



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 911 631 474
Organisasjonsform: Aksjeselskap
Foretaksnavn: ELOP AS
Forretningsadresse: Drammensveien 133
0277 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Øivind Omar Horpestad
Dato for fastsettelse av årsregnskapet: 13.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt			29 692
Sum inntekter			29 692
Kostnader			
Varekostnad		144 512	51 896
Lønnskostnad	4, 7	9 452 849	3 183 566
Aktiverte lønnskostnader	9		
Avskrivning av driftsmidler og immaterielle eiendeler	2, 9	419 982	27 120
Annen driftskostnad	4, 7	21 015 519	9 856 101
Sum kostnader		31 032 862	13 118 683
Driftsresultat		-31 032 862	-13 088 991
Finansinntekter og finanskostnader			
Annen renteinntekt		66 086	4 169
Annen finansinntekt		10 787	10 812
Sum finansinntekter		76 873	14 981
Annen rentekostnad		248 424	366 307
Annen finanskostnad		12 087	12 104
Sum finanskostnader		260 511	378 411
Netto finans		-183 638	-363 430
Ordinært resultat før skattekostnad		-31 216 500	-13 452 421
Skattekostnad på ordinært resultat	6		
Ordinært resultat etter skattekostnad		-31 216 500	-13 452 421
Årsresultat		-31 216 500	-13 452 421
Årsresultat etter minoritetsinteresser		-31 216 500	-13 452 420
Overføringer og disponeringer			
Udekket tap		-31 216 500	-13 452 420



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		-31 216 500	-13 452 420



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	9	28 175 041	11 857 922
Konsesjoner, patenter o.l.	8	514 936	514 936
Goodwill	2		
Sum immaterielle eiendeler		28 689 977	12 372 858
Varige driftsmidler			
Bruksrett bygninger		7 629 092	
Driftsløsøre, inventar o.a. utstyr	2	991 100	256 400
Sum varige driftsmidler		8 620 192	256 400
Sum anleggsmidler		37 310 169	12 629 258
Omløpsmidler			
Varer			
Varebeholdning		164 488	
Sum varer	1	164 488	
Fordringer			
Kundefordringer	1		12 865
Andre kortsiktige fordringer	7	10 439 111	1 314 629
Krav på innbetaling av selskapskapital	3		
Sum fordringer		10 439 111	1 327 494
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	5	116 271 534	8 014 384
Sum bankinnskudd, kontanter og lignende		116 271 534	8 014 384
Sum omløpsmidler		126 875 133	9 341 878
SUM EIENDELER		164 185 302	21 971 136

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	3	3 515 146	2 001 324
Overkurs		181 219 901	27 781 676
Annen innskutt egenkapital	11, 3	4 571 922	4 355 682
Sum innskutt egenkapital		189 306 969	34 138 682
Opptjent egenkapital			
Udekket tap		54 663 812	23 447 311
Sum opptjent egenkapital		-54 663 812	-23 447 311
Sum egenkapital	10	134 643 157	10 691 371
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	4 821 429	4 910 714
Langsiktig leieforpliktelse		5 325 940	
Sum annen langsiktig gjeld		10 147 369	4 910 714
Sum langsiktig gjeld		10 147 369	4 910 714
Kortsiktig gjeld			
Konvertible lån			2 000 000
Leverandørgjeld		9 852 790	1 550 282
Skyldig offentlige avgifter		1 270 640	643 570
Annen kortsiktig gjeld		8 271 346	2 175 198
Sum kortsiktig gjeld		19 394 776	6 369 050
Sum gjeld		29 542 145	11 279 764
SUM EGENKAPITAL OG GJELD		164 185 302	21 971 135



Skatteetaten

Vår dato
19.05.2021

Din/Deres dato
07.04.2021

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse
AR423799765

Telefon
90833418

Org.nr
974761076

Vår referanse
2021/5582158

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off.

ELOP AS
Nordvikvegen 50
2316 HAMAR

Att. Joakim Staff, PWC AS

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for ELOP AS, org.nr. 911 631 474

Vi viser til deres brev av 7. april 2021 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for ELOP AS.

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

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

Bakgrunn

ELOP AS er notert på Merkur Market på Oslo Børs og har både norske og utenlandske eiere. Selskapet er et teknologiselskap som har utviklet og patentert teknologi basert på ultralyd for inspeksjon og kartlegging av kritisk infrastruktur, herunder betongskanner. Selskapet utvikler og kommersialiserer verktøy og digitale løsninger for kontroll mv. av infrastruktur for kunder over hele verden. Selskapet har begrenset med kontrakter per i dag, men sikter seg inn mot både nasjonale og internasjonale kunder.

Skattekontorets vurdering

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

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

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

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

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

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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

**ANNUAL FINANCIAL STATEMENTS 2020**

Statement of profit or loss

Amounts in NOK	Note	2020	2019
Revenue	4, 5	-	29 692
Other operating revenue		-	-
Total revenue		-	29 692
Cost of sales		144 512	51 896
Employee benefit expenses	6, 12, 17, 22	9 452 849	3 183 566
Other operating expenses	7, 12, 17, 22	21 015 519	9 856 101
Total operating expenses		30 612 880	13 091 563
Depreciation and amortization	13, 14	419 982	27 120
Operating profit/(loss) (EBIT)		(31 032 862)	(13 088 991)
Financial income	8	76 873	14 981
Financial expenses	8	(260 511)	(378 411)
Net financial items		(183 638)	(363 430)
Profit/(loss) before income tax		(31 216 500)	(13 452 421)
Income tax	9	-	-
Profit/(loss) for the year		(31 216 500)	(13 452 421)
Profit/(loss) for the year is attributable to:			
Owners of ELOP AS		(31 216 500)	(13 452 421)

Earnings per share in NOK

Basic earnings per share attributable to the ordinary equity	10	(0,51)	(0,39)
Diluted earnings per share attributable to the ordinary equity	10	(0,51)	(0,39)

Statement of comprehensive income

Amounts in NOK	Note	2020	2019
Profit/(loss) for the year		(31 216 500)	(13 452 421)
Other comprehensive income:			
<i>Items that might be subsequently reclassified to profit or loss:</i>			
-			-
<i>Item that are not reclassified to profit or loss:</i>			
-			-
Total comprehensive income/(loss) for the year		(31 216 500)	(13 452 421)
Total comprehensive income/(loss) is attributable to:			
Owners of ELOP AS		(31 216 500)	(13 452 421)



Balance sheet

Amounts in NOK	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible assets	11, 12	28 689 977	12 372 858
Property, plant and equipment	13	1 366 825	256 400
Right of use assets	14	7 253 367	-
Total non-current assets		37 310 169	12 629 258
Current assets			
Inventory		164 488	-
Trade receivables	15, 21	-	12 865
Other current receivables		10 439 111	1 314 629
Cash and cash equivalents	16, 21	116 271 534	8 014 384
Total current assets		126 875 133	9 341 878
TOTAL ASSETS		164 185 302	21 971 136

Amounts in NOK	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Equity			
Share capital	18, 23	3 515 146	2 001 324
Share premium	18	181 219 901	27 781 676
Other equity reserves	17, 18	4 571 922	4 355 682
Retained earnings (deficit)		(54 663 812)	(23 447 312)
Total equity		134 643 157	10 691 372
Non-current liabilities			
Non-current liabilities to financial institutions	19, 21	4 821 429	4 910 714
Non-current lease liabilities	14, 21	5 325 940	-
Total non-current liabilities		10 147 369	4 910 714
Current liabilities			
Other loan	21	-	2 000 000
Trade payables	20, 21	9 852 790	1 550 282
Current tax liabilities	20	1 270 640	643 570
Other current liabilities	14, 20	8 271 346	2 175 198
Total current liabilities		19 394 776	6 369 050
Total liabilities		29 542 145	11 279 764
TOTAL EQUITY AND LIABILITIES		164 185 302	21 971 136

