

Third Quarter Report 2020

Financials

THIRD QUARTER 2020

Operating result for the quarter amount to USD -0.02 million (-0.76m). Other operating expenses was positive USD 0.19 million for the quarter; however, this Includes a reversal of a cost accruals from previous periods amounting to USD 0.56 million. USD -0.21 million(-0.25m) relates to board and employee cost.

Other Operating Expenses excluding the cost reversal was USD 0.37 million for the quarter.

Net Financial items of USD 0.14m million primarily consists of interest income from the restructured loans given to AMI.

Net profit after tax for the quarter was USD 0.11 million (-2.71m).

At end of Q3 2020, cash and cash equivalents amounted to USD 1.39 million (2.89m at Y.E. 2019). The Company received a partial repayment in the amount of USD 0.1 million related to the USD 0.5 million term loan which the Company extended during the restructuring of the AMI investments in Canada. The remaining balance of this term loan is scheduled to be repaid In December 2020.

Total assets at the end of the quarter equals USD 6.32 million (7.66m Y.E. 2019). The reduction mainly reflects the reduction in cash compared to end of year 2019.

Total equity at the end of quarter is USD 6.13 million (6.87m) with an equity ratio of 97%.

Outlook

Element has continued discussions with interested parties that want to explore potential strategic alternatives together with Element. The Board is of the opinion that a strategic solution for Element is available In today's market.

Responsibility statement

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

Oslo, 30 November 2020, Board of Directors, Element ASA

Viggo Leisner
Board Member

Thomas Christensen
Chairman

Kari Mette Toverud
Board Member

Geir Johansen
CEO

Interim consolidated statement of profit and loss and other comprehensive income

(USD '000)	Note	Third quarter		Year to date		Year end
		30.09.2020	30.09.2019	30.09.2020	30.09.2019	31.12.2019
Net income/loss from equity acct. investments		-	-	-	-	156
Exploration and evaluation costs		-	-	-	-	-
Salary and social security cost		-209	-254	-759	-884	-1 145
Other operating expenses		188	-503	-518	-1 711	-2 114
Operating loss		-21	-757	-1 278	-2 595	-3 103
Financial income		136	18	1 422	8	435
Financial costs		-8	-268	-856	-3 021	-6 549
Equity accounted investments	3	-	-	-	-	-
Net financial items		128	-250	566	-3 014	-6 114
Loss before tax		107	-1 007	-712	-5 609	-9 217
Income Taxes		-	-	-	-	-
Loss after tax		107	-1 007	-712	-5 609	-9 217
Loss discontinued operations, after tax		-	-1 700	1 071	-2 208	-4 831
Loss for the period		107	-2 708	360	-7 817	-14 048
Basic and diluted earnings per share		0,01	-0,16	0,02	-0,45	-0,75
Basic and diluted earnings per share - continued operations		0,01	-0,06	-0,04	-0,32	-0,49
Basic and diluted earnings per share - discontinued operations		-	-0,10	0,06	-0,13	-0,26
Other comprehensive income:						
Items that will be reclassified to income statement						
Currency translation adjustments		-278	282	-1 228	126	-128
Other comprehensive income		-278	282	-1 228	126	-128
Total comprehensive income		-171	-2 426	-868	-7 691	-14 176
Total comprehensive income attributable to Element shareholders		-171	-2 426	-868	-7 691	-14 176

Interim consolidated statement of financial position

<i>(USD '000)</i>	Note	Year to date 30.09.2020	Year end 31.12.2019
ASSETS			
Intangible asset		447	483
Financial investments		3 899	3 562
Property, plant and equipment		5	8
Equity accounted investments	3	-	-
Total non-current assets		4 351	4 053
Financial investments	4	480	553
Other receivables	4	101	104
Cash and cash equivalents	5	1 386	2 886
Total current assets		1 967	3 543
Assets classified as held for sale	7	-	64
Assets classified as held for sale		-	64
TOTAL ASSETS		6 318	7 660
EQUITY			
Share capital		3 494	3 440
Other paid-in-capital		94 708	94 657
Cumulative translation adjustments		10 505	11 733
Other equity		-102 580	-102 957
Total equity		6 127	6 872
LIABILITIES			
Other long term liabilities		-	-
Total long term liabilities		-	-
Trade payables		94	119
Convertible notes	4	-	-
Other current liabilities		97	141
Total current liabilities		191	260
Liabilities associated with assets classified as held for sale	7	-	529
Liabilities associated with assets classified as held for sale		-	529
TOTAL EQUITY AND LIABILITIES		6 318	7 660

