

HALF-YEAR REPORT
1H 2022
OTELLO CORPORATION ASA

otello™

HIGHLIGHTS

- Final earnout payment from Digital Turbine for the sale of AdColony received
- Executed buyback program to all shareholders buying back \$31 million worth of Otello shares
- Settlement and change of investment regime for Bemobi resulting in an ownership of Bemobi where any appreciation of the shares after the change would not be subject to further taxes on capital gains or withholding taxes.
- On 28 July 2022, the Company advised that the Board had resolved to pay a dividend to shareholders of NOK 21 per share

*For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 11 of the interim condensed financial statements

| Key figures (USD million) * | 1H22 | 1H21 | YTD 2022 | YTD 2021 |
|-----------------------------|-------|--------|----------|----------|
| Revenue | 0.1 | 0.0 | 0.1 | 0.0 |
| Adj. EBITDA | (1.9) | (3.6) | (1.9) | (3.6) |
| EBIT | (4.4) | (14.5) | (4.4) | (14.5) |
| Net income | 4.7 | (12.8) | 4.7 | (12.8) |
| EPS (USD) | 0,05 | (0.10) | 0,05 | (0.10) |

*Continuing operations, 1H21 re-presented

GROUP PERFORMANCE

To provide a better understanding of Otello's underlying performance, the following presentation of operating results excludes certain non-recurring and non-operational items from EBITDA, such as transaction costs, stock-based compensation, restructuring and impairment expenses, as well as other items that are of a special nature or are not expected to be incurred on an ongoing basis.

Development during the half

As a result of the successful IPO of Bemobi in Brazil as well as the signing and closing of AdColony sale to Digital Turbine in 1H21, both AdColony and Bemobi have been treated as discontinued businesses in 1H22. Thus, all numbers below only relate to Corporate (HQ). For details on discontinued operations please refer to Note 6 in this report.

Total operating expenses decreased 63 percent vs 1H21, due in particular to no stock options being left in 1H22 as well as a significant reduction in the corporate workforce due to the successful completion of Bemobi IPO and AdColony sale.

Payroll and related expenses, were USD 1.2 million in the 1H22, versus USD 4.8 million in 1H21, down 75 percent from the corresponding period last year due to a significant reduction in the corporate workforce as a result of the successful completion of Bemobi IPO and AdColony sale as well as Otello now has zero outstanding stock options and thus no expenses related to it.

Depreciation and amortization expenses were USD 0.4 million in 1H22 (USD 0.4 million), down 5% versus the corresponding period last year with a reduction in overall depreciation and amortization from intangible assets.

Other operating expenses were USD 0.8 million in 1H22 (USD 1.0 million), down 24 percent from the corresponding period last

year, due to lower headcount and tight cost control.

Adjusted EBITDA and EBITDA

Adjusted EBITDA

Adjusted EBITDA was USD (1.9) million in 1H22, compared to USD (3.6) million in the corresponding period in 2021, an improvement due to lower cost in 1H22 vs 1H21.

EBITDA

EBITDA was USD (1.9) million in 1H22, an improvement from USD (5.8) million in the corresponding period in 2021. EBITDA in 1H21 included USD 2.2 million in stock-based compensation expenses and USD 0.1 million in restructuring expenses, which both were zero in 1H22.

Impairment and restructuring expenses

The fair value of the investment in Bemobi Mobile Tech S.A. has been reassessed based on the share price of that business as of June 30, 2022. With a price per share of 11.97 Brazilian real as of that date, the carrying value of the investment has been written down by USD 2.2 million in 1H22.

Net financial items

Otello recognized a gain from net financial items in 1H22 of USD 11.3 million, compared to a gain of USD 2.7 million in the corresponding period last year. The 1H22 gain is driven by FX gains on our cash holdings of USD 10.6 million and our share of profit of USD 0.9 million of our ownership in Bemobi and interest returns on our cash position of USD 0.5 million.

The key FX rates used during the half were:

USD:BRL

As of June 30, 2022: 5.2078

For the June period 2022: 5.0426

For the March period 2022: 4.9805

USD:NOK

As of June 30, 2022: 9.8853

For the June period 2022: 9.7467

For the March period 2022: 8.8339

Net income

1H22 net income was USD 4.7 million compared to USD (12.8) million in the corresponding period last year. The 1H22 numbers are positively impacted Net financial items and negatively impacted by impairment for our holding in Bemobi. EPS and fully diluted EPS for the continuing operations were USD 0.05 and USD 0.05, respectively, in 1H22, compared to USD (0.10) and USD (0.10), respectively, in 1H21.

Financial position and cash flow

Otello's net cash flow from operating activities (continuing operations) was USD 9.2 million in 1H22, compared to USD (11.0) million in 1H21, up due to lower cost, including the absence of stock option payouts, and FX gains.

Cash flow from investment activities (continuing operations) amounted to USD (13.5) million, vs USD (0.1) million from the corresponding half last year, driven by the settlement of the tax on the capital gain for the Bemobi holding, partly offset by the dividend received from Bemobi. Total cash flow from investment activities (including discontinued operations) was positively impacted by the net proceeds from the final

installment from Digital Turbine's acquisition of AdColony of USD 191.7 million.

Cash flow from financing activities (continuing operations) was USD (31.3) million in 1H22, compared to USD (87.6) million in 1H21. Use of cash in the first half of 2022 relates almost exclusively to share buybacks USD (31.2) million, with 10.00 million shares bought back.

Cash and cash equivalents at the end of 1H22 were USD 211.6 million compared to USD 68.0 million in 1H21. In 1H21 Otello repaid all its interest-bearing debt and subsequently cancelled the Revolving Credit Facility (RCF) agreement with DNB Bank ASA. As of June 30, 2022, Otello has no outstanding loans payable.

The company's equity was USD 288.2 million at the end of 1H22, corresponding to an equity ratio of 98.9%.

Organization

At the end of the 1H22, Otello had 6 full-time employees and equivalents.

BUSINESS OVERVIEW

As a result of the sale of AdColony as well as the listing of Bemobi in Brazil, Otello no longer has any operating segments. However, Otello is a major shareholder in Bemobi and through Otello Technology Investment AS has 32 719 588 shares in Bemobi, equal to 35.992% ownership. Otello also holds the chairmanship of Bemobi with Otello CEO Lars Boilesen.

Bemobi results

Bemobi reported its 2Q22 numbers on August 11th 2022 (<https://ri.bemobi.com.br/en/>) with these key highlights:

- Despite a challenging quarter, which was impacted by the Russia-Ukraine war and the appreciation of the Brazilian currency, the Company reported expansion on its main operating and financial metrics.
- We ended the second quarter of 2022 with 103 unique partnerships (+06) signed with different carriers, digital banks, fintechs and e-commerce providers in 46 countries (+02).
- We implemented Loop – a digital channel platform – at 03 new operators, bringing the total number of served companies to 27, which will boost the conversion rate and distribution of our services.

- Average of 36.0 million subscriptions paid directly by users, 11% more than in the same period last year.
- 77 million transactions were processed in the Microfinance vertical, an expansion of 109% vs. 2Q21, highlighted by growth in our Credit Risk Scoring Solutions.
- In Payments solutions, we processed more than R\$1.5 billion in TPV in the quarter, which represents a 10-fold expansion compared to 2Q21, as a result of the acquisition of M4U in 4Q21.
- We signed our first partnerships in utilities, with Energisa/Voltz and Equatorial, setting the beginning of the company's expansion into this segment and improving utilities' digital transformation. We thus expand our operations in Digital Payments solutions - a market with significant potential whose TPV is 3x higher than Brazilian telcos.
- Adjusted Net Revenue grew 123% compared to the same period of 2021, reaching R\$138 million with a solid organic performance combined with acquisitions.
- Greater revenue diversification following the strengthening of Microfinance, Digital Payment and PaaS solutions, which topped 67% of total adjusted net revenue.
- Adjusted EBITDA of R\$44.9 million in 2Q22, +92% vs. 2Q21, and Adjusted EBITDA margin of 32.6%, reflecting the beginning of synergies capture and a gradual margin recovery.
- Adjusted net income of R\$8.6 million, negatively impacted by the swap market-to-market, in the amount of R\$17.7 million, related to our share buyback program.
- Despite one-off cash disbursements, our cash position remains solid at R\$493 million, enabling new acquisitions and share buybacks.