Hamar, 13.04.21

Oivind Omar Horpestad
Chairman

Kristian Gjersten Lundkvist
Board member

Lars Nilsen
Board member

Erik Langaker
Board member

Ketil Melandsø Skaget
Board member

Kjersti Kanne
CEO



Statement of changes in equity

Amounts in NOK	Note	Share capital	Share premium	Unregistered capital increases	Other equity reserves	Retained earnings	Total equity
Balance at 1 January 2019	25	1 464 000	9 187 000	1 632 000	76 101	(9 994 892)	2 364 210
Profit/(loss) for the year		-	-	-	-	(13 452 421)	(13 452 421)
OCI		-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	-	-	(13 452 421)	(13 452 421)
Capital increase 14.02.2019		102 000	1 530 000	(1 632 000)	-	-	-
Capital increase 01.07.2019		174 000	2 326 000	-	-	-	2 500 000
Capital increase 16.09.2019		261 324	14 738 676	-	-	-	15 000 000
Share options/warrants		-	-	-	4 279 581	-	4 279 581
Balance at 31 December 2019	18, 23, 25	2 001 324	27 781 676	-	4 355 682	(23 447 312)	10 691 372
Profit/(loss) for the year		-	-	-	-	(31 216 500)	(31 216 500)
OCI		-	-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	-	-	(31 216 500)	(31 216 500)
Capital increase 28.01.2020		563 049	48 647 455	-	-	-	49 210 504
Capital increase 14.02.2020		118 273	10 218 770	-	-	-	10 337 043
Capital increase 16.07.2020		832 500	99 067 500	-	-	-	99 900 000
Issue costs		-	(4 495 500)	-	-	-	(4 495 500)
Share options/warrants		-	-	-	216 240	-	216 240
Balance at 31 December 2020	18, 23	3 515 146	181 219 901	-	4 571 922	(54 663 812)	134 643 157



Statement of cash flows

Amounts in NOK	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) before income tax		(31 216 500)	(13 452 420)
<i>Adjustments for</i>			
Depreciation and amortization	11, 13, 14	419 982	27 120
Change in trade and other receivables	15	12 865	(4 115)
Change in inventory		(164 488)	-
Change in trade payables	20	8 302 508	1 030 209
Change in other current assets and liabilities		(4 554 930)	2 450 697
Dividends received		(5 465)	(5 458)
Share-based payments expenses	17	216 240	4 286 593
Convertible debt amortisation of interest		-	47 742
Interest income		(66 086)	(4 169)
Interest costs		248 424	318 565
Cash inflow from operating activities		(26 807 449)	(5 305 235)
Cash flows from investing activities			
Payment for property, plant and equipment	13	(1 213 317)	(226 620)
Payment for intangible assets	11	(16 317 121)	(5 560 073)
Cash (outflow) from investing activities		(17 530 438)	(5 786 693)
Cash flows from financing activities			
Net withdrawals overdraft		-	(164 208)
Received funds - other debt (Non-current / Current)		-	2 500 000
Repayment of other debt (Non-current / Current)	19	(2 089 285)	(589 286)
Dividends received		5 465	5 458
Interest received		66 086	4 169
Interest paid		(215 446)	(318 565)
Lease payments	14	(123 830)	-
Capital increase received funds	18	154 952 047	17 500 000
Cash inflow from financing activities		152 595 037	18 937 568
Net increase/(decrease) in cash and cash equivalents		108 257 150	7 845 639
Cash and cash equivalents as of 1 January		8 014 384	168 745
Cash and cash equivalents as of 31 December	16	116 271 534	8 014 384
Unused operational credit facilities in addition		-	1 000 000



Note 1 General Information

Elop AS (the Company) is a limited liability company incorporated and domiciled in Norway, with its head office in Nordvikvegen 50, 2316 Hamar. The Company is listed on Euronext Growth and has the ticker "ELOP-ME".

ELOP AS is a Norwegian technology company established in 2013. The company has developed and patented technology based on ultrasound for inspection and mapping of critical infrastructure. The company develops and commercializes tools and digital solutions to inspect, monitor and manage infrastructure worldwide. The vision is to provide owners of constructions with smart solutions that contribute to increased safety and service life, and reduced service life costs and climate footprint.

These financial statements have been approved for issuance by the Board of Directors on 13 April 2021. The Company has converted to IFRS per 1 January 2019, as further described in note 25.

Note 2 Significant events in the current reporting period

The financial position and performance of the Company was particularly affected by the following events and transactions during the reporting period:

- The company issued 30 276 441 shares in 3 tranches to raise a net sum NOK154 952 047, including issuing cost of NOK 4 495 000.

In addition, the following events significantly affected the company's operation:

- The company was listed on the Euronext Growth stock exchange.
- The company entered into an agreement to acquire the company Simplifai AS on December, closer described follows in Note 26.

Note 3 General accounting principles

The general accounting policies applied in the preparation of these financial statements are set out below. Specific accounting principles are described in the relevant notes.

Basis of preparation

The financial statements of Elop AS are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2020.

The financial statements are presented in Norwegian Kroner (NOK).

The financial statements are prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis.

Consolidation (to be applied in 2021 financial statements)

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are



fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations (to be applied in 2021 financial statements)

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value, or at the non-controlling interests proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Goodwill arising on acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquired entity over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in the income statement immediately.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognized in profit or loss.

Foreign currency translation (to be applied in 2021 financial statements)

The consolidated financial statements going forward will be presented in NOK, which is Elop AS' functional currency.

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

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates per



month. The translation differences arising from the translation are recognized in other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory consists of finished goods.

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the Company's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Company or are expected to be settled within 12 months of the end of the reporting period, or if the Company does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

The use of estimates and assessment of accounting policies when preparing the annual accounts

Estimates and assumptions

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. 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 recognized 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.

Judgements

Management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Intangible assets, note 11

Note 4 Segments

Accounting principles

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the Company's component's operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The Company has determined that the Board of Directors are the chief operating decision maker.

The segment information is reported in accordance with the reporting to the Board of Directors (the chief operating decision makers) and is consistent with financial information used for assessing performance and allocating resources.

The Company has identified one segment and as this is a developing entity, the Company is currently following up the segment profit at the same level as for the Profit and Loss.



Note 5 Revenue

Accounting principles

For the period covered by this report there are no or limited revenue. The revenue is recognized at point in time, when services or sales are delivered.

In 2021 the Company will launch their products and the revenue recognition principles applied will be included as part of the first interim report released after launch of their commercial business.

Description

Disaggregated revenue:

Amounts in NOK	2020	2019
Sales revenue - recognized at point in time	-	10 942
Service revenue - recognized at point in time	-	18 750
Other revenue - recognized over time	-	-
Total	-	29 692

Revenue by geography:

Amounts in NOK	2020	2019
Norway	0	29 692
Total revenue	0	29 692

Note 6 Employee benefit expense

Accounting principles

Pension plans

The Company has a defined contribution plan for its employees. The Company's payments are recognized in the income statement as an employee benefit expenses for the year to which the contribution applies.



Description

Specification of employee expenses

Salary and personnel costs

Amounts in NOK	2020	2019
Salaries and wages	10 597 111	5 104 864
Social security tax*	1 680 454	779 879
Share-based payments to employees	216 240	74 022
Pension	325 170	174 203
Other personnel costs	651 584	224 902
Capitalized employee expenses	(4 017 710)	(1 840 304)
Government grants	-	(1 334 000)
Total	9 452 849	3 183 566

*) Of which social security tax related to share based payments

	110 097	7 012
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Average full-time employees	14,0	7,8
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Pensions

The Company is obligated to follow the stipulations in the Norwegian Mandatory Occupational Pensions Act. The Company's pension scheme adheres to the requirements, as set in the Act.

The defined contribution plan had 21 members in 2020 and 10 in 2019.

Note 7 Other operating expenses

Other operating expenses consists of the following:

Amounts in NOK	2020	2019
Consultancy expenses	10 445 297	4 784 743
Research projects	19 741 702	3 088 306
Licence and royalty fees	281 572	748 328
Share-based payments to service providers	-	4 205 559
Short-term leasing and other premises expenses	981 129	435 687
Capitalised operating expenses	(19 450 045)	(3 719 769)
Government grants	-	(1 207 256)
Other operating expenses	9 015 863	1 520 505
Total other operating expenses	21 015 519	9 856 101



Specification of auditors' fees

Amounts in NOK	2020	2019
Statutory audit	235 500	75 000
Other assurance services	42 500	55 000
Tax advisory services	6 000	-
Other consultancy services	305 000	56 500
Total	589 000	186 500

Other consultancy services are mainly assistance with converting to IFRS.

