement with its assessment of the bid and a recommendation of whether shareholders shall accept or not. If the Board finds that it cannot give the shareholders a recommendation of whether they should accept the bid or not, an explanation for this will be given

The Board's statement about the bid should indicate whether the assessment is unanimous, and if not on what grounds some board members have dissociated themselves from the board's statement.

The Board will consider whether to obtain an assessment from an independent expert. If any board member or senior manager or close associate or anyone who has recently held such a position is a bidder or has specific interest in the bid, the Board will obtain an independent assessment in any case. The same applies- if the bidder is a major shareholder. The assessment will be attached to, repeated in or be referred to in the Board's statement.

Transactions that in reality mean the disposal of the business will be presented to the general meeting. If it is in the shareholders' interests, the board will, if appropriate, attempt to present a competing bid.

16. Auditor

The Group's board and auditor shall have at least one meeting each year without the general manager or other members of senior management present. The auditor shall annually present to the Board the main items of a plan for completion of the auditing work. At least once a year, the auditor shall review the Group's internal control with the Board, including identifying weaknesses and suggestions for improvement.

The auditor shall attend board meetings where the annual accounts are discussed. In meetings, the auditor shall give a briefing on any significant changes in the Group's accounting principles, give an assessment of major accounting estimates and report all significant circumstances where there has been disagreement between the auditor and the Group's senior management.

The auditor receives notices of meetings of the audit committee with relevant documents and attends these meetings regularly.

The Group's auditor, Plus Revisjon AS, was elected in an extraordinary general meeting held in January 2019. The Board will receive a written declaration from the auditor each year that the auditor still satisfies the requirements for independence.

In addition to the audit itself, the auditor has from time to time provided assistance with accounts, as well as providing other services such as reporting services and tax advice. The Group's board will report on the remuneration paid to the auditor at the general meeting, including details of fees paid for the auditing work and any fees paid for other specific assignments. The annual accounts also include a specific note about this information.

The Group's senior management has regular meetings with the auditor. Accounting principles, risk areas, internal control procedures and tax questions are discussed at these meetings.

The Board makes regular assessments of whether the auditor is performing the audit function in a satisfactory manner.

Corporate social responsibility

All main elements of the amendments to the Norwegian Accounting Act with regards to CSR reporting are relevant and will be reported on. Mainly anti-corruption.

1. Anti-corruption

The Group has zero tolerance for corruption and always conducts its business according to the relevant laws, while observing the highest ethical standards and with no compromise to its commitment to integrity. As some operations historically have taken place in regions where the perceived level of corruption is high, at times this has been a challenge for the Group's operation. However, the Group has strict guidelines in place regarding such situations, and regularly trains its staff in the practical implementation. Guidelines how to handle for example receiving and giving gifts are in place and include procedures and requirements for partners and suppliers.

The Group actively fights corruption in its businesses, and constantly monitors its conduct on all levels to avoid any exposure to unacceptable practices.



Reporting calendar

Financial year 2021

Annual General meeting 25.06.2021

Quarterly Report – Q1 28.05.2021

Second Half Report / Q2 30.08.2021

Quarterly Report – Q3 25.11.2021

Quarterly Report – Q4 25.02.2022

Contact details

DLT ASA
Grundingen 2
0250 Oslo
Norway
www.dltasa.no

To the Shareholders' Meeting of DLT ASA

Independent auditor`s report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DLT ASA (the Company), in our opinion:

- The financial statements are prepared in accordance with the law and regulations
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at December 31, 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at December 31, 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements comprise

- The financial statements of the parent company, which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity and cash flow statement 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 at 31 December 2020, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material

misstatement of the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Investment in promissory note and term loans

As per the balance sheet date December 31, 2020, DLT ASA held investments in term loans and a promissory note on Ambershaw Metallic Inc. The investment constitute 71 % of the company's total assets on the balance sheet date and are significant to the company's balance sheet and financial statements as a whole. Additionally, measurement and classification involve significant judgment and assumptions by management as observable market prices for comparable investments are not readily available. Measurement of fair value and classification of these investments in accordance with IFRS 9 are key risks this year and thus considered a Key Audit Matter.

To address the identified risks we have reviewed the respective security agreements and related documents to identify the relevant rights and covenants and built a valuation model to assess the company's measurement and classification.

Investments in subsidiary – PAL Capital Ventures Inc. and other venture investments

Directly and through its subsidiary PAL Capital Ventures Inc., DLT ASA hold several investments in early stage companies. These are equity investments and agreements for future tokens, and constitute 10 % of the company's total assets at the balance sheet date. Observable market prices for comparable investments are not available and balance sheet values necessarily rely on estimates. Given the uncertain nature of early stage investments and their combined size compare to DLT ASA's balance sheet, measurement of fair value of these investments according to IFRS 9 is considered a Key Audit Matter.

To address the identified risks we have reviewed the respective security agreements and related documents to identify the relevant rights and terms of the agreements, and requested a valuation report be commissioned from a third party expert.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, 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. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will be wound up. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Company 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Refer to <https://revisorforeningen.no/revisjonsberetninger> which contains a description of Auditor's responsibilities.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Plus Revisjon AS

Rosenkrantz' gate 20, 0160 Oslo
Tlf: 23 03 91 60

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29. april 2021
Plus Revisjon AS

electronically sign

Bent Wessel Eide
State authorized Public Accountant