Settlement of tax for Bemobi

Otello announced in 1H22 that it had elected to change the investment regime for its holding of Bemobi shares from the 4131 regime to the 4373 regime. As a foreign investor in a public company in Brazil, Otello may choose to change its investment regime. The so-called 4373 investment refers to investors resident or domiciled abroad investing in Brazilian financial and capital markets under the rules of CMN Resolution 4373, and are subject to a special tax regime, under which capital gain is subject to 0% withholding tax.

In order to proceed with such change, Otello has now settled the tax on the capital gain based on the difference between the share market price on March 31, 2022 and the tax cost basis (for Otello this would be the original capital contribution). Otello's tax cost basis for Bemobi was approximately BRL 242 million. Based on the settlement price for Bemobi of BRL 16.43 per share (total value BRL 537,582,833), Otello has paid in full BRL 65,292,003 in tax on the capital gain and IOF (Brazilian tax on financial operations) of BRL 2,042,815 for a total of BRL 67,334,818, approximately \$14.4 million.

The withholding tax (WHT) was levied based on progressive rates from 15% to 22.5% according to the capital gain:

- Capital gain up to BRL 5 million: 15%
- Capital gain from exceeding BRL 5 million, but less than BRL 10 million: 17,5%
- Capital gain from exceeding BRL 10 million, but less than BRL 30 million: 20%
- Capital gain from exceeding BRL 30 million: 22.5%

At the time of the Bemobi IPO which was priced @ BRL 22 per share for Otello's 32,719,588 shares had a value of BRL 719,830,939, on which Otello recognized a

deferred tax liability of approximately USD 19.67 million based on the progressive tax scheme in Brazil under the 4131 regime.

The settlement and change of investment regime means that any appreciation of the shares after the change would not be subject to further taxes on capital gains or withholding taxes.

Mark to market valuation of our holding in Bemobi led to a value of USD 75.2 million based on 32 719 588 shares with a price 30th June 2022 of 11.97 and an exchange rate USD/BRL of 5.2078.

- Dividend amount: 21 NOK per share and 1 913 094 309 NOK in total
- Announced currency: NOK
- Last day including right: 8 August 2022
- Ex-date: 9 August 2022
- Record date: 10 August 2022
- Payment date: 18 August 2022
- Date of approval: 28 July 2022

Otello Corporation ASA's cash position post the payment of the dividend is expected to be approximately USD 18 million.

Sale of AdColony

Otello announced in 1H21 that it had entered into a definitive agreement to sell AdColony to Digital Turbine, Inc. (Nasdaq: APPS) for a total estimated consideration of \$400 million.

As part of the sale of AdColony to Digital Turbine was an on-target earn-out of \$200 million, to be paid fully in cash, based on AdColony achieving certain future target net revenue objectives in 2021.

Otello announced on August 30, 2021, that it had agreed to settle the earn-out with Digital Turbine to a fixed amount of \$204.5 million and that the payment date was moved forward to January 15, 2022. With this agreement, the total consideration for the acquisition will be \$404.5 million, including a normalized amount of working capital and \$19 million in cash.

The final earn-out payment from DT was received in January 2022.

Events after the end of the quarter

The Board of Otello Corporation resolved to pay a dividend payment of NOK 21 per share, NOK 1 913 094 309 in total. The dividend is resolved pursuant to the Authorization granted by the Annual General Meeting held on 2 June 2022.

Key information relating to the cash dividend:

OUTLOOK

Otello's strategic focus has been to build and grow companies with the ambition to create the highest possible value for our shareholders. We saw the culmination of this effort in 2021 where we were able to both IPO Bemobi on the Bovespa in Brazil at a significant premium to our initial purchase price, as well as sign and close a transaction selling AdColony to Digital Turbine.

In Bemobi, Otello remains the biggest shareholder and is positive about the prospects of the business. Bemobi has signed two acquisitions which are expected to nearly double the revenue for the company. Otello will have an opportunistic view on its financial investment in the company.

AdColony, which was sold to Digital Turbine in April 2021, has as of this date been fully paid and consummated by Digital Turbine. As part of the transaction, Otello has Material Indemnification-Related Post-Earnout Obligations related to the transaction. None of the Indemnification Obligations of Otello has been recognized as liabilities in the financial statement as it has yet to be confirmed whether Otello has a present obligation that could lead to an outflow of economic benefits, nor does the Indemnification Obligations of Otello meet the recognition criteria in IAS 37 as it is not probable that an outflow of economic benefits will happen at this stage. See Note 4 for additional details.

Otello has, as a result of the transactions above and proceeds received, already repaid all our debt, and launched and completed several share buyback programs accessible to all shareholders. Otello has also announced a dividend of NOK 21 per share, paying out over 90% of our total cash position.

Going forward, the goal is to maximize the value of Bemobi and continue to return cash to shareholders when possible.

Oslo, August 17, 2022
The Board of Directors
Otello Corporation ASA

Andre
Christensen
Chairman
(sign.)

Lars
Boilesen
CEO
(sign.)

Interim condensed financial statements

Consolidated statement of comprehensive income

| | Note | 1H 2022 | 1H 2021 | % change | YTD 2022 | YTD 2021 | % change |
|---|------|---------------|---------------|--------------|---------------|---------------|--------------|
| (USD million, except earnings per share) | | | | | | | |
| Continuing operations | | | | | | | |
| Revenue | 3 | 0.1 | 0.0 | 73 % | 0.1 | 0.0 | 73 % |
| Total operating revenue | | 0.1 | 0.0 | 73 % | 0.1 | 0.0 | 73 % |
| Publisher and revenue share cost | 3 | - | (0.0) | -100 % | - | (0.0) | -100 % |
| Employee benefits expense | 3 | (1.2) | (4.8) | -76 % | (1.2) | (4.8) | -76 % |
| Depreciation and amortization expenses | 3 | (0.4) | (0.4) | -5 % | (0.4) | (0.4) | -5 % |
| Other operating expenses | 3 | (0.8) | (1.0) | -24 % | (0.8) | (1.0) | -24 % |
| Total operating expenses | | (2.3) | (6.2) | -63 % | (2.3) | (6.2) | -63 % |
| Operating profit (loss), (EBIT), excluding impairment and restructuring expenses | | (2.2) | (6.1) | | (2.2) | (6.1) | |
| Impairment and restructuring expenses | 4 | (2.2) | (8.4) | | (2.2) | (8.4) | |
| Operating profit (loss), (EBIT) | | (4.4) | (14.5) | | (4.4) | (14.5) | |
| Net financial items | 5 | 11.3 | 2.7 | | 11.3 | 2.7 | |
| Profit (loss) before income tax | | 6.9 | (11.8) | | 6.9 | (11.8) | |
| Tax expense ¹⁾ | | (2.2) | (1.0) | | (2.2) | (1.0) | |
| Profit (loss) from continuing operations | | 4.7 | (12.8) | | 4.7 | (12.8) | |
| Discontinued operations | | | | | | | |
| Profit (loss) from discontinued operations, net of tax | 6 | - | 56.4 | | - | 56.4 | |
| Profit (loss) from discontinued operations | | 0.0 | 56.4 | | 0.0 | 56.4 | |
| Profit (loss) | | 4.7 | 43.6 | | 4.7 | 43.6 | |
| Items that may or will be transferred to profit (loss) | | | | | | | |
| Foreign currency translation differences | | 0.8 | 1.1 | | 0.8 | 1.1 | |
| Discontinued operations - reclassified to profit (loss) | | - | 0.6 | | - | 0.6 | |
| Items that will not be transferred to profit (loss) | | | | | | | |
| Foreign currency translation differences | | (37.3) | - | | (37.3) | - | |
| Total comprehensive income (loss) | | (31.9) | 45.4 | | (31.9) | 45.4 | |
| Earnings (loss) per share: | | | | | | | |
| Basic earnings (loss) per share (USD) | | 0.05 | 0.33 | | 0.05 | 0.33 | |
| Diluted earnings (loss) per share (USD) | | 0.05 | 0.33 | | 0.05 | 0.33 | |
| Shares used in earnings per share calculation | | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |
| Shares used in earnings per share calculation, fully diluted | | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |
| Earnings per share (continuing operations): | | | | | | | |
| Basic earnings (loss) per share (USD) | | 0.05 | (0.10) | | 0.05 | (0.10) | |
| Diluted earnings (loss) per share (USD) | | 0.05 | (0.10) | | 0.05 | (0.10) | |
| Shares used in earnings per share calculation | | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |
| Shares used in earnings per share calculation, fully diluted | | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |

¹⁾ The 1H and YTD tax expense is based on an estimated tax rate for the Group.