Interim consolidated statement of cash flow

<i>(USD '000)</i>	Third quarter		Year to date		Year end
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	31.12.2019
Profit/loss for the year, continued operations	107	-1 007	-712	-5 609	-9 217
Profit/loss for the year, discontinued operations	-	-1 700	1 071	-2 208	-4 831
Operating activities					
Depreciation	-	1	3	3	3
Non-cash expenses related to warrants and impairments	-	1 596	-	3 523	-
Change in trade and other receivables	-77	326	-258	458	404
Change in trade payables and other current liabilities	-49	-183	-67	75	-284
Warrants and impairment	-	-	42	-	9 192
Change in assets held for sale	-	71	-521	-101	-148
Cash flow from operating activities	-20	-897	-441	-3 859	-4 881
Investment activities					
Net expenditure on property, plant and equipment	-	-	-	-	-
Equity accounted investments	-	-	-	-	-
Investment in other financial assets	84	-	-	-	2 624
Cash flow from investment activities	84	-	-	-	2 624
Financing activities					
Proceeds from new shares issued	-	-315	103	-	1 035
Repurchase of shares	-	5	-	-77	-80
Proceeds from borrowings	-	1 127	-	2 751	2 250
Cash flow from financing activities	-	817	103	2 674	3 205
Net change in cash and cash equivalents	64	-80	-338	-1 185	948
Cash and cash equivalents at the start of the period	1 596	1 108	2 950	2 950	2 127
Sum translation effects	-278	-211	-1 228	-125	-125
Cash and cash equivalents at the end of the period for cont. and disc. Operations	1 386	817	1 386	1 640	2 950

Interim consolidated statement of changes in equity

<i>(USD '000)</i>	<i>Note</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>translation adjustments</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 warrants		-	-	-	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 '000)</i>		<i>Share capital</i>	<i>Other paid-in capital</i>	<i>translation adjustments</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					-712	1 071	360
Discontinued operation					-71 540	71 540	-
Other comprehensive income				-1 228			-1 228
Total comprehensive income		-	-	-1 228	-72 252	72 612	-868
Capital increase		-	-	-	-	-	-
Repurchase of shares		-	-	-	-	-	-
Share options cost		-	-	-	17	-	17
Converted warrants		54	51	-	-	-	105
Total transactions with owners		54	51	-	17	-	122
Equity 30 September 2020		3 494	94 708	10 505	-102 580	-0	6 127

Notes to the interim consolidated financial statements

1 Information about the Group

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

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

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

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

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

ACCOUNTING PRINCIPLES

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

ESTIMATES

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

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

3 Investments accounted for using the equity method

(USD '000)	Third quarter		Year to date		Year end
	30.09.2020	30.09.2019	30.09.2020	30.09.2019	31.12.2019
Opening balance	-	3 060	-	3 060	3 060
Net income/(loss) from equity accounted investments	-	-	-	-	-
Acquisitions and increase in paid in capital	-	-	-	-	-
Dividend and other distributions	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-
Divestments, derecognition and decrease in paid in capital	-	-	-	-	-3 060
Ending balance	-	3 060	-	3 060	-

4 Financial assets and liabilities

	Year to date	Year end
USD ('000)	30.09.2020	31.12.2019
Other long-term receivables	3 899	3 562
Other short-term receivables	101	500
Convertible loan notes	-	-
Derivatives	-	-
Proceeds from warrants	146	53
Cash and cash equivalents	1 386	2 866
Total financial assets	5 532	6 981
Convertible notes	-	-
Trade payables	-94	-119
Total financial liabilities	-94	-119

FAIR VALUES

USD ('000)	Third quarter		Year end	
	Carrying amount	Fair value	Carrying amount	Fair value
Other long-term receivables	3 899	4342	3562	4342
Other short-term receivables	101	101	500	500
Convertible loan notes	-	-	-	-
Derivatives	-	-	-	-
Investments in fund units	146	146	53	53
Cash and cash equivalents	1 386	1 386	2 866	2 866
Total financial assets	1 532	1 532	6 981	7 761
Convertible notes	-	-	-	-
Trade payables	-94	-94	-119	-119
Total financial liabilities	-94	-94	-119	-119

FAIR VALUE HIERARCHY

USD ('000)	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Assets measured at fair value	30.09.2020	-	-	2 271
Assets measured at amortized cost	30.09.2020	-	1 791	-
Convertible loan notes	30.09.2020	-	-	-
Derivatives	30.09.2020	-	-	-
Investments in fund units	30.09.2020	-	146	-

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

5 Cash and cash equivalents

<i>(USD '000)</i>	Year to date	Year end
	30.09.2020	31.12.2019
Cash and bank deposits	1 244	2 843
Restricted bank deposits	142	42
Total cash and cash equivalents in the statement of financial position	1 386	2 885
Cash and cash equivalents related to discontinued operations	-	64
Cash and cash equivalents in the statements of cash flow	1 386	2 949

6 Related party disclosures

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

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

Reporting calendar

Financial reporting 2020

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Contact details

Element ASA
Rundingen 2
0250 Oslo
Norway
www.elementasa.com