Note 8 Financial items

Financial items consist of the following:

Amounts in NOK	2020	2019
Interest income	66 086	4 169
Other financial income	10 787	10 812
Financial income	76 873	14 981
Interest expenses	248 424	366 307
Other financial expenses	12 087	12 104
Financial expenses	260 511	378 410
Net financial items	(183 638)	(363 429)

Note 9 Tax

Accounting principles

Income tax expenses consist of taxes payable and changes to deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated based on temporary differences between the carrying amount of assets and liabilities in the financial statement and their tax basis, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available, against which the assets can be utilized. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The entity included in the financial statements is subject to income tax in the country where they are domiciled.



Descriptions

Specification of income tax expense

Amounts in NOK	2020	2019
Income tax payable	-	-
Deferred tax income	-	-
Total income tax expense	-	-

Specification of deferred tax balances

Amounts in NOK	2020	2019
Operating equipment	5 253 991	4 253 728
Leases	49 773	-
Tax losses carried forward	11 785 913	5 638 162
Total deferred tax assets relating to temporary differences and losses	17 089 677	9 891 890
Non-recognized deferred tax assets	(17 089 677)	(9 891 890)
Carrying value deferred tax assets	-	-
Intangible assets	-	-
Carrying value deferred tax liabilities	-	-

Changes in net deferred tax assets/liabilities

Amounts in NOK	2020	2019
As of 1 January	-	-
Recognized in the statement of profit/(loss)	-	-
Other	-	-
As of 31 December	-	-

Reconciliation of effective tax rate

Amounts in NOK	2020	2019
Net income/(loss) before tax	-31 216 500	-13 452 421
Expected income tax assessed at the tax rate for the Company 22 % (2019 - 22%)	-6 867 630	-2 959 533
<i>Adjusted for the tax effect of the following items:</i>		
Permanent differences	-330 157	-432 576
Effect from not capitalized deferred tax asset	7 197 787	3 392 109
Income tax expense (income)	-	-
Effective tax rate	0,0%	0,0%

Tax losses carried forward relate solely to the Company, which is based in Norway, due to this, there is no time-limit related to when the tax losses may be utilized. Deferred tax assets are not recognized due to no track history of taxable profits



Note 10 Earnings Per Share (EPS)

Accounting principles

The calculation of basic earnings per share is based on the profit attributable to ordinary shares using the weighted average number of ordinary shares outstanding during the year after the deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but at the same time gives effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, for example:

- The profit or loss for the period attributable to ordinary shares is adjusted for changes in profit or loss that would result from the conversion of the dilutive potential ordinary shares
- The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

Description

The calculations of earnings per share attributable to the ordinary equity holders of Elop AS are based on the following net profit/(loss) and share data:

Amounts in NOK	2020	2019
Basic earnings per share attributable to ordinary equity holders of the company	-0,51	-0,39
Dilluted earnings per share attributable to ordinary equity holders of the company	-0,51	-0,39
Profit/(loss) for the year attributable to ordinary shareholders		
used for calculating basic earnings per share	-31 216 500	-13 452 421
used for calculating dilluted earnings per share	-31 216 500	-13 452 421
Numbers		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	61 223 944	34 360 530
Weighted average number of shares outstanding for diluted earnings per share*)	61 223 944	34 360 530

*In 2019 the Company has 3 300 000 potential dilutive shares from share options and warrants outstanding that might be dilutive in the future.



*In 2020 the Company has 3 300 000 potential dilutive shares from share options and warrants outstanding. 2 400 000 were exercised and registered in January 2021. The remaining 900 000 might be dilutive in the future.

Share transactions subsequent to the reporting period and included in the calculation of Earnings per share in 2019:

At 28 January 2020 the Company issued 11 260 985 new ordinary shares through a capital increase.

At 14 February 2020 the company issued 2 365 456 new ordinary shares through a capital increase.

At 16 July 2020 the company issued 16 650 000 new ordinary shares through a capital increase.

Following these transactions, the new share capital of the Company is NOK 3 515 146, divided into 70 302 922 shares, each with a nominal value of NOK 0.05.

Note 11 Intangible assets

Accounting principles

Intangible assets acquired separately that have a finite useful life are carried at cost less accumulated amortization and any impairment charges. Amortization is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges.

Description

Internally generated intangible assets

Expenditures on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, are recognized in profit or loss as incurred.

Expenditures on development activities are capitalized, providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Capitalized development costs include costs directly attributable to development of the intangible, such as personnel expenses and consultancy services. Otherwise, such expenses are expensed as and when incurred. Capitalized development cost is amortized on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges.



Amounts in NOK	NDI -		Total
	Instrument	Patents	
Cost			
Cost at 01 January 2019	6 297 849	514 936	6 812 785
Costs	5 560 073	-	5 560 073
Grants	-	-	-
Innovation grants (SkatteFUNN)	-	-	-
Cost at 31 December 2019	11 857 922	514 936	12 372 858
Costs	23 341 318	-	23 341 318
Grants	(2 300 000)	-	(2 300 000)
Innovation grants (SkatteFUNN)	(4 724 199)	-	(4 724 199)
Cost at 31 December 2020	28 175 041	514 936	28 689 977
Amortization and impairment			
Accumulated at 01 January 2019	-	-	-
Amortization for the year	-	-	-
Accumulated at 31 December 2019	-	-	-
Amortization for the year	-	-	-
Accumulated at 31 December 2020	-	-	-
Carrying amount at 31 December 2018	6 297 849	514 936	6 812 785
Carrying amount at 31 December 2019	11 857 922	514 936	12 372 858
Carrying amount at 31 December 2020	28 175 041	514 936	28 689 977
Amortization method	Straight-line	Straight-line	

Purchased research and development:

In March 2013, Elop AS acquired the business of Elop-Dolphiscan AS. This included capitalized research and development costs. Elop –Dolphiscan AS developed camera-based quality control in ongoing production processes with automatic detection and sorting of defects. Labeling, data capture and data handling is another major area.

The purchase price amounted to NOK 300,000 and was depreciated on a straight-line basis over 4 years.

In-house development:

Elop AS develops an instrument for NDT (Non-Destructive Testing) and inspection of concrete infrastructure. In addition, the company develops associated software to manage inspection data for asset owners. Elop AS has chosen to capitalize directly registered wage costs, project-related costs regarding hired services from approved research and development institutions and other partners in addition to direct travel and diet costs on development projects as an intangible asset. Capitalized costs have been reduced with grants from Innovation Norway AS, the Regional Research Fund, the Research Council, Horizon 2020 SMEs through the EU Commission and Skattefunn.

It is assumed that the total expected earnings from capitalized development correspond to the total expenses incurred.

Depreciation will start in 2021. The company had commercial launch in December 2020.



Patents:

The book value of patents amounts to NOK 514 936. These are patent costs for patent applications that are being processed. The costs are identifiable and are expected to represent future economic benefits. Processing of patent applications both in Norway and internationally takes a long time, in most cases several years before a final decision is made. As the patent applications have not yet been approved and it has not yet generated income yet, no depreciation has been made in 2020 and 2019.

Note 12 Government grants

Accounting principles

Government grants that is related to assets are deducted from the carrying amount of the asset.

A government grant is recognized only when there is reasonable assurance that the company will comply with the conditions attached to the grant and the grant will be received.

Description

In 2019, Elop AS received NOK 75 000 in grants from the Research Council of Norway, NOK 1 665 023 in grants from the Regional Research Fund and NOK 500 000 in grants from Innovation Norway AS. Total NOK 2 240 023.

Grants for Skattefunn for 2019 amounted to NOK 301 233. This was recognized as a reduction of wage costs and other operating costs. Skattefunn grants was paid in connection with the tax settlement for 2019 and was recognized as a short-term receivable.

NOK 1 334 000 from these grants was recognized as a reduction of wage costs and NOK 1 207 256 as a reduction of other operating costs. All grants for 2019 was related to research that was not capitalized.

In 2020 Elop AS received commitment of NOK 2 300 000 in grants from Innovation Norway AS. This is recognized as a reduction of capitalized intangible assets. The grants are not paid out pr. 31.12. and are recognized as a short-term receivable.

Estimated grants for Skattefunn for 2020 amounts to NOK 4 724 199. This is recognized as a reduction of capitalized intangible assets. Skattefunn grants are paid in connection with the tax settlement for 2020 and are recognized as a short-term receivable.

Note 13 Property, plant and equipment

Accounting principles

Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.