Consolidated statement of financial position

| (USD million) | Note | 6/30/2022 | 6/30/2021 | 12/31/2021 (Audited) |
|---------------------------------|------|--------------|-----------|-------------------------|
| Assets | | | | |
| Property, plant and equipment | | 0.6 | 1.3 | 1.0 |
| Other investments | 7 | 76.0 | 144.3 | 90.3 |
| Right of use assets | 8 | 0.3 | 0.1 | 0.3 |
| Lease receivables | 8 | - | - | - |
| Other non-current assets | | 1.0 | 1.1 | 0.6 |
| Total non-current assets | | 77.9 | 146.9 | 92.2 |
| Lease receivables | 8 | - | - | - |
| Accounts receivable | 9 | 0.1 | 0.1 | 0.1 |
| Other receivables | 9 | 2.0 | 94.9 | 193.7 |
| Cash and cash equivalents | | 211.6 | 68.0 | 79.0 |
| Total current assets | | 213.6 | 162.9 | 272.8 |
| Total assets | | 291.5 | 309.8 | 365.0 |

| (USD million) | Note | 6/30/2022 | 6/30/2021 | 12/31/2021 (Audited) |
|--|------|--------------|-----------|-------------------------|
| Shareholders' equity and liabilities | | | | |
| Equity attributable to owners of the company | | 288.2 | 286.9 | 351.3 |
| Non-controlling interests | | - | - | - |
| Total equity | | 288.2 | 286.9 | 351.3 |
| Liabilities | | | | |
| Deferred tax liabilities | 7 | - | 19.7 | 10.2 |
| Lease liabilities | 8 | 0.1 | 0.0 | 0.2 |
| Loans and borrowings | 10 | - | - | - |
| Other non-current liabilities | | 1.0 | 1.1 | 0.6 |
| Total non-current liabilities | | 1.1 | 20.8 | 11.0 |
| Loans and borrowings | 10 | - | - | - |
| Lease liabilities | 8 | 0.1 | 0.1 | 0.1 |
| Accounts payable | | 0.2 | 0.2 | 0.2 |
| Taxes payable | | - | - | - |
| Other current liabilities | | 1.9 | 1.8 | 2.4 |
| Contingent consideration, current | | - | 0.0 | - |
| Total current liabilities | | 2.1 | 2.1 | 2.7 |
| Total liabilities | | 3.3 | 22.9 | 13.7 |
| Total equity and liabilities | | 291.5 | 309.8 | 365.0 |

Consolidated statement of cash flows

| (USD million) | Note | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|------|---------------|---------------|---------------|---------------|
| Reconciliation of profit (loss) before taxes | | | | | |
| Profit (loss) before income taxes | | 6.9 | (11.8) | 6.9 | (11.8) |
| Profit (loss) from discontinued operations, net of tax | 6 | - | 56.4 | - | 56.4 |
| Provision for taxes, discontinued operations | 6 | - | 3.8 | - | 3.8 |
| Profit (loss) before taxes, as presented in the statement of cash flows below | | 6.9 | 48.4 | 6.9 | 48.4 |
| Cash flow from operating activities | | | | | |
| Profit (loss) before taxes | | 6.9 | 48.4 | 6.9 | 48.4 |
| Income taxes paid | | 0.0 | (0.0) | 0.0 | (0.0) |
| Depreciation and amortization expense | | 0.4 | 6.7 | 0.4 | 6.7 |
| Impairment loss recognized in profit (loss) | 4 | 2.2 | 8.3 | 2.2 | 8.3 |
| Changes in accounts receivable | | (0.0) | 17.5 | (0.0) | 17.5 |
| Changes in accounts payable | | (0.0) | (8.9) | (0.0) | (8.9) |
| Share of net income (loss) and net (gain) loss from disposal of associated companies | 5 | (0.9) | (1.3) | (0.9) | (1.3) |
| Other adjustments for which cash effects are investing or financing cash flow | 6 | - | (55.3) | - | (55.3) |
| Other adjustments for non-cash items | | 0.2 | (5.6) | 0.2 | (5.6) |
| Net (gain) loss from disposals of subsidiaries and other share investments | | 0.7 | (0.6) | 0.7 | (0.6) |
| Share-based remuneration | | - | (12.7) | - | (12.7) |
| Earnout cost and cost for other contingent payments | | - | 0.0 | - | 0.0 |
| FX differences related to changes in balance sheet items | | (0.2) | 5.7 | (0.2) | 5.7 |
| Net cash flow from operating activities | | 9.2 | 2.2 | 9.2 | 2.2 |
| - of which included in continuing operations | | 9.2 | (11.0) | 9.2 | (11.0) |
| - of which included in discontinued operations | | - | 13.2 | - | 13.2 |
| Cash flow from investing activities | | | | | |
| Purchases of property, plant and equipment (PP&E) and intangible assets | | - | 0.1 | - | 0.1 |
| Proceeds from sale of property, plant, and equipment (PP&E) and intangible assets | | - | 0.0 | - | 0.0 |
| Capitalized R&D costs | | - | (2.8) | - | (2.8) |
| Cash flows from losing control of subsidiaries | 6 | 190.6 | 85.8 | 190.6 | 85.8 |
| Dividends received | 6 | 1.4 | 30.8 | 1.4 | 30.8 |
| Income taxes paid | | (13.9) | - | (13.9) | - |
| Other cash payments to acquire equity or debt instruments of other entities | | (0.0) | (0.1) | (0.0) | (0.1) |
| Net cash flow from investing activities | | 178.1 | 113.8 | 178.1 | 113.8 |
| - of which included in continuing operations | | (13.5) | (0.1) | (13.5) | (0.1) |
| - of which included in discontinued operations | | 191.7 | 113.8 | 191.7 | 113.8 |
| Cash flow from financing activities | | | | | |
| Payments of other equity instruments | | - | (0.0) | - | (0.0) |
| Proceeds from exercise of treasury shares (incentive program) | | - | 0.0 | - | 0.0 |
| Payments to acquire entity's shares | | (31.2) | (52.1) | (31.2) | (52.1) |
| Payment of finance lease liabilities, net | 8 | (0.1) | (1.5) | (0.1) | (1.5) |
| Repayments of loans and borrowings | 10 | - | (35.5) | - | (35.5) |
| Net cash flow from financing activities | | (31.3) | (89.0) | (31.3) | (89.0) |
| - of which included in continuing operations | | (31.3) | (87.6) | (31.3) | (87.6) |
| - of which included in discontinued operations | | - | (1.4) | - | (1.4) |
| Net change in cash and cash equivalents | | 156.0 | 26.9 | 156.0 | 26.9 |
| Cash and cash equivalents (beginning of period) | | 79.0 | 41.9 | 79.0 | 41.9 |
| Effects of exchange rate changes on cash and cash equivalents | | (23.5) | (0.9) | (23.5) | (0.9) |
| Cash and cash equivalents¹⁾ | | 211.6 | 68.0 | 211.6 | 68.0 |
| - of which included in cash and cash equivalents in the balance sheet | | 211.6 | 68.0 | 211.6 | 68.0 |

¹⁾ Of which \$0.2 (6/30/21: \$0.1) million is restricted cash and cash equivalents as of June 30, 2022.

