



First Quarter Report 2021

Highlights Q1 2021

The first quarter of 2021 marked the closing of a chapter for Element ASA and the company's mineral exploration era. Going forward the company will be known as DLT ASA, an acronym for "Distributed Ledger Technology", and will focus on developing and operating the world's top blockchain and decentralized platforms, protocols, exchanges, wallets and digital asset mines.

- **February 17th, 2021:** Share exchange agreement ("SEA") signed with Distributed Ledger Technologies LLC to acquire all the shares of Distributed Technologies Ireland Limited
- **March 17th, 2021:** The extraordinary general meeting approves the proposed SEA
- **March 24th, 2021:** The successful completion of the SEA
- **March 26th, 2021:** Company changes name to DLT ASA and ticker symbol DLTX
- **March 31st, 2021:** Raised NOK 35m from Private Placement

Financials Q1 2021

Operating result for the quarter amount to USD - 0.31 million (-0.70m). Other operating expenses was USD -0.11 (-0.26) million for the quarter; while cost related to board and employee was USD - 0.20 million(-0.43m). Net Financial items was USD 0.08m (0.91m).

Net loss after tax for the quarter was USD 0.23 million (profit 0.07m).

At end of Q1 2021, cash and cash equivalents amounted to USD 0.59 million (1.12m at Y.E. 2020).

Total assets at the end of the quarter equals USD 25.65 million (5.95m Y.E. 2020).

Total equity at the end of quarter is USD 24.58 million (5.63m T.E. 2020) with an equity ratio of 96%.

Subsequent events after Q1

Following the completion of the SEA, DLTs main priority has been the development of the organization, initiate sourcing of attractive opportunities and completion of the Subsequent Offering.

This process as resulted in DLT engaging a new Chief Financial Officer and VP, Strategy as well as making its first investment in the blockchain ecosystem.

- **April 7th, 2021:** DLT ASA makes its first investment in Titan.io - a leading developer of software and services for Bitcoin mining
- **April 9th, 2021:** Rhodium makes first payment to DLT – USD 489 465
- **April 9th, 2021:** Magnus Nøkleby joins DLT ASA as CFO
- **April 27th, 2021:** Raised NOK 9m in Subsequent Offering
- **May 1st, 2021:** Roger Lund joins DLT ASA as VP, Strategy

Outlook

DLT will focus on the continued development of the organizational structure and ensuring that DLT has the resources necessary to build a successful company within the digital economy. The company has a strong platform for growth and expansion, and outlined a new strategy April 8th, 2021:

1. Co-invest in JVs to build non-dilutive, cash generating ventures like digital asset mining, staking, validating, and equity investments
2. Invest these cash flows into new decentralized use cases
3. Maintain a long-term investment horizon
4. Re-invest proceeds from asset sales when better protocols or technologies are developed
5. Access capital markets opportunistically

CEO Letter

The first quarter of 2021 marked the completion of a transition for DLT ASA. The Board of Directors and management spent much of 2020 searching for opportunities to refocus the strategy toward operations and investments in the digital sector. In March of this year, we executed this strategy by the completion of a share exchange agreement with Distributed Ledger Technologies, LLC.

Having entered the year as a mining exploration and project development company we are now moving ahead as a technology company focusing on distributed ledger technologies and supporting the new digital economy. Starting with 18 portfolio companies within digital asset mining, Decentralized Finance ("DeFi"), protocols and the blockchain ecosystem I believe we are uniquely positioned to offer exposure to the new global digital economy. It is our belief that a "once in a generation" change is taking place, and that we will be able to create significant shareholder value through our strategy of partnering with the best-in-class companies and building non-dilutive cash generating ventures.

Since the completion of the transaction, we have worked hard on business development and growth, but integral for our path going forward is also the development of our organizational structure. We have grown to six employees, are actively recruiting additional resources and have come a long way in building the organizational culture I deem critical for our success.

In continuation of this, we are in the middle of a process of developing a plan of our future communication with the market and our shareholders. As such this is the last report from the company which will carry the look and format of our historical reports. In conjunction with our Q2 report in August we look forward to introducing a new company profile including a new website and a new reporting format, with relevant KPIs. We are cognizant that there is a lot of interest in how we are working to execute the strategy presented in our [mission statement](#), but in our short time as DLT I have prioritized building our organization. This will ensure that DLT is fully equipped to deliver on our strategy and to create value for our shareholders.