The difference between the asset's carrying amount and its recoverable amount is recognized in the income statement as an impairment loss. Property, plant and equipment that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Description

Amounts in NOK	Equipment and fixtures
Cost at 01 January 2019	139 837
Additions	226 620
Disposals	-
Cost at 31 December 2019	366 457
Additions	1 213 317
Disposals	-
Cost at 31 December 2020	1 579 774
<u>Depreciations and impairment</u>	
Accumulated at 01 January 2019	82 937
Depreciations for the year	27 120
Impairment	-
Disposals	-
Accumulated at 31 December 2019	110 057
Depreciations for the year	102 892
Impairment	-
Disposals	-
Accumulated at 31 December 2020	212 949
Carrying amount at 31 December 2019	256 400
Carrying amount at 31 December 2020	1 366 825
Depreciation method	Linear
Estimated useful life	3-5 years

Note 14 Leasing

Accounting policies

In 2019 there were no leasing contracts recognized as right of use assets and lease liabilities. At the end of 2020, the company entered into two new house rental contracts where right of use assets and lease liabilities were recognized.

Contracts may contain both lease and non-lease components. When insignificant, the company do not split out the service element. The lease agreements do not impose any covenants.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Currently the company has one long-term lease contract, which relates to the head-office.



The lease payments are discounted using the company's incremental borrowing rate, being the rate that we would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease agreements are for rental of properties. The company has estimated the incremental borrowing rate to 3 %.

The Company can be exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The lease agreements include termination options and extension options. The termination option does not include a significant fee. It is the management intention to not early terminate the contract.

Description

The Company's has entered in to two new lease agreements in for rental of premises. The agreements are long term and are included in the calculation for right of use assets and lease liabilities. Other contracts during the year have consisted of two rental agreements for premises where both the lessor or lessee had the right to terminate the agreements with either three- or six-month's termination notice. As these contracts could be cancelled within a few months they were classified as short-term contracts and payments associated with these contracts were recognized on a straight-line basis as an expense in profit or loss. Both of these contracts are terminated at year end in accordance with entering into the two new lease agreements.

Amounts recognized in the balance sheet

Right of use assets	
Amounts in NOK	31.12.2020
Premises	7 253 367
Total	7 253 367
Useful life	3-4 years
Depreciation method	Straight-line
Lease liabilities	
Amounts in NOK	31.12.2020
Current	2 153 666
Non-Current	5 325 940
Total	7 479 606



Amounts recognized in the statement of profit and loss

Amounts in NOK	2020
Depreciation of right of use asset	317 090
Interest expense	32 979
Expenses relating to short-term leases	1 008 968
Expenses relating to leases of low-value	18 407

Maturity profile lease liability

At 31 December 2020

Amounts in NOK	Less than 1 year	1-3 years	Over 5 years	Total contractual cash flows
Lease liabilities	2 339 435	5 200 267	270 000	7 809 702

At 31 December 2019

Amounts in NOK	Less than 1 year	1-3 years	Over 5 years	Total contractual cash flows
Lease liabilities	-	-	-	-

Reconciliation of right of use assets

Amounts in NOK	2020	2019
Opening balance 1 January	-	-
New leases	7 570 457	-
Depreciation	317 090	-
Closing balance 31 December	7 253 367	-
Useful life	3-4 years	
Depreciation method	Straight-line	Straight-line

Reconciliation of lease liabilities

Amounts in NOK	2020	2019
Opening balance 1 January	-	-
New leases	7 570 457	-
Lease payments in the period	123 830	-
Interests	32 978	-
Closing balance 31 December	7 479 605	-



Note 15 Trade receivables

Accounting policies

Trade receivables are initially recognized at fair value. Trade receivables are non-interest bearing and trading terms range from 0 to 60 days and therefore classified as current.

Loss allowance and risk exposure

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on payments profiles and customer contracts in the previous years. The majority of the Company's revenue is invoiced with payment terms ranging from 0 to 60 days.

Receivables are grouped into categories and the expected loss rates reflect the Company's ability on collecting once receivables are overdue. The Company is in an early stage of its commercial journey and prior to 2020 there was no history to prove an expected loss rate model. There were no losses written off in 2019.

Description

Amounts in NOK	2020	2019
Trade receivables	-	12 865
Loss allowance	-	-
Total trade receivables, net	-	12 865

The basis for the loss allowance was determined as follows:

31 December 2020

Amounts in NOK	Current	More than	More than	More than	Total
		30 days	60 days	120 days	
		past due	past due	past due	
Expected loss rate	1,0 %	5,0 %	10,0 %	50,0 %	
Gross carrying amount - trade receivables	-	-	-	-	-
Loss allowance - trade receivables	-	-	-	-	-

Movements in the provision for expected credit losses:

Amounts in NOK	2020	2019
Balance at the beginning of the year	-	-
Provision for expected credit losses	-	-
Amounts written off during the year as uncollectable	-	-
Impairment losses reversed	-	-
Balance at the end of the period	-	-



Note 16 Cash

Accounting policies

Cash and cash equivalents include bank deposits. Cash and cash equivalents are measured at amortized cost.

The cash flow statement is presented using the indirect method.

Description

The cash is put in Nordea, a well-established reputable bank. The credit risk is deemed low.

Amounts in NOK	2020	2019
Bank deposits	116 271 534	8 014 384
Total cash and cash equivalents	116 271 534	8 014 384

Restricted cash included in the above:

Withholding tax in relation to employee benefits	673 791	313 469
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<i>Unused overdraft facilities:</i>	-	1 000 000
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Note 17 Share-based payments

Accounting policies

Share-based payment

Share-based compensation benefits were provided to the CEO Kjersti Kanne in 2019. In addition, warrants were issued in 2019 as consideration of services rendered to the Company by Gimle Invest AS (an entity wholly owned by Oivind Horpestad the Chairman of the board of Elop AS), Middelborg Invest AS (an entity wholly owned by Kristian Lundkvist the Board member of Elop AS) and Storbrea AS.

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity. The vesting period is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at the grant date is determined using the Black-Scholes-Merton option pricing model. The expected share price volatility is based on historical volatility for the Company's share price. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and re-measured at each reporting date.

When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.



Components of share-based payments in profit or loss:

Amounts in NOK	2020	2019
Share options - equity settled (note 6)	216 240	74 022
Social security tax - share options - cash settled (note 6)	110 097	7 012
Warrants - equity settled (note 7)	-	4 205 559
Total	326 337	4 286 593

Share-option agreements

The Company has a share incentive scheme for the CEO in the Company since 15 September 2019. The CEO, on an individual basis, was granted rights to acquire shares (options). Each option gives the holder the right to, but not the obligation, to subscribe to or purchase (at the Company's choice) one ordinary share in the Company at a strike price of NOK 3,44 per share.

The exercise price is set by the Company.

The share option vests in three tranches over a 36-month period (100 000 shares every 12 months) and may be exercised within a five-year period, provided the CEO is still employed by the Company. All options will be vested immediately in the event of a change of control in the Company. The Company's board of directors may resolve to terminate the options against a cash compensation to the CEO, equal to a fair market value.

Warrants

Warrants issued to Gimle Invest AS and Middelborg Invest AS were issued 20 December 2019 as consideration of services rendered to the Company by Gimle Invest AS (an entity wholly owned by Oivind Horpestad the Chairman of the board of Elop AS) and Middelborg Invest AS (an entity wholly owned by Kristian Lundkvist a Board member of Elop AS). Each warrant gave the holder the right, but not the obligation, to claim the issuance of one share in the Company with a nominal value of NOK 0.05 at a price of NOK 4,37 per share. There is no vesting period and the shares are considered fully vested at the issue date of 20 December 2019. The warrants are valid for a 2-year period from the issue date. The number of warrants issued at grant date were 600 000 (300 000 to each warrant holder). Any shares issued under the warrants shall have equal rights to other issued shares in the Company. The preferential rights of other shareholders shall be waived if the warrants are exercised.

Warrants issued to Storbrea AS were issued 20 December 2019 as consideration of services rendered to the Company. Each warrant gave the holder the right, but not the obligation, to claim the issuance of one share in the Company with a nominal value of NOK 0,05 at a price of NOK 3,75 per share. There is no vesting period and the shares are considered fully vested at the issue date of 20 December 2019. The warrants are valid for a 1-year period from the issue date. The number of warrants issued at grant date were 2 400 000. Any shares issued under the warrants shall have equal rights to other issued shares in the Company. The preferential rights of other shareholders shall be waived if the warrants are exercised.