Consolidated statement of changes in equity

| (USD million) | Number of shares | Issued capital | Share premium | Treasury shares | Translation reserve | Other equity | Non-controlling interests | Total equity |
|--|------------------|----------------|----------------|-----------------|---------------------|---------------|---------------------------|---------------|
| Equity as of 12/31/2021 | 101.1 | 0.3 | 145.9 | (0.0) | (2.8) | 207.9 | 0.0 | 351.3 |
| Comprehensive income (loss) | | | | | | | | |
| Profit (loss) | | - | - | - | - | 4.7 | - | 4.7 |
| Other comprehensive income (loss) | | | | | | | | |
| Recycling of foreign currency translation differences to profit (loss) | | - | - | - | - | - | - | 0.0 |
| Foreign currency translation differences | | - | - | - | 0.8 | (37.3) | - | (36.6) |
| Total comprehensive income (loss) | | 0.0 | 0.0 | 0.0 | 0.8 | (32.6) | 0.0 | (31.9) |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | | - | - | - | - | - | - | 0.0 |
| Issue of share capital | | - | - | - | - | - | - | 0.0 |
| Capital decrease | | (0.0) | (31.2) | 31.2 | - | - | - | 0.0 |
| Treasury shares purchased | (10.0) | - | - | (31.2) | - | - | - | (31.2) |
| Treasury shares sold | | - | - | - | - | - | - | 0.0 |
| Share-based payment transactions | | - | - | - | - | - | - | 0.0 |
| Total contributions by and distributions to owners | (10.0) | (0.0) | (31.2) | 0.0 | 0.0 | 0.0 | 0.0 | (31.2) |
| Other equity changes | | | | | | | | |
| Divestment of a subsidiary | | - | - | - | - | - | - | 0.0 |
| Other changes | | - | - | - | - | - | - | 0.0 |
| Total other equity changes | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity as of 6/30/2022 | 91.1 | 0.2 | 114.8 | 0.0 | (2.0) | 175.3 | 0.0 | 288.2 |
| Non-controlling interests | | | | | | | | |
| During 2021, Otello Corporation ASA's ownership in Bemobi was reduced to 36%. Please see Note 6 for further information. | | | | | | | | |
| Share capital decrease | | | | | | | | |
| Reference is made to the resolution by the extraordinary general meeting on September 30, 2021, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by the cancellation of 11,200,000 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises, and the new registered share capital of the parent company was NOK 2,021,994.54, and the total share count was 101,099,727. | | | | | | | | |
| Reference is made to the resolution by the extraordinary general meeting on January 27, 2022, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by the cancellation of 9,999,998 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises, and the new registered share capital of the parent company is NOK 1,821,994.58, and the total share count was 91,099,729. | | | | | | | | |
| Treasury shares and ordinary share | | | | | | | | |
| During 1H 2022, Otello purchased 10,000,000 (YTD: 10,000,000) treasury shares for \$31.2 million (YTD: \$31.2 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: \$0.0 million). | | | | | | | | |
| During 1H 2022, Otello issued 0 (YTD: 0) ordinary shares related to the incentive program, 0 (YTD: 0) ordinary shares related to business combinations, and 0 (YTD: 0) ordinary shares related to an equity increase. As of June 30, 2022, Otello owned 0 treasury shares. | | | | | | | | |
| Equity as of 12/31/2020 | 137.6 | 0.3 | 347.8 | (69.3) | (30.2) | 58.3 | (0.4) | 306.4 |
| Comprehensive income (loss) | | | | | | | | |
| Profit (loss) | | - | - | - | - | 43.6 | - | 43.6 |
| Other comprehensive income (loss) | | | | | | | | |
| Recycling of foreign currency translation differences to profit (loss) | | - | - | - | - | - | - | 0.0 |
| Foreign currency translation differences | | - | - | - | 1.7 | - | - | 1.7 |
| Total comprehensive income (loss) | | 0.0 | 0.0 | 0.0 | 1.7 | 43.6 | 0.0 | 45.4 |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | | - | - | - | - | - | - | 0.0 |
| Issue of share capital | | (0.0) | - | - | - | - | - | (0.0) |
| Capital decrease | | 0.0 | (121.4) | 121.4 | - | - | - | (0.0) |
| Treasury shares purchased | 0.0 | - | - | (52.1) | - | - | - | (52.1) |
| Treasury shares sold | (12.8) | - | - | 0.0 | - | - | - | 0.0 |
| Share-based payment transactions | | - | - | - | - | (12.7) | - | (12.7) |
| Total contributions by and distributions to owners | (12.8) | (0.0) | (121.4) | 69.3 | 0.0 | (12.7) | 0.0 | (64.8) |
| Other equity changes | | | | | | | | |
| Divestment of a subsidiary | | - | - | - | - | (0.4) | 0.4 | 0.0 |
| Other changes | | - | - | - | - | 0.0 | - | 0.0 |
| Total other equity changes | | 0.0 | 0.0 | 0.0 | 0.0 | (0.4) | 0.4 | 0.0 |
| Equity as of 6/30/2021 | 124.7 | 0.3 | 226.4 | (0.0) | (28.5) | 88.8 | 0.0 | 286.9 |

Notes to the condensed consolidated interim financial statements

Note 1 - Corporate information

Otello ("the Group") consists of Otello Corporation ASA ("the company") and its subsidiaries. Otello Corporation ASA (formerly Opera Software ASA) is a public limited liability company domiciled in Norway. The condensed consolidated interim financial statements ("interim financial statements") comprise Otello Corporation ASA and its subsidiaries (together referred to as the "Group"), and the Group's investments in associates. Otello Corporation ASA is traded under the ticker "Otello" on the Oslo Stock Exchange.

Note 2 - Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all of the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2021. The interim financial statements have not been subject to audit or review.

The interim financial statements are presented in US dollars (USD), unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

Note 3 - Accounting policies and critical accounting estimates

Accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021.

Critical accounting estimates

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

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2021.

Note 4 - Impairment and restructuring expenses

The fair value of the investment in Bemobi Mobile Tech S.A. has been reassessed based on the share price of that business as of June 30, 2022. With a price per share of 11.97 Brazilian real as of that date, the carrying value of the investment has been written down by USD 2.2 million.

During 2021, Otello recognized restructuring expenses in connection with a strategic cost reduction that will better align costs with revenues, and for legal and other costs related to business combinations and restructuring processes.

The loan, interests, and the accrued expenses related to the loan agreement with Vewd Software AS (totaling \$8.3 million) were written off as of June 30, 2021 due to the uncertainties of collectability. Otello continues, however, to pursue all of its entitlements. See Note 7 for more information.

| Impairment and restructuring expenses (USD million) | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|--------------|--------------|--------------|--------------|
| Salary restructuring expenses | - | (0.1) | - | (0.1) |
| Impairment expenses | (2.2) | (8.3) | (2.2) | (8.3) |
| Total | (2.2) | (8.4) | (2.2) | (8.4) |

Note 5 - Financial items

| Financial items <i>(USD million)</i> | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|-------------|------------|-------------|------------|
| Other interest income (expense), net | 0.5 | (0.1) | 0.5 | (0.1) |
| Other FX gains (losses), net | 10.6 | 1.5 | 10.6 | 1.5 |
| Profit (loss) sale of shares | (0.7) | - | (0.7) | - |
| Share of profit (loss) from associated companies | 0.9 | 1.3 | 0.9 | 1.3 |
| Net financial items (loss) | 11.3 | 2.7 | 11.3 | 2.7 |

Note 6 - Discontinued operations

| Results of discontinued operations (USD million, except earnings per share) | 1H 2022 | 1H 2021 | % change | YTD 2022 | YTD 2021 | % change |
|---|------------|-------------|-------------|------------|-------------|-------------|
| Revenue | - | 80.6 | -100 % | - | 80.6 | -100 % |
| Operating expenses | - | (73.3) | -100 % | - | (73.3) | -100 % |
| Operating profit (loss), (EBIT), excluding impairment and restructuring expenses | - | 7.2 | | - | 7.2 | |
| Impairment and restructuring expenses | - | (1.3) | | - | (1.3) | |
| Operating profit (loss), (EBIT) | - | 5.9 | | - | 5.9 | |
| Net financial items | - | (1.0) | | - | (1.0) | |
| Profit (loss) before income tax | - | 4.9 | | - | 4.9 | |
| Tax expense ¹⁾ | - | (3.8) | | - | (3.8) | |
| Profit (loss) from discontinued operations, net of tax | - | 1.1 | | - | 1.1 | |
| Net gain (loss) from sale of discontinued operations, net of tax ²⁾ | - | 55.3 | | - | 55.3 | |
| Profit (loss) from discontinued operations | - | 56.4 | | - | 56.4 | |
| Earnings per share (discontinued operations): | | | | | | |
| Basic earnings (loss) per share (USD) | - | 0.42 | | - | 0.42 | |
| Diluted earnings (loss) per share (USD) | - | 0.42 | | - | 0.42 | |
| Shares used in earnings per share calculation | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |
| Shares used in earnings per share calculation, fully diluted | 96,072,105 | 133,884,337 | | 96,072,105 | 133,884,337 | |

¹⁾ The 1H and YTD tax expense is based on an estimated tax rate for the Group.