In parallel with our organizational development, our COO David Johnston has worked diligently with the support of our team and advisory board to identify attractive opportunities in the blockchain ecosystem. We are excited about the prospects of Titan.io, our first portfolio investment, and are eager for the time to come when we can show you more of the results from our labor.

I strongly believe in the arising opportunities within the digital space, our capacity to leverage on our platform, network and competence, and I look forward to sharing more of our journey going forward.

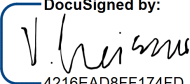


Thomas Christensen
CEO, DLT

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, May 27th, 2021, Board of Directors, DLT ASA

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Viggo Leisner
Board Member

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James Haft
Chairman

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Kari Mette Toverud
Board Member

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Thomas Christensen
CEO

Interim consolidated statement of profit and loss and other comprehensive income

(USD '000)	Note	First quarter		Year to date		Year end
		31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.12.2020
Net income/loss from equity acct. investments		-	-	-	-	-
Exploration and evaluation costs		-	-	-	-	-
Salary and social security cost		-198	-433	-198	-433	-931
Other operating expenses		-109	-262	-109	-262	-968
Operating loss		-307	-695	-307	-695	-1 899
Financial income		88	938	88	938	1 519
Financial costs		-7	-27	-7	-27	-990
Equity accounted investments	3	-	-	-	-	-
Net financial items		81	911	81	911	529
Loss before tax		-226	216	-226	216	-1 370
Income Taxes		-	-	-	-	-
Loss after tax		-226	216	-226	216	-1 370
Loss discontinued operations, after tax	7	-	-145	-	-145	1 071
Loss for the period		-226	71	-226	71	-299
Basic and diluted earnings per share		-0,01	0,00	-0,01	0,00	-0,02
Basic and diluted earnings per share - continued operations		-0,01	0,01	-0,01	0,01	-0,07
Basic and diluted earnings per share - discontinued operations		-	-0,01	-	-0,01	0,06
Other comprehensive income:						
Items that will be reclassified to income statement						
Currency translation adjustments		159	-2 003	159	-2 003	-1 080
Other comprehensive income		159	-2 003	159	-2 003	-1 080
Total comprehensive income		-67	-1 932	-67	-1 932	-1 378
Total comprehensive income attributable to Element shareholders		-67	-1 932	-67	-1 932	-1 378

Interim consolidated statement of financial position

(USD '000)	Note	Year to date	Year end
		31.03.2021	31.12.2020
ASSETS			
Financial investments	4	20 456	4 399
Property, plant and equipment		3	4
Total non-current assets		20 459	4 403
Financial investments	4	449	428
Other receivables		4 153	1
Cash and cash equivalents	5	586	1 122
Total current assets		5 188	1 551
TOTAL ASSETS		25 647	5 954
EQUITY			
Share capital		9 840	3 500
Other paid-in-capital		107 384	94 713
Cumulative translation adjustments		10 813	10 654
Other equity		-103 457	-103 234
Total equity		24 580	5 633
LIABILITIES			
Other long term liabilities		-	-
Total long term liabilities		-	-
Trade payables		468	47
Convertible notes	4	-	-
Other current liabilities		599	274
Total current liabilities		1 067	321
TOTAL EQUITY AND LIABILITIES		25 647	5 954

Interim consolidated statement of cash flow

(USD '000)	First quarter		Year to date		Year end
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.12.2020
Profit/-loss for the year, continued operations	-226	216	-226	216	-1 370
Profit/-loss for the year, discontinued operations	-	-145	-	-145	1 071
Operating activities					
Depreciation	-	-	-	-	4
Non-cash expenses related to warrants and impairments	-	-	-	-	-
Change in trade and other receivables	-4 292	125	-4 292	125	-139
Change in trade payables and other current liabilities	746	24	746	24	61
Warrants and impairment	-	80	-	80	42
Change in assets held for sale	-	-163	-	-163	-521
Cash flow from operating activities	-3 772	137	-3 772	137	-851
Investment activities					
Net expenditure on property, plant and equipment	-	-	-	-	-
Equity accounted investments	-	-	-	-	-
Investment in other financial assets	-15 836	-84	-15 836	-84	-
Cash flow from investment activities	-15 836	-84	-15 836	-84	-
Financing activities					
Proceeds from new shares issued	18 912	-	18 912	-	103
Repurchase of shares	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-
Cash flow from financing activities	18 912	-	18 912	-	103
Net change in cash and cash equivalents	-696	53	-696	53	-748
Cash and cash equivalents at the start of the period	1 122	2 950	1 122	2 950	2 950
Sum translation effects	159	-1 011	159	-1 011	-1 080
Cash and cash equivalents at the end of the period for cont. and disc. Operations	586	1 992	586	1 992	1 122