Storbrea AS exercised the warrants on 20 December 2020. The cash deposit was paid on 8 January 2021 and the capital increase was registered and booked on 15 January 2021.



Parameters connected to share options granted to CEO

Granted instruments	2020	2019
Quantity 31.12 (instruments)	-	300 000
Quantity 31.12 (shares)	-	300 000
Contractual life	-	4,71
Exercise price (NOK)	-	3,44
Share price (NOK)	-	4,37
Expected lifetime	-	4,71
Volatility	-	63,23 %
Interest rate	-	1,28 %
Dividend	-	-
FV per instrument	-	1,41
Vesting conditions	-	service

Parameters connected to warrants granted to Gimle Invest AS and Middelborg Invest AS

Granted instruments	2020	2019
Quantity	-	600 000
Issue date	-	20.12.2019
Expiry date	-	20.12.2021
Expected time to exercise	-	1,97
Share price at grant (NOK)	-	4,37
Exercise price (NOK)	-	4,37
Risk free interest rate	-	1,21 %
Volatility	-	63,23 %
Dividend	-	-
FV per instrument	-	1,54
Vesting conditions	-	agreement

Parameters connected to warrants granted to Storbrea AS

Granted instruments	2020	2019
Quantity	-	2 400 000
Issue date	-	20.12.2019
Expiry date	-	20.12.2020
Expected time to exercise	-	0,97
Share price at grant (NOK)	-	4,37
Exercise price (NOK)	-	3,75
Risk free interest rate	-	1,18 %
Volatility	-	63,23 %
Dividend	-	-
FV per instrument	-	1,37
Vesting conditions	-	agreement



Outstanding instruments

Grant	Exercise price (NOK)	31 December 2020		31 December 2019	
		Number of instruments outstanding	Remaining contractual life	Number of instruments outstanding	Remaining contractual life
15.09.2019 CEO Option Program	3,44	300 000	3,71	300 000	4,71
20.12.2019 Warrent Program - Gimle Invest AS	4,37	300 000	0,97	300 000	1,97
20.12.2019 Warrent Program - Middelborg Inve	4,37	300 000	0,97	300 000	1,97
20.12.2019 Warrent Program - Storbrea AS	3,75	-	-	2 400 000	0,97
Total		900 000		3 300 000	

Quantity and weighted average prices

Activity	2020		2019	
	Number of instruments	Weighted average exercise price (NOK)	Number of instruments	Weighted average exercise price (NOK)
As of 1 January	3 300 000	3,83	-	-
Granted during the year	-	-	3 300 000	3,83
Exercised during the year ¹⁾	(2 400 000)	3,75	-	-
Forfeited during the year	-	-	-	-
Outstanding at 31 December	900 000	2,60	3 300 000	3,83
Vested per 31 December	-	-	-	-

- 1) The instruments were exercised at a share price of NOK 3,75 in December 2020. Payment and capital increase were registered and booked in January 2021.

Note 18 Equity

Share capital and share premium

Elop AS only has one class of shares and all shares have the same voting rights. The shareholders are entitled to receive dividends as and when declared and are entitled to one vote per share at General Meetings of the Company. All Shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal.

	Number of shares	Share capital (NOK)	Share premium (NOK)
Balance at 01 January 2019	1 464 000	1 464 000	9 187 000
Issued during the year (prior to share split)	276 000	276 000	3 856 000
Effect of share split (1:10)	15 660 000	-	-
Effect of share split (1:2)	17 400 000	-	-
Issued during the year (after share split)	5 226 481	261 324	14 738 676
Reduction share premium	-	-	-
Balance at 31 December 2019	40 026 481	2 001 324	27 781 676
Issued during the year	30 276 441	1 513 822	157 933 725
Emission costs	-	-	(4 495 500)
Reduction share premium	-	-	-
Balance at 31 December 2020	70 302 922	3 515 146	181 219 901



At 30 December 2019 a share issuance was committed by the shareholders. This was not paid and registered by the end of 2019 and is therefore recognized in 2020.

The share capital is fully paid and has a par value of NOK 0.05.

In the General Meeting held on 22 June 2020, the Board of Directors was granted authorization to increase the share capital of the Company by up to an aggregate nominal value of NOK 1,341,323.05. The shareholders' preferential rights pursuant to section 10-4 of the Norwegian Private Companies Act may be set aside. The authorization also covers share capital increases against non-cash contributions and the right to assume special obligations on behalf of the Company, as well as resolutions on mergers and demergers, cf. sections 13-5 and 14-6 (2) of the Norwegian Private Companies Act. The authorization is valid until 22 June 2022, and replaces all previously granted authorizations to increase the Company's share capital.

On 15 July 2020 the Merkur Market (Euronext Growth) listing committee resolved to admit all of ELOP's Shares for listing on the Euronext Growth. The first day of trading of the Shares on Euronext Growth were 17 July 2020 under the ticker code "ELOP-ME". The Company does not have securities listed on any stock exchange or other regulated marketplace.

Information relating to the Company's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of each reporting period, is set out in note 17.

The table below shows the development in the Company's share capital for the period covered by the historical financial information and up to the date of this Annual Report:

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued shares	Subscription price per share (NOK)
01 February 2018	Share capital increase	187 000	1 464 000	1,00	1 464 000	16,00
14 February 2019	Share capital increase	102 000	1 566 000	1,00	1 566 000	16,00
01 July 2019	Share capital increase	174 000	1 740 000	1,00	1 740 000	14,37
31 July 2019	Share split (1:10) ¹	-	-	0,10	17 400 000	-
26 August 2019	Share split (1:2) ²	-	-	0,05	34 800 000	-
16 September 2019	Share capital increase	261 324	2 001 324	0,05	40 026 481	2,87
28 January 2020	Share capital increase	563 049	2 564 373	0,05	51 287 466	4,37
14 February 2020	Share capital increase	118 273	2 682 646	0,05	53 652 922	4,37
16 July 2020	Share capital increase ³	832 500	3 515 146	0,05	70 302 922	6,00

1 Share split 1:10 creating 15 660 000 new Shares.

2 Share split 1:2 creating 17 400 000 new Shares.

3 Private placements directed towards selected investors (16 650 000 Shares were subscribed for at a subscription price of NOK 6.00). The Private Placement resulted in an immediate dilution of approximately 23.7 % for shareholders of the Company who did not participate in the Private Placement. The share capital increase pertaining to the Private Placement was registered in the Norwegian Register of Business Enterprises on 16 July 2020.



Other equity reserves

Other equity reserves consist of:

Amounts in NOK	Convertible debt equity component reserve	Sharebased payment reserve	Total Other reserve
Balance at 1 January 2019	76 101	-	76 101
Share options/warrants	-	4 279 581	4 279 581
Balance at 31 December 2019	76 101	4 279 581	4 355 682
Share options/warrants	-	216 240	216 240
Balance at 31 December 2020	76 101	4 495 821	4 571 922

Share-based payments reserves

The share-based payments reserve is used to recognize:

- the fair value of options issued to employees but not exercised at the grant date
- the fair value of shares issued to employees at the grant date
- the fair value of deferred shares granted to employees but not yet vested at the grant date
- the issue of shares held by the Company to employees
- the fair value of warrants for services rendered by companies owned by board members and third parties

Convertible debt equity component reserve

This relates to an interest free convertible debt issued in 2018. The interest free period was one year and at the end of the that period, the convertible debt was interest bearing and the conversion right lapsed. The calculated benefit of the interest free debt was recognized in the reserve.

Note 19 Borrowings

Accounting principles

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the duration of the borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Description

As of the balance sheet date the Company has a total of NOK 4 821 429 in borrowings.

The borrowings consist of two loans from Innovasjon Norge. Both loans are serial loans related to the financing of research and development projects. The first loan was granted in 2017 at NOK 2 500 000 with 4,7 % in interest, 9 years maturity and with 24 months exemption from installments. The second loan was granted in 2019 at NOK 2 500 000 with 5,2 % in interest, 7 years maturity and with 24 months exemption from installments.