²⁾ At the time that foreign operations are partially disposed of or sold, the foreign currency translation differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

| Cash flow information (USD million) | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|---------|---------|----------|----------|
| Cash flow from operating activities | - | 13.2 | - | 13.2 |
| Cash flow from investing activities | 191.7 | 113.8 | 191.7 | 113.8 |
| Cash flow from financing activities | - | (1.4) | - | (1.4) |

Note 6 - Discontinued operations (continued)

| Effect of disposals on the financial position of the Group | | | | |
|---|--------|----------|--------------|-----------|
| (USD million) | Bemobi | AdColony | 6/30/2022 | 6/30/2021 |
| Net assets and liabilities | - | - | - | (265.6) |
| Banker fees and other fees | - | - | - | (11.7) |
| Consideration to earnout participants | - | - | - | (13.3) |
| Estimated consideration, to be satisfied in cash (incl NWC adjustment) | - | - | - | 238.4 |
| FV assessment recognized using the equity method | - | - | - | 133.2 |
| Estimated deferred tax liabilities on sale of shares | - | - | - | (19.7) |
| Acquisition cost | - | - | - | (6.0) |
| Estimated net profit | - | - | - | 55.3 |
| Consideration received, satisfied in cash | - | 191.7 | 191.7 | 133.4 |
| Cash and cash equivalents disposed | - | - | - | (47.6) |
| Net cash inflows ¹⁾ | - | 191.7 | 191.7 | 85.8 |
| ¹⁾ Proceeds from disposal of subsidiaries and associated companies, net of cash disposed | | | | |
| Proceeds from non-controlling interests | - | - | - | 30.8 |
| Net cash inflows ¹⁾ | - | - | - | 30.8 |
| ¹⁾ Proceeds from non-controlling interests (sale of shares) | | | | |

As of December 31, 2021, the earnout amount owed by Digital Turbine for the acquisition of AdColony was still outstanding, with a payment due date of January 15, 2022. This amount was received in cash in full during 1H 2022.

Note 6 - Discontinued operations (continued)

Bemobi IPO successfully completed

On February 9, 2021, Otello announced that Bemobi Mobile Tech S.A. ("Bemobi Brazil") had set a price of 22.00 Brazilian real ("R\$") per common share for its IPO. Based on this price, the gross proceeds of the primary component of the IPO reached R\$ 1,094,117,684 (\$203,943,536), resulting in an equity value, post-money, of Bemobi Brazil at IPO of R\$ 2,000,000,024 (\$372,800,004).

On February 10, 2021, Bemobi Brazil had its first day of trading on the Bovespa stock exchange in Sao Paulo, Brazil, under the ticker "BMOB3". Otello's ownership pre-IPO was 34,553,860 shares in Bemobi, equal to 83.92% ownership, with other shareholders holding 6,622,610 shares (16.08% ownership) and hence a full share count of 41,176,470. The base offering for the IPO was 49,732,622 shares, hence giving a total share count post-IPO of 90,909,092 shares, with Otello's ownership reduced to 38.01%. The managers in the IPO had a greenshoe option where Otello could sell up to 6,388,478 additional shares at the IPO price (R\$22) by reducing its ownership to 30.98% and resulting in a gross payment to Otello of up to R \$140,546,516 (approximately \$26 million). The managers in the IPO sold an additional 1,834,272 of the potential 6,388,478 shares under the greenshoe option, reducing Otello's ownership in Bemobi Brazil to 35.99%. After fees and taxes, Otello Technology Investment AS (formerly Bemobi Holding AS) received net proceeds from the greenshoe option of R\$ 33,583,598.60 (approximately \$6 million).

As part of the use of proceeds in connection with the IPO, a dividend and share proceed payment of R\$ 431,637,688.80 (approximately USD 78 million), less R\$ 543,334.35 in Brazilian tax, was paid from Bemobi Brazil to Otello Technology Investment AS, of which R\$ 362,215,321.83 (approximately USD 65 million), less the relevant share of the Brazilian tax, was paid to Otello Corporation ASA.

Information regarding the IPO of Bemobi Brazil, including the Brazilian Final Prospectus, is available in Portuguese on the websites of Bemobi Brazil (<https://www.bemobi.com.br>), the Brazilian underwriters, the CVM and the São Paulo stock exchange.

Following the successful IPO of Bemobi on Bovespa in Brazil, Otello Corporation ASA ("Otello") is now a major shareholder in Bemobi Brazil with an ownership below 50%. Consequently, Bemobi financials are no longer consolidated into Otello's accounts but are booked according to the equity method. Please see Note 7 for more information about the equity method accounting.

Earn-out agreement and Security Holders agreements with Bemobi Mobile Tech S.A

The Group acquired the Brazilian subsidiary Bemobi Mobile Tech S.A (formerly Bemobi Midia e Entretenimento Ltda) ("Bemobi Brazil") in 2015. As part of the acquisition agreement, an earn-out agreement was entered into with the former owners. In 2018, this earn-out agreement was renegotiated in a Security Holders agreement, with a partial cash settlement of USD 20 million and 11.2 % shares in the intermediate holding company Otello Technology Investment AS (formerly Bemobi Holding AS). The shares were to be held in escrow until a major transaction in relation to Bemobi Brazil should take place (a qualified sale or an Initial Public Offering "IPO"). If such a major transaction did not take place within certain deadlines, the former owners of Bemobi Brazil could require Otello to acquire the shares at a fixed amount.

In January 2020, an amendment to the Security Holders agreement was agreed, regarding the deadline and fixed amount. The deadline for a major transaction was set at December 31, 2020, and the fixed amount was set at USD 18.6 million. At the same time, an RSU Award agreement was reached between Otello Technology Investment AS, the holding company of Otello's Bemobi business and Bemobi Brazil's CEO, Pedro Ripper regarding a share-based incentive program.

In January 2021, the parties again renegotiated the deadline for when an IPO could occur (at the same time removing a qualified sale as an option for a major transaction), and the conditions regarding transferring the shares in Otello Technology Investments AS. The deadline was set at February 15, 2021. The fixed amount was unchanged at USD 18.6 million. With the announcement of Bemobi Brazil's IPO on February 9, 2021, the clauses relating to the occurrence of a major transaction are no longer relevant. For more information regarding the IPO, please see above.

At the same time, the parties renegotiated the Security Holders agreement concerning the number of shares that the former owners of Bemobi Brazil were to receive. This was increased from 11.2 % to 16.083% of the shares in Otello Technology Investments AS, and shares in Bemobi Brazil also equaling 16.083%. The increase from 11.2% to 16.083% represents an additional portion agreed with Bemobi Brazil's CEO, Pedro Ripper, as acknowledgment for his part in negotiations of the transaction and subsequent agreements with Otello.

Further, in January 2021, the above-mentioned RSU Award agreement with Bemobi Brazil's CEO, Pedro Ripper was agreed to be terminated. Pedro Ripper and the intermediate holding company of Otello's Bemobi business, Otello Technology Investment AS, entered into a Share Call Option agreement. This agreement ensures that shares will be granted to Pedro Ripper upon an IPO of Bemobi Brazil. The shares are not automatically forfeited if his employment terminates. However, Otello Technology Investment AS might choose to exercise the call option. In addition, Pedro Ripper and Otello Technology Investment AS entered into a Voting agreement. This agreement put in place a "lock-up" of Ripper's shares and gives him voting instructions issued by Otello Technology Investment AS.

Note 6 - Discontinued operations (continued)

Definitive agreement to sell AdColony to Digital Turbine

Otello announced on February 26, 2021, that it had entered into a definitive agreement to sell AdColony to Digital Turbine, Inc. (Nasdaq: APPS) for a total estimated consideration of \$400 million.

Digital Turbine is a global mobile technology company, passionate about delivering the right content to the right person at the right time across all Android devices. The company's on-demand media platform powers frictionless app and content discovery, user acquisition and engagement, operational efficiency, and monetization opportunities. Digital Turbine's technology platform has been adopted by more than 40 mobile operators and OEMs worldwide, and has delivered more than three billion app preloads for tens of thousands of advertising campaigns. The Company is headquartered in Austin, Texas, with global offices in Arlington, Durham, Mumbai, San Francisco, Singapore and Tel Aviv.