Interim consolidated statement of changes in equity

<i>(USD '000)</i>	<i>Note</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>Cumulative translation</i>	<i>Other equity</i>	<i>Held for sale</i>	<i>Total</i>
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 operation					-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 warrants		-	-	-	-	-	-
Total transactions with owners		60	57	-	22	-	139
Equity 31 December 2020		3 500	94 713	10 654	-103 234	-	5 633
<i>(USD '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 2021		3 500	94 713	10 654	-103 234	-	5 633
Result for the period					-226	-	-226
Other comprehensive income				159			159
Total comprehensive income		-	-	159	-226	-	-67
Capital increase		6 340	12 671	-	-	-	19 011
Repurchase of shares		-	-	-	-	-	-
Share options cost		-	-	-	2	-	2
Converted w warrants		-	-	-	-	-	-
Total transactions with owners		6 340	12 671	-	2	-	19 013
Equity 31 March 2021		9 840	107 384	10 813	-103 457	-	24 580

Notes to the interim consolidated financial statements

1 Information about the Group

DLT ASA is a public limited liability company incorporated and domiciled in Norway. The Group's office address is Grundingen 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 2020, 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 2020. Future effects of new accounting standards were described in the Consolidated Financial Statements for 2020.

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 2020.

3 Investments accounted for using the equity method

(USD '000)	First quarter		Year to date		Year end
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.12.2020
Opening balance	-	-	-	-	-
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	-	-	-	-	-
Ending balance	-	-	-	-	-

4 Financial assets and liabilities

FINANCIAL ASSETS AND LIABILITIES				
	Year to date		Year end	
USD ('000)	31.03.2021		31.12.2020	
Other long-term receivables	20 456		4 399	
Other short-term receivables	449		1	
Convertible loan notes	-		-	
Derivatives	-		-	
Investments in fund units	-		-	
Cash and cash equivalents	586		1 122	
Total financial assets	21 491		5 522	
Convertible notes	-		-	
Trade payables	-468		-47	
Total financial liabilities	-468		-47	
FAIR VALUES				
	First quarter		Year end 2020	
USD ('000)	Carrying amount	Fair value	Carrying amount	Fair value
Other long-term receivables	20 456	20 456	4 399	4 825
Other short-term receivables	449	449	1	1
Convertible loan notes	-	-	-	-
Derivatives	-	-	-	-
Investments in fund units	128	128	-	-
Cash and cash equivalents	586	586	1 122	1 122
Total financial assets	21 619	21 619	5 522	5 948
Convertible notes	-	-	-	-
Trade payables	-468	-468	-47	-47
Total financial liabilities	-468	-468	-47	-47

5 Cash and cash equivalents

	Year to date	Year end
(USD '000)	31.03.2021	31.12.2020
Cash and bank deposits	419	953
Restricted bank deposits	167	170
Total cash and cash equivalents in the statement of financial position	586	1 122
Cash and cash equivalents related to discontinued operations	-	-
Cash and cash equivalents in the statements of cash flow	586	1 122

6 Related party disclosures

Name	Position	Shares	Options	Warrants
Thomas Christensen	CEO	4 360 000	1 100 000	500 000
Kari Mette Toverud	Member of the board	128 412	543 000	-
James Haft	Chairman of the board	7 273 903	1 050 000	1 000 000
Geir Johansen	Former CEO	100 000	50 000	-
David Johnston	COO	7 831 584	1 000 000	1 000 000
Viggo Leisner	Member of the board	550 000	500 000	-
Timothy Furey	VP Acquisitions & Operations	1 126 987	-	250 000
Total		21 370 886	4 243 000	2 750 000

860.000 of the shares controlled by Thomas Christensen Is owned through Easy2Connect AS.
550.000 of the shares controlled by Viggo Leisner Is owned through DUO JAG AS.
8.923.903 of the shares controlled by James Haft Is owned through Hope for more AS.
4.365.306 of the shares controlled by David Johnston Is owned through Yeoman's Capital DLT AS.
3.466.278 of the shares controlled by David Johnston Is owned through Yeoman's Capital LP.
1.126.987 of the shares controlled by Timothy Furey Is owned through 4th Gen Strategies, Inc.

Financial calendar

Quarterly Report – Q1 28.05.2021

Annual General Meeting 25.06.2021

Half year Report 30.08.2021

Quarterly Report – Q3 25.11.2021

Quarterly Report – Q4 25.02.2022

Contact details

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