Maturity profile borrowings



At 31 December 2020

<i>Amounts in NOK</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>Over 5 years</i>	<i>Total contractual cash flows</i>
Non current liabilities to financial institutions	607 144	1 714 288	1 714 288	785 709	4 821 429
Other loans					

At 31 December 2019

<i>Amounts in NOK</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>Over 5 years</i>	<i>Total contractual cash flows</i>
Non current liabilities to financial institutions	89 285	1 464 288	1 714 288	1 642 853	4 910 714
Other loans	2 000 000	0	0	0	2 000 000

Reconciliation of changes from financing cash flows:

<i>Amounts in NOK</i>	<i>2020</i>	<i>2019</i>
Opening balance 1 January	6 910 714	4 952 258
Proceeds from borrowings	-	2 500 000
Repayment of borrowings	-2 089 286	-541 544
Transaction costs	-	-
Interest paid	226 463	176 258
Other non-cash changes	-226 463	-176 258
Closing balance 31 December	4 821 428	6 910 714

Note 20 Trade and other payables

Accounting principles

Financial liabilities regularly give rise to a redemption obligation in cash or another financial asset. These include, among others, trade payables.

Upon initial recognition, financial liabilities are measured at fair value. The transaction costs directly attributable to the acquisition are also recognized for all financial liabilities that are not subsequently measured at fair value through profit or loss. Trade payables and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation underlying the liability is discharged, canceled or expired.

Description

<i>(NOK)</i>	<i>2020</i>	<i>2019</i>
Trade payables	9 852 790	1 550 282
Other current payables, accrued expenses and public duties	9 541 986	2 818 768
Total trade and other payables	19 394 776	4 369 050



Note 21 Financial risk management

The most significant financial risks which affect the Company are credit risk and liquidity risk, described further below. Management performs continuous evaluations of these risks and related processes established to manage them within the Company.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables and other receivables	Aging analysis
Liquidity risk	Current liabilities	Rolling cash flow forecasts

The Company has currently limited exposure to exchange rate risk. Some components are sourced internationally, but majority of cost base and near-term revenue opportunities are in NOK

Financial instruments:

Amounts in NOK	2020 Carrying Amount	2019 Carrying Amount
Trade receivables	-	12 865
Total Assets	-	12 865
Non-current liabilities to financial institutions	4 821 429	4 910 714
Other Loans	-	2 000 000
Trade payable	9 852 790	1 550 282
Total Liabilities	14 674 219	8 460 996

Fair value does not deviate significantly from the book value.

Credit risk

Credit risk is the loss that the Company would suffer if a counterparty fails to perform its financial obligations.

Should a counterparty fail to honor its obligations under its agreements with the Company, this could impair the Company's liquidity and cause significant losses, which in turn could have a material adverse effect on the Company's business, results of operations, cash flows, financial condition and/or prospects.

Credit risk on cash and cash equivalents are deemed low, as they are put in a well-established reputable bank.

Liquidity risk

The Company's business and future plans are capital intensive and, to the extent the Company does not generate sufficient cash from operations in the long term, the Company may need to raise additional funds through public or private debt or equity financing to execute the Company's growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be



available on unfavorable terms. If funding is insufficient at any time in the future, the Company may be unable to, inter alia, fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Company's financial condition and results of operations.

Any future debt arrangements could limit the Company's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Company's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Company's financial condition at the time of such financing or offering, as well as by adverse market conditions related to, for example, general economic conditions and contingencies and uncertainties that are beyond the Company's control. Failure by the Company to obtain funds for future capital expenditures could impact the Company's results, financial condition, cash flows and prospects

Capital management

The Company's objectives for capital management are to ensure that it maintains sufficient free liquidity with regards to cash and cash equivalents in order to support its business and obligations as well as having sufficient flexibility to invest in attractive investment opportunities. The Company manages its capital structure in light of changes in economic and actual conditions, and the development in the underlying business. The Company's equity ratio exceeded 82,0% per 31.12.2020 and 84,1 % per 31.12.2019.

Note 22 Related parties and key management compensation

Gimle Invest AS, a company wholly owned by Øivind Horpestad (Chairman of the Board), has entered into an agreement with the Company under which Øivind Horpestad shall provide certain consultancy services to the Company. As partial remuneration for these services warrants were issued as detailed in note 17 on Share-based payments.

Other than set out above, the Company has not entered into any transactions with related parties for 2020.

Profit or loss items

Related party	Relationship	Type of services	2020	2019	2018
Gimle Invest AS	Owned by the Chairman of the Board	Consultancy services	500 000	290 000	-
Total related party profit or loss items			500 000	290 000	-

The amounts in the table above are presented within other operating costs.

The Company did not have any related party transactions that are recognized in the balance sheet.

Key management remuneration

(NOK)	2020			2019		
	CEO	Other key managment	Board	CEO	Other key managment	Board
Salaries and wages	1 602 272	-	550 000	779 864	-	166 667
Post-employment benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Other benefits	239 888	-	-	1 146	-	-
Share based payments, exercised	-	-	-	-	-	-
Total key management compensation	1 842 160	-	550 000	781 010	-	166 667



The Company's CEO Kjersti Kanne is entitled to 6 months' severance pay upon termination of employment.

Other than set out above, none of the Board Members or the members of Management have service contracts with the Company providing for benefits upon termination of employment.

Number of shares held by the key management and the Board of Directors

Name	Position	Served since	2020		2020		2020
			Shares	Shares held through	Warrants	Warrants held through	
Kjersti Kanne	CEO	2019	25 000		-		300 000
Torbjørn Blom-Hagen	CFO	2019	216 666	VOR AS	-		-
Benedicte Taugbøl	Director Digital Solutions	2020	86 666	Taugbøl Holding AS	-		-
Per Arne Haug	Director BD & Sales	2020	25 000	Vera Invest AS	-		-
Øivind Horpestad	Chairman of the Board	2019	7 197 665	Gimle Invest AS	300 000	Gimle Invest AS	-
Ketil Skaget	Board member	2016	12 571 081	Melandsø Invest AS	-		-
Kristian Lundkvist	Board member	2019	776 496	Middelborg Invest AS	300 000	Middelborg Invest AS	-
Lars Nilsen	Board member	2020	2 688 330	Lani Invest AS	-		-
Erik Langaker	Board member	2020	2 421 663	Vestland Invest AS	-		-

Share options management

The Company entered into a share option agreement with the Company's CEO Kjersti Kanne on 20 January 2020, under which Kanne has been granted 300 000 options with effect from 15 September 2019 (the "Grant Date"). Each option includes a right to subscribe for one share in the Company, against a consideration of NOK 3,44 per share. For further details on the share option agreement see note 17 Share-based payments.

Share-options 2020	Granted	Vested	Exercised	Out standing	Exercise price	Remaining
						contractual life
Kjersti Kanne (CEO since 2019)	300 000	100 000	-	300 000	3,44	3,79

Warrants

Warrants issued to Gimle Invest AS and Middelborg Invest AS

The Company's General Meeting resolved to issue 600 000 warrants on 20 December 2019 (300 000 warrants to Gimle Invest AS an entity wholly owned by Oivind Horpestad and Chairman of the Board of Elop AS, 300 000 warrants to Middelborg Invest AS an entity wholly owned by Kristian Lundkvist and Board member of Elop AS). Each warrant entitles the subscription of one share in the Company against a share subscription price of NOK 4,37 per share. For further details on the share option agreement see note 16 Share-based payments.

Warrants issued to Storbrea AS

The Company issued 2 400 000 warrants to Storbrea AS on 20 December 2019. Each warrant entitles the subscription of one share in the Company against a share subscription price of NOK 3,75 per share. For further



details on the share option agreement see note 17 Share-based payments.

<i>Warrants 2020</i>	Granted	Vested	Exercised	Out standing	Subscription price	Remaining contractual life
Gimle Invest AS	300 000	300 000	-	300 000	4,37	20.12.2021
Middelborg Invest AS	300 000	300 000	-	300 000	4,37	20.12.2021
Storbrea AS*	2 400 000	2 400 000	2 400 000	-	3,75	20.12.2020

*Storbrea AS exercised the warrants in December 2020. Payment and capital increase were registered and booked in January 2021.

Note 23 Shareholder information

Ownership structure

All shares have equal voting rights.

Per 31.12.2020 share capital consists of 70 302 922 shares at nominal value of NOK 0,05 per share.