The transaction was supported by the Board of Directors of Otello (the "Board") as well as the management of Otello and AdColony. The Board submitted the transaction to the Otello shareholders for approval at an extraordinary general meeting which took place on March 26, 2021 (the "EGM"). The vast majority of votes represented at the EGM voted in favor of the sale. The transaction closed on April 28, 2021. The completion of the transaction was subject to customary closing conditions. LUMA Securities LLC acted as exclusive financial advisor and Hogan Lovells LLP served as legal advisor to Otello in conjunction with the transaction.

Consideration and contingent assets

Initially, the total estimated consideration for the acquisition of AdColony by Digital Turbine was \$400 million, including a normalized amount of working capital and \$19 million in cash. Some or all of the cash would be returned to Otello subject to the achievement of certain future net revenue targets. Consideration for the acquisition would be as follows: (1) \$100 million in cash paid at the Closing (the "Closing Cash Consideration Amount"); (2) \$100 million to be paid on or before the 180th day following the Closing Date (the "Second Cash Consideration Amount"), less the aggregate amount of all Transaction-Related Bonuses payable on or promptly following the time of payment of the Second Cash Consideration Amount; and an amount in cash calculated based on the net revenues earned by AdColony during the earnout period (the "Earnout Payment Amount").

Otello announced on August 30, 2021, that it had agreed to settle the earnout with Digital Turbine to a fixed amount of \$204.5 million and that the payment date was moved forward to January 15, 2022. With this agreement, the total consideration for the acquisition will be \$404.5 million, including a normalized amount of working capital and \$19 million in cash.

As the amount of the Earnout Payment Amount was then fixed, it was booked as a receivable in the balance sheet as of December 31, 2021 and included in the calculation of the net profit on disposal of AdColony for the year ended December 31, 2021.

The cash for the earnout payable amount was received by Otello in early 2022.

| Closing Cash Consideration Amount | April 28, 2021 | Working Capital Adjustment |
|---|----------------|----------------------------|
| <i>(USD million)</i> | | |
| Closing Cash Consideration Amount | 100.0 | |
| minus: Indebtedness Payoff Amount | 0.0 | |
| minus: Transaction Expenses Amount | (2.4) | |
| minus: Closing Bonus Amount | (4.0) | |
| minus: Closing Bonus Employer Taxes | (0.1) | |
| Estimated Working Capital Surplus / (Shortfall) | (3.3) | (5.8) |
| Estimated Net Cash Surplus / (Shortfall) | 1.9 | 3.9 |
| Closing Payment | 92.1 | (1.8) |

| Second Cash Consideration Amount | October 26, 2021 |
|------------------------------------|------------------|
| <i>(USD million)</i> | |
| Cash Consideration Amount | 100.0 |
| minus: Transaction Expenses Amount | (1.9) |
| minus: Bonus Amount | (2.7) |
| minus: Bonus Employer Taxes | (0.1) |
| Second Payment | 95.3 |

| Earnout Payment Amount | January 15, 2022 |
|------------------------------------|------------------|
| <i>(USD million)</i> | |
| Cash Consideration Amount | 204.5 |
| minus: Transaction Expenses Amount | (4.1) |
| minus: Bonus Amount | (8.3) |
| minus: Bonus Employer Taxes | (0.4) |
| Earnout Payment | 191.7 |

Note 6 - Discontinued operations (continued)

GDPR

As reported in the media, on January 14, 2020, the Norwegian Consumer Council (NCC) filed a complaint to the Norwegian Data Protection Authority (DPA) against Grindr and five other companies, including AdColony, who is a supplier to Grindr. The NCC requests that the DPA investigate certain alleged breaches of the General Data Protection Regulation (GDPR) relating to the processing of personal data about Grindr users received from Grindr through the Grindr app. As of the date of this report, AdColony has not received any formal notification or complaint from the DPA. AdColony is currently looking into the NCC's complaint and will provide further information if and when necessary. The Company has not recognized any contingent liabilities in the interim financial statements related to this matter. Please see below for a summary of material indemnification-related obligations of Otello under that certain Share Purchase Agreement between Otello and Digital Turbine.

Material Indemnification-Related Post-Earnout Obligations

Below is a summary of material indemnification-related obligations of Otello Corporation ASA ("Otello") under that certain Share Purchase Agreement, dated February 26, 2021 (the "SPA"), between Otello, Digital Turbine, Inc., Digital Turbine Media, Inc. ("DT") and AdColony Holding AS ("AdColony"), following the settlement of DT's earnout obligations under the SPA. The summary below does not purport to be a complete and accurate summary of Otello's obligations under the SPA. For a complete understanding of all of Otello's obligations under the SPA, reference should be made to the full text of the SPA, which can be found at: <https://ir.digitalturbine.com/sec-filings/all-sec-filings/content/0001104659-21-060531/0001104659-21-060531.pdf>

None of the Indemnification Obligations of Otello, as presented below, has been recognized as liabilities in the financial statement as it has yet to be confirmed whether Otello has a present obligation that could lead to an outflow of economic benefits, nor does the Indemnification Obligations of Otello meet the recognition criteria in IAS 37 as it is not probable that an outflow of economic benefits will happen at this stage.

Indemnification Obligations of Otello

Otello is obligated to indemnify (subject to certain limitations) DT and its affiliates for losses related to the following matters:

- (i) breaches or inaccuracies of certain representations and warranties;
- (ii) breaches of certain covenants by Otello and AdColony;
- (iii) pre-closing and certain other taxes;
- (iv) the operations and subsequent sale of Skyfire Labs, Inc.; and
- (v) certain specified matters, consisting of
 - (A) an action for a claim under the Children's Online Privacy Protection Act;
 - (B) fines levied by the Norwegian Data Protection Authority pursuant to certain data privacy matters;
 - (C) fines arising from a civil investigation by the Federal Trade Commission in connection with certain data privacy matters;
 - (D) a claim for breaches of certain non-solicitation obligations of AdColony and its subsidiaries; and
 - (E) a harassment claim against a former executive of AdColony.

Note 7 - Other investments

| Other investments | 6/30/2022 | 6/30/2021 |
|---|------------------|------------------|
| <i>[USD million]</i> | | |
| Investments in associated companies | 75.2 | 143.4 |
| Loans to associated companies | - | - |
| Investments in other shares | 0.8 | 0.9 |
| Total | 76.0 | 144.3 |
| Investments in associated companies | 6/30/2022 | 6/30/2021 |
| <i>[USD million]</i> | | |
| Investments in Bemobi Mobile Tech S.A | 75.2 | 133.3 |
| Investments in Last Lion Holdings Ltd | - | 10.1 |
| Total | 75.2 | 143.4 |
| Deferred tax liabilities | 6/30/2022 | 6/30/2021 |
| <i>[USD million]</i> | | |
| Deferred tax liability for Bemobi Mobile Tech S.A | - | 19.7 |
| Deferred tax liability for Last Lion Holdings Ltd | - | - |
| Total | - | 19.7 |

Note 7 - Other investments - Bemobi

Investments in Bemobi Mobile Tech S.A

Following the successful IPO of Bemobi on Bovespa in Brazil in 2021, Otello Corporation ASA ("Otello") is now a major shareholder in Bemobi Brazil with an ownership of 36.0%. For more information regarding the IPO, please see Note 6.

On April 20, 2022, Otello announced that it had elected to change the investment regime for its holding of Bemobi shares from the 4131 regime to the 4373 regime. As a foreign investor in a public company in Brazil, Otello may choose to change its investment regime. The so-called 4373 investment refers to investors resident or domiciled abroad investing in Brazilian financial and capital markets under the rules of CMN Resolution 4373, and are subject to a special tax regime, under which capital gains are subject to 0% withholding tax.

In order to proceed with such a change, Otello has now settled the tax on the capital gain based on the difference between the share market price on March 31, 2022 and the tax cost basis.

Based on the settlement price of Bemobi of BRL 16.43 per share (total value BRL 547,582,833), Otello has paid in full BRL 65,292,003 in tax on the capital gain and IOF (Brazilian tax on financial operations) of BRL 2,042,815 for a total of BRL 67,334,818 (approximately USD 14.4 million).