Largest shareholders as of 31.12.2020:

Shareholders	Number of shares	% of shares
MELANDSØ INVEST AS	12 571 081	17,9 %
GIMLE INVEST AS	7 197 665	10,2 %
SOGN INVEST AS	5 146 733	7,3 %
The Bank of New York Mellon SA/NV	4 911 326	7,0 %
Zono Invest AS	4 700 000	6,7 %
TIGERSTADEN MARINE AS	3 785 025	5,4 %
SONGA CAPITAL AS	2 833 333	4,0 %
LANI INVEST AS	2 688 330	3,8 %
VESTLAND INVEST AS	2 421 663	3,4 %
NORDNET LIVSFORSIKRING AS	1 103 479	1,6 %
SORA AS	975 000	1,4 %
TIGERSTADEN INVEST AS	828 000	1,2 %
MIDDELBOG INVEST AS	776 496	1,1 %
OHR HOLDING AS	696 865	1,0 %
IBM Konsernpensjonskasse	660 000	0,9 %
NORWEGIAN RAIL CONSULTING AS	600 000	0,9 %
STORBREA AS	507 182	0,7 %
ZEINER VEKST AS	484 321	0,7 %
MARA CAPITAL AS	464 789	0,7 %
CARMELINA AS	450 000	0,6 %
Other	16 501 634	23,5 %
Total number of shares	70 302 922	100 %

Note 24 Contingencies and legal claims

Accounting principles

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

Description



The Company is not, nor has been, during the course of the preceding twelve months, involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on its financial position or profitability. The Company is not aware of any such proceedings which are pending or threatened.

Note 25 Conversion to IFRS

These financial statements, for the year ended 31 December 2020, are the first the Company has prepared in accordance with IFRS. For the year ended 31 December 2019, the Company prepared its financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The Company has prepared financial statements that comply with IFRS applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in general accounting principles and relevant notes.

In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2019, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its NGAAP financial statements. The figures under NGAAP were presented in NOK and there are no changes to either functional or presentation currency at implementation of IFRS.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2020 year ends retrospectively. Elop AS has not used any of the available exemptions. At the date of transition to IFRS, 1 January 2019, the entity had no lease agreements that were scoped into IFRS 16, no granted stock options, and no cumulative translation differences.

IFRS to NGAAP differences

In adopting IFRS the following differences from NGAAP to IFRS were identified and taken into account during the conversion for the balance sheet dates of 1 January 2019 and 31 December 2019 as well as the time period 2019.

Notes to the reconciliation of changes from NGAAP to IFRS:

A) Share-based payments

Under NGAAP, the Company did not recognize any costs associated to the share-based payments as an expense. This includes both share options to employees and warrants granted as consideration for services. IFRS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period.

In connection with share options to employees, expenses of NOK 81 034 (2019), were recognized in profit or loss as employee benefit expenses. This includes social security tax. In connection with warrants granted as consideration for services, expenses of NOK 4 205 559 were recognized in profit or loss as other operating expenses in 2019 in connection with issued warrants.

The following amounts were recognized against the other reserves, NOK 4 279 581, where NOK 74 022 related to options and NOK 4 205 559 related to warrants (31 December 2019).

For the corresponding social security tax liability on options, the recognized amount was NOK 7 012 (31 December 2019).

B) Convertible debt amortization

Under NGAAP, the Company did not amortize convertible debt or recognize any costs associated to the interest component as an expense during the first twelve-month interest free period of the loan. IFRS requires that a



financial component of the loan be recognized during the interest free period in equity and that the convertible debt be shown at the amortized value.

In 2018 Equity in the other reserve was increased NOK 76 101. Interest expenses of NOK 28 360 were recognized in profit and loss and reduced Equity in Retained earnings. Convertible debt was decreased by a net NOK 47 742 (a decrease of NOK 76 101 with separation of the equity component and an increase of NOK 28 360 with the expensing of interest).

In 2019 interest expenses related to the convertible debt of NOK 47 742 were recognized in profit and loss. Convertible debt increased with NOK 47 742 with the expensing of interest. Equity in retained earnings decreased with NOK 47 742 with the expensing of interest.

C) Leases

Under NGAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognized as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In 2019 the Company determined all leasing contracts it had were either short term or low value and as such the accounting treatment was unchanged.

D) Research and Development

Under NGAAP, both research and development can be capitalized dependent on the probability of future economic benefits and in line with the matching principle where expenses are synchronized with revenue income. Under IFRS only development costs are capitalized and only when these costs can be sufficiently linked to future economic benefits and meet other capitalization criteria. Additionally, the carrying amount is required to be amortized in line with expected future benefits (or impaired if required) if they have a finite life.

Under NGAAP, NOK 7 486 022 was recognized as a Development asset with a definite useful life. As at the date of transition to IFRS, 1 January 2019, the carrying value deemed to meet the capitalization criteria of IAS 38 was NOK 6 297 849 and consequently a reduction adjustment was applied for NOK 1 188 173 (with a counter post against Retained Earnings to the same value). In 2019 NOK 5 560 073 were corrected and capitalized as Development. The asset is still in a developmental stage and therefore no amortization was applied.

E) Reclassification from share premium to retained earnings.

Under NGAAP, the accumulated losses are reclassified from retained earnings to share premium. These reclassifications are reversed and share premium reflects the contributed capital and retained earnings reflects the accumulated deficit. As at the date of transition to IFRS, 1 January 2019, NOK 8 778 359 increased share premium and reduced retained earnings (deficit). As at 31 December 2019, NOK 14 678 158 increased share premium and reduced retained earnings (deficit).

F) Unregistered capital increase

Under NGAAP, the Company recognized unregistered capital increases in equity as an Unregistered capital receivable and in receivables as a Share capital/premium receivable. IFRS requires that this capital is not recognized until it has been approved by the general assembly and the funds have been received.

Equity in Unregistered capital increase was reduced by NOK 49 210 504 (31 December 2019) and Share capital/premium receivables was reduced by the same amount.



Changes to statement of Balance sheet

31 December 2019	Note	NGAAP NOK	Effect of transition to IFRS NOK	IFRS NOK
ASSETS				
Non-current assets				
Intangible assets	D	8 000 958	4 371 900	12 372 858
Property, plant and equipment		256 400	-	256 400
Deferred tax asset		-	-	-
Total non-current assets		8 257 358	4 371 900	12 629 258
Current assets				
Trade receivables		12 865	-	12 865
Other current receivables		1 314 629	-	1 314 629
Share capital/premium receivables	F	49 210 504	(49 210 504)	-
Cash and cash equivalents		8 014 384	-	8 014 384
Total current assets		58 552 382	(49 210 504)	9 341 878
TOTAL ASSETS		66 809 740	(44 838 604)	21 971 136

31 December 2019	Note			
EQUITY AND LIABILITIES				
Equity				
Share capital		2 001 324	-	2 001 324
Share premium	E	4 325 159	23 456 517	27 781 676
Unregistered capital increase	F	49 210 504	(49 210 504)	-
Other reserves	A,B	-	4 355 682	4 355 682
Retained earnings	A,B,D,E	-	(23 447 312)	(23 447 312)
Total equity		55 536 988	(44 845 616)	10 691 372
Non-current liabilities				
Non-current liabilities to financial institutions		4 910 714	-	4 910 714
Deferred tax liability		-	-	-
Total non-current liabilities		4 910 714	-	4 910 714
Current liabilities				
Other loan	B	2 000 000	-	2 000 000
Trade payables		1 550 282	-	1 550 282
Current liabilities to financial institutions		-	-	-
Current tax liabilities		643 570	-	643 570
Other current liabilities	A	2 168 186	7 012	2 175 198
Total current liabilities		6 362 038	7 012	6 369 050
Total liabilities		11 272 752	7 012	11 279 764
TOTAL EQUITY AND LIABILITIES		66 809 740	(44 838 604)	21 971 136



1 January 2019	Note	NGAAP NOK	Effect of transition to IFRS NOK	IFRS NOK
ASSETS				
Non-current assets				
Research and Development	D	8 000 958	(1 188 173)	6 812 785
Operating equipment, fixtures and fittings		56 900	-	56 900
Deferred tax asset		-	-	-
Total non-current assets		8 057 858	(1 188 173)	6 869 685
Current assets				
Trade receivables		8 750	-	8 750
Other current receivables		1 845 631	-	1 845 631
Share capital/premium receivables		-	-	-
Cash and cash equivalents		168 745	-	168 745
Total current assets		2 023 126	-	2 023 126
TOTAL ASSETS		10 080 984	(1 188 173)	8 892 811