The settlement and change of investment regime means that any appreciation of the shares after the change would not be subject to further taxes on capital gains or withholding taxes.

| Information regarding Bemobi Mobile Tech S.A | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|---------|---------|----------|----------|
| <i>(BRL million)</i> | | | | |
| Revenue | 754.2 | 124.4 | 754.2 | 124.4 |
| EBIT | 47.2 | 34.8 | 47.2 | 34.8 |
| Net profit (loss) | 25.9 | 32.0 | 25.9 | 32.0 |
| Assets | | | 1,372.8 | 1,065.5 |
| Non-current liabilities | | | 63.1 | 48.5 |
| Current liabilities | | | 279.2 | 2.4 |
| Equity | | | 1,030.5 | 1,014.6 |
| Otello's share of equity in BRL | | | 370.9 | 365.2 |
| Otello's share of equity in USD | | | 74.6 | 73.5 |

Note 7 - Other investments - Bemobi (continued)

| Equity method accounting | Remaining lifetime | Full value | Additional excess value |
|--|--------------------|------------------|-------------------------|
| The investment in Bemobi Mobile Tech S.A is recognized using the equity method. | | | |
| Trademark | | 2.6 | 2.6 |
| Technology | 5 years | 5.4 | 2.9 |
| Customer | 10 years | 16.0 | 15.0 |
| Goodwill | | 61.9 | 44.3 |
| Other net assets / Other net assets (including locally booked PPA values) | | 47.3 | 68.5 |
| Total fair value balance on initial recognition under the equity method in 2021 | | 133.2 | 133.2 |
| | | 6/30/2022 | 6/30/2021 |

| | | | |
|--|--|-------------|--------------|
| Balance as of 1/1 | | 89.4 | - |
| Initial recognition under the equity method | | | 133.2 |
| <i>Movements reflected through the statement of comprehensive income</i> | | | |
| Share of the profit (loss) | | 1.7 | 2.0 |
| Amortization of excess values | | (0.9) | (0.8) |
| Impairment | | (4.1) | - |
| <i>Other movements</i> | | | |
| Investment during the fiscal year | | - | - |
| Dividends received | | (1.4) | - |
| FX adjustment | | (9.5) | (1.1) |
| Balance as of 6/30 | | 75.2 | 133.3 |

On February 9, 2021, Otello announced that Bemobi Mobile Tech S.A. ("Bemobi Brazil"), had set a price of 22.00 Brazilian real ("R\$") per common share for its IPO. Based on this price, Otello engaged Deloitte to perform a PPA valuation as outlined above. The additional excess value is amortized based on remaining the lifetime.

| Share of profit (loss) from associated companies | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|---|------------|------------|------------|------------|
| Share of the profit (loss) | 1.9 | 2.1 | 1.9 | 2.1 |
| Amortization of excess values | (1.0) | (0.8) | (1.0) | (0.8) |
| Share of profit (loss) from associated companies | 0.9 | 1.3 | 0.9 | 1.3 |

Note 7 - Other investments - Vewd

Otello finalized an agreement on December 19, 2016, to sell its TV business ("Opera TV") for \$80 million. As part of this agreement, Otello retained an approximately 27% equity interest in Last Lion Holdings Ltd, through preferred shares, which indirectly owns Opera TV through Last Lion Holdco AS. In 2017, Opera TV AS changed its name to Vewd Software AS.

Otello's case regarding the potential sale of Vewd minority stake

As previously reported, Otello was successful in its claim in the High Court of Justice of England and Wales against Moore Frères & Co LLC ("MFC") and Last Lion Holdings Limited ("Last Lion"), arising from the refusal of the Board of Last Lion, which was controlled by appointees of MFC, to approve the sale of Otello's remaining ownership stake in Last Lion, being approximately 27% in the Vewd Software business. The judge granted Otello the injunction it sought requiring the board of Last Lion to approve the buyer.

The buyer did not purchase the shares on the terms of the expired Share Purchase Agreement and the High Court determined that MFC should be required to purchase Otello's shares in Last Lion from Otello for the sum of \$48 million and that MFC should be required to purchase the Loan Note issued in Otello's favor by a subsidiary of MFC for \$5 million plus accrued interest at the time of purchase (currently approximately \$1.4 million).

In default of compliance by MFC with the order for the purchase of Otello's shares in Last Lion and the Loan Note, the High Court ordered that all of the shares in the company shall be sold to a third party with a receiver appointed with all necessary powers to conduct the sale with the net proceeds of a sale being applied in satisfaction of MFC's obligation to purchase the shares and the Loan Note.

On March 17, 2021, MFC and Otello together with the Vewd Group's secured lenders (the "Lenders") under a Credit Agreement dated December 19, 2016 between Last Lion HoldCo AS ("LLH"), Vewd Software AS, the Lenders and Wilmington Trust National Association ("Wilmington Trust") reached agreement that as an interim alternative to the appointment of a receiver, a special committee (the "Special Committee") of the board of Last Lion shall be appointed. The Special Committee was tasked with selling the company or raising finance. The Special Committee was appointed on 26 April 2021 but resigned on 12 July 2021 having failed to achieve a sale.

On 15 December 2021, Vewd Software AS, and Vewd Software USA (together with LLH and Vewd, the "Vewd Debtors") commenced a Chapter 11 bankruptcy proceeding with the United States Bankruptcy Court for the Southern District of New York. Otello filed a notice of appearance and a proof of claim in the bankruptcy.

On 2 February 2022, the United States Bankruptcy Court for the Southern District of New York approved the bankruptcy plan, which included a settlement (the "Settlement") between Otello and the Vewd Debtors.

The Settlement settles claims between Otello, on the one hand, and the Vewd Debtors, on the other. Pursuant to the Settlement, Otello will provide advisory services to the entity that will become the reorganized Vewd ("Reorganized Vewd") under the Vewd Debtors' Chapter 11 plan of reorganization, pursuant to an Advisory Services Agreement, for a limited term. As compensation for its services under the Advisory Services Agreement, Otello will receive an advisory fee in the total amount of \$250,000 paid out over 12 months and be entitled to 2% of any net proceeds arising from a change of control or ownership, liquidation, dissolution, or wind up of Reorganized Vewd, provided such net proceeds are over \$140 million. Additionally, pursuant to the Settlement, Otello has an option to participate in the issuance of up to \$9 million Preferred Stock of Reorganized Vewd subject to certain conditions.

As indicated previously, Otello does not expect to get any value for its shares in Last Lion after the Chapter 11 proceeding, and the value of its shares in Last Lion has accordingly been written down to zero.

Investments in associated companies - Last Lion Holdings Ltd

Otello finalized an agreement on December 19, 2016 to sell its TV business ("Opera TV") for \$80 million. As part of this agreement, Otello retained an approximately 27% equity interest in Last Lion Holdings Ltd, through preferred shares, which indirectly owns Opera TV through Last Lion Holdco AS. In 2017, Opera TV AS changed its name to Vewd Software AS.

The investment in Last Lion Holdings Ltd is recognized using the equity method, and booked value was initially \$10.1 million as of December 31, 2021. Otello had not adjusted the investment in Last Lion Holdings Ltd in 2020 or 2021 due to the fact that we have received limited information about Last Lion Holdings Ltd financials. The provided information above is therefore only uncertain estimates. Following commencement of Chapter 11 bankruptcy proceedings by the lenders to the Vewd Group on December 15, 2021, Otello has assessed that it does not expect to get any value for its shares in Last Lion Holding Ltd, and has accordingly written down the value of its investment to zero as of December 31, 2021.

Note 8 - Right-of-use assets and lease liabilities (IFRS 16)

As a result of the sale of AdColony and the IPO of Bemobi (see Note 6 for further information on each), the majority of the Group's lease liabilities and right of use assets, along with all of the lease receivables, have been derecognized. The lease liabilities, right of use assets and lease receivables relating to AdColony and Bemobi have been derecognized with effect from when those businesses no longer formed part of the controlled Group. The remaining lease liability and right of use asset relates to the Group's office in Oslo, Norway.

The movements of the Group's right of use assets, lease receivables and lease liabilities are presented below:

| Lease liabilities (USD million) | 6/30/2022 | 6/30/2021 |
|---|-------------|-------------|
| Balance as of 1/1 | 0.3 | 4.0 |
| Additions | - | 1.6 |
| Translation differences | (0.0) | 0.0 |
| Lease payments for the principal portion of the lease liability | (0.1) | (2.0) |
| Interest expense on lease liabilities | 0.0 | 0.1 |
| Derecognized upon loss of control of businesses | - | (3.5) |
| Lease liabilities as of 6/30 | 0.2 | 0.1 |
| Of which: | | |
| Current lease liabilities (less than 1 year) | 0.1 | 0.1 |
| Non-current lease liabilities (more than 1 year) | 0.1 | 0.0 |
| Balance as of 6/30 | 0.2 | 0.1 |
| Right of use assets (USD million) | 6/30/2022 | 6/30/2021 |
| Balance as of 1/1 | 0.3 | 3.0 |
| Additions | - | 1.6 |
| Adjustment for lease receivables | - | - |
| Depreciation | (0.1) | (2.0) |
| Adjustment for depreciation related to lease receivables | - | 0.5 |
| Translation differences | - | - |
| Derecognized upon loss of control of businesses | - | (3.0) |
| Right of use assets as of 6/30 | 0.3 | 0.1 |
| Lower of remaining lease term or economic life | 0 - 3 years | 0 - 3 years |
| Depreciation plan | Linear | Linear |
| Lease receivables (USD million) | 6/30/2022 | 6/30/2021 |
| Balance as of 1/1 | - | 0.9 |
| Additions | - | - |
| Sublease payments | - | (0.5) |
| Adjustment of interest expense | - | 0.0 |
| Translation differences | - | - |
| Derecognized upon loss of control of businesses | - | (0.5) |
| Lease receivables as of 6/30 | - | - |
| Of which: | | |
| Current lease receivables (less than 1 year) | - | - |
| Non-current lease receivables (more than 1 year) | - | - |
| Balance as of 6/30 | - | - |

Translation differences arise due to the translation of lease contracts in local currencies to USD.

| IFRS 16 effects on the consolidated statement of comprehensive income (USD million) | 1H 2022 | 1H 2021 | YTD 2021 | YTD 2020 |
|--|------------|--------------|------------|--------------|
| Operating lease expenses recognized under operating expenses decreased | 0.1 | (0.1) | 0.1 | (0.1) |
| Depreciation expense increased as a result of depreciation of ROU assets | (0.1) | 0.1 | (0.1) | 0.1 |
| Net interest expense increased as a result of recognition of the lease liability | (0.0) | 0.0 | (0.0) | 0.0 |
| Translation differences | 0.0 | (0.0) | 0.0 | (0.0) |
| Net effect | 0.0 | (0.0) | 0.0 | (0.0) |

Profit for the period is not affected significantly.

Further information about the impact of IFRS 16, 'Leases', is provided in Note 2 in the Annual report for 2021.

Note 9 - Accounts receivable and other receivables

| Accounts receivable and other receivables (USD million) | 6/30/2022 | 6/30/2021 |
|--|------------|-------------|
| Accounts receivable | 0.1 | 0.1 |
| Unbilled revenue | - | 0.0 |
| Other receivables | 2.0 | 94.9 |
| Total | 2.0 | 95.0 |

Accounts receivable represent the part of receivables that have been invoiced to customers but are not yet paid. Unbilled revenue is revenue recognized in the period which was not invoiced to the customers at period end and which will be invoiced to customers in the subsequent period.

Other receivables consists of non-trade receivables and prepayments. Of this balance at June 30, 2021, USD 93.3 million represented the second cash consideration amount net of the working capital adjustment from the sale of the AdColony to Digital Turbine, Inc. The cash for this amount was received in October 2021. As of June 30, 2021, the earnout amount related to the sale was considered a contingent asset and accordingly not accounted for in the financial statements at that time. Please see Note 6 for more information about the sale.

Note 10 - Loans and borrowings

Credit facility

In January 2021, Otello signed an amendment to the 3-year Revolving Credit Facility (RCF) agreement of 2018 with DNB Bank ASA, increasing the facility from \$50 million to \$68.6 million. The payment guarantee that was signed in March 2020 of an amount equal to USD 18,561,118 in favor of Pedro Ripper, CEO of Bemobi, (on behalf of the former owners of Bemobi) was converted to be part of the RCF agreement. This conversion was carried out in February 2021 following the public listing of Otello's Bemobi business in Brazil. In addition, the termination date of the RCF was extended to June 30, 2021.

During April 2021, Otello utilized some of the proceeds received from the Bemobi IPO to fully pay back all of the \$35 million of the RCF that had previously been drawn up and terminated the RCF agreement.

As of June 30, 2022, Otello has no outstanding loans payable.

Note 11 - Alternative performance measures

Otello discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Otello believes that the alternative performance measures provide useful supplemental information to management, investors, financial analysts and other stakeholders, and are meant to provide an enhanced insight into the financial development of Otello's business operations and to improve comparability between periods.

EBITDA and EBIT terms are presented as they are commonly used by investors and financial analysts. Certain items are excluded in the alternative performance measures Adjusted EBITDA and Normalized EBIT to provide enhanced insight into the underlying financial performance of the business operations and to improve comparability between different periods.

Alternative performance measures:

Gross profit:

This comprises revenues minus publisher and revenue share cost.

EBITDA:

This is short for Earnings before financial items, taxes, depreciation and amortization. EBITDA corresponds to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income excluding depreciation and amortization expenses.

Adjusted EBITDA:

This represents EBITDA excluding stock-based compensation, impairment and restructuring expenses. Adjusted EBITDA corresponds, therefore, to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income excluding depreciation and amortization, stock-based compensation, and impairment and restructuring expenses.

EBIT:

This is short for Earnings before financial items. This is presented both including and excluding impairment and restructuring expenses in the Consolidated statement of comprehensive income. In the KPIs section of this report and the reconciliation below, EBIT represents earnings before financial items including impairment and restructuring expenses, and corresponds to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income.

| Reconciliation of gross profit (USD million) | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
|--|--------------|---------|--------------|----------|
| Total operating revenue | 0.1 | 0.0 | 0.1 | 0.0 |
| Publisher and revenue share cost | - | (0.0) | - | (0.0) |
| Gross profit | 0.1 | 0.0 | 0.1 | 0.0 |
| Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA (USD million) | 1H 2022 | 1H 2021 | YTD 2022 | YTD 2021 |
| Operating profit (loss), (EBIT) | (4.4) | (14.5) | (4.4) | (14.5) |
| Depreciation and amortization expenses | 0.4 | 0.4 | 0.4 | 0.4 |
| Impairment expenses | 2.2 | 8.3 | 2.2 | 8.3 |
| EBITDA | (1.9) | (5.8) | (1.9) | (5.8) |
| Restructuring expenses | - | 0.1 | - | 0.1 |
| Stock-based compensation expenses | - | 2.2 | - | 2.2 |
| Adjusted EBITDA | (1.9) | (3.6) | (1.9) | (3.6) |

Note 12 - Events after the reporting date

Sale of Vewd Software

On 5 July 2022, Vewd Software announced that they had been acquired by Xperi Holding Corporation for \$109 million.

Under the Settlement between Otello and the Vewd Debtors referred at Note 7, Otello would be entitled to 2% of any net proceeds arising from a change in control or ownership, liquidation, dissolution, or wind up of Reorganized Vewd, provided such net proceeds were over \$140 million. As the net proceeds pay by Xperi Holding Corporation were below this threshold, Otello has not received any further amount. However, the change of control did trigger an acceleration in the payment of Otello's advisory fee under the Advisory Services Agreement. All remaining amounts under that agreement have been received after the reporting date.

Dividend declaration

On 28 July 2022, the Company advised that the Board had resolved that day to pay a dividend to shareholders of NOK 21 per share and NOK 1,913,094,309 in total.

Last day including right: 8 August 2022

Ex-date: 9 August 2022

Record date: 10 August 2022

Payment date: 18 August 2022

No events have occurred after the reporting date that would require the interim financial statements to be adjusted.

Statement by the BOD and the CEO

Unaudited – 1H 2022 report of Otello Corporation ASA

The Board of Directors and the CEO have today reviewed and approved the condensed consolidated interim financial statements (“interim report”) for Otello Corporation ASA for the first half of 2022.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Norwegian disclosure requirements in accordance with the Norwegian Securities Trading Act.

The Board of Directors and the CEO consider the accounting policies applied to be appropriate. Accordingly, to the best of their knowledge and without the benefit of an audit, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2022, and of the results of the Group's operations and cash flows for the first half of 2022.

The Board of Directors and the CEO also consider the interim report to give a true and fair view of the information required by the Norwegian Securities Trading Act section 5–6 paragraph 4.

Oslo, August 17, 2022

The Board of Directors

Otello Corporation ASA

André Alexander Christensen, Chairman

Karin Fløistad

Lin Song

Magdalena Maria Kadziolka (Giambalvo)

Maria Borge Andreassen

Lars Rahbæk Boilesen, CEO