1 January 2019	Note			
EQUITY AND LIABILITIES				
Equity				
Share capital		1 464 000	-	1 464 000
Share premium	E	408 641	8 778 359	9 187 000
Unregistered capital increase		1 632 000	-	1 632 000
Other reserves	B	-	76 101	76 101
Retained earnings	B,D,E	-	(9 994 892)	(9 994 892)
Total equity		3 504 641	(1 140 431)	2 364 210
Non-current liabilities				
Non-current liabilities to financial institutions		2 500 000	-	2 500 000
Deferred tax liability		-	-	-
Total non-current liabilities		2 500 000	-	2 500 000
Current liabilities				
Convertible debt	B	2 500 000	(47 742)	2 452 258
Trade payables		520 073	-	520 073
Current liabilities to financial institutions		164 208	-	164 208
Current tax liabilities		332 393	-	332 393
Other current liabilities		559 670	-	559 670
Total current liabilities		4 076 343	(47 742)	4 028 601
Total liabilities		6 576 343	(47 742)	6 528 601
TOTAL EQUITY AND LIABILITIES		10 080 984	(1 188 173)	8 892 811



Changes to Profit (Loss) and Comprehensive Income (Loss)

For the period ended 31 December 2019	Note	Effect of transition to		
		NGAAP NOK	IFRS NOK	IFRS NOK
Revenue		29 692	-	29 692
Other operating revenue		-	-	-
Total revenue		29 692	-	29 692
Cost of sales		51 896	-	51 896
Employee benefit expenses	A	4 942 836	(1 759 270)	3 183 566
Other operating expenses	A	9 370 311	485 790	9 856 101
Total operating expenses		14 365 043	(1 273 480)	13 091 563
Depreciation and amortization		27 120	-	27 120
Operating profit/(loss)		(14 362 471)	1 273 480	(13 088 991)
Financial income		14 981	-	14 981
Financial expenses	B	(330 669)	(47 742)	(378 411)
Net financial items		(315 688)	(47 742)	(363 430)
Profit/(loss) before income tax		(14 678 159)	1 225 738	(13 452 421)
Income tax		-	-	-
Profit/(loss) for the year		(14 678 159)	1 225 738	(13 452 421)
Other comprehensive income:				
<i>Items that might be subsequently reclassified to profit or loss:</i>				
-		-	-	-
<i>Item that are not reclassified to profit or loss:</i>				
-		-	-	-
Total comprehensive income for the year		(14 678 159)	1 225 738	(13 452 421)



Changes to Cash Flow statements

For the period ended 31 December 2019	Note	Effect of transition to		
		NGAAP NOK	IFRS NOK	IFRS NOK
Cash flows from operating activities				
Profit/(loss) before income tax		(14 678 158)	1 225 738	(13 452 420)
<i>Adjustments for</i>				
Depreciation and amortization		27 120	-	27 120
Change in trade and other receivables		(4 115)	-	(4 115)
Change in trade payables		1 030 209	-	1 030 209
Change in accruals		2 450 697	-	2 450 697
Dividends received		-	(5 458)	(5 458)
Share-based payment expenses	A	-	4 286 593	4 286 593
Convertible debt amortisation of interest	B	-	47 742	47 742
Interest received		-	(4 169)	(4 169)
Interest paid		-	318 565	318 565
Other operational activities		-	-	-
Net cash inflow from operating activities		(11 174 247)	5 869 011	(5 305 236)
Cash flows from investing activities				
Payment for property, plant and equipment		(226 620)	-	(226 620)
Payment for intangible assets		-	(5 560 073)	(5 560 073)
Net cash (outflow) from investing activities		(226 620)	(5 560 073)	(5 786 693)
Cash flows from financing activities				
Net withdrawals overdraft		(164 208)	-	(164 208)
Received funds - other debt (Non-current / Current)		2 500 000	-	2 500 000
Repayment of other debt (Non-current / Current)		(589 286)	-	(589 286)
Dividends received		-	5 458	5 458
Interest received		-	4 169	4 169
Interest paid		-	(318 565)	(318 565)
Capital increase received funds		17 500 000	-	17 500 000
Net cash inflow from financing activities		19 246 506	(308 938)	18 937 568
Net increase/(decrease) in cash and cash equivalents		7 845 639	-	7 845 639
Cash and cash equivalents as of 1 January		168 745	-	168 745
Cash and cash equivalents as of 31 December		8 014 384	-	8 014 384
Unused operational credit facilities in addition		1 000 000	-	1 000 000

Note 26 Events after the reporting period

New information of the Company's financial position at the end of the reporting period, which became known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position at the end of the reporting period, but which will affect the Company's financial position in the future are disclosed if significant.

The following events were identified:

Business combination

21st December 2020 the Company entered into an agreement to acquire 100 percent of the shares in Norwegian artificial intelligence (AI) company Simplifai AS (Simplifai), which gives Elop immediate access to highly advanced SaaS and automation competence and resources.

Through partnering with Simplifai, Elop obtains technological and commercial resources that enable the company to move faster towards a commercially viable data driven, cloud-based software as a service business model for monitoring and optimized maintenance of concrete infrastructure.

18 of January 2021 Elop completed the acquisition of 100% of the shares in Simplifai. The fair value of the agreed purchase price was NOK 148.5 million, of which NOK 147 million were in shares issued in Elop AS and NOK 1.5 million were in cash.

The purchase price allocation is preliminary and identified assets and liabilities are set out in the table below:

Amounts in NOK million	
Purchase consideration	
Cash consideration	1,5
Issuance of shares	147,0
Total purchase consideration	148,5
Customer relationship	7,1
Technology	29,6
Other non-current assets	1,1
Current assets	1,1
Cash and cash equivalents	9,8
Deferred tax liability	-7,2
Non-current liabilities	-12,0
Current liabilities	-5,3
Total net identifiable assets acquired at fair value	24,2
Consideration	148,5
Goodwill	124,3
Net cash inflow arising on acquisition	
Cash consideration	1,5
Less:	
Cash and cash equivalent balances acquired	-9,8
Net cash inflow arising on acquisition	-8,3

Goodwill from the acquisitions of Simplifai are attributable to synergies from assembled workforce, expected increase in new sales and synergies from the combination of the companies. Goodwill has not been allocated to segments yet.

Acquisition costs of NOK 3 349 thousand arose as a result of the transaction. These have been recognized as part of other operating expenses in the statement of comprehensive income.



The financial statements for Simplifai for 2020 are not finished at det date for approval of the annual accounts for Elop. Therefore, proforma consolidation has not been prepared.

Capital increases

Following the completion of the Simplifai transaction, the seller's credit was converted to shares. 20 300 893 new shares were issued, and registration completed on January 26th. This corresponds to a capital increase of NOK 1 015 045 with accounting premium of NOK 145 963 419.

As a result of the exercise of warrants by Storbrea on December 20th, Elop issued 2 400 000 shares that were registered on January 15th. This corresponded to a capital increase of NOK 120 000 with an accounting premium of NOK 8 880 000.

Share-based compensation benefits were provided to the Chairman, Øivind Horpestad, on February 15th, 2021. Øivind was granted rights to acquire 2 300 000 shares (options) at a strike price of NOK 7,50 with a contractual life at 3 years.

Note 27 New and amended standards not yet adopted by the Company

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Company has decided not to adopt early. None of these would be expected to have a material impact on the entity in the future reporting periods and on foreseeable future transactions.



Elop - Annual report 2020

Signers:

Name	Method	Date
Nilsen, Lars	BANKID_MOBILE	2021-04-14 10:12
Langaker, Erik	BANKID	2021-04-14 09:29
Lundkvist, Kristian Gjertsen	BANKID_MOBILE	2021-04-14 10:04
Kanne, Kjersti	BANKID_MOBILE	2021-04-14 08:57
Horpestad, Øivind Omar	BANKID	2021-04-14 09:21
Skaget, Ketil Melandsø	BANKID	2021-04-14 09:13

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To the General Meeting of Elop AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elop AS, which comprise the balance sheet as at 31 December 2020, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

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.

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 in accordance with law and regulations, including a true and fair view of the financial statements 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Elop AS



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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

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.

Hamar, 13 April 2021
PricewaterhouseCoopers AS

Pål Bakke
State Authorised Public Accountant

(This document is signed electronically)

(2)



 Securely signed with Brevio

Revisjonsberetning Elop

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Bakke, Pål	BANKID_MOBILE	2021-04-13 15:48

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