

HALF-YEAR REPORT
2H 2022

OTELLO CORPORATION ASA

otello™

HIGHLIGHTS

- Dividend of 21 NOK per share, a total of over 1.9 billion NOK paid to Otello shareholders.

*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) *	2H22	2H21	YTD 2022	YTD 2021
Revenue	0.1	0.0	0.2	0.1
Adj. EBITDA	(1.5)	(2.7)	(3.3)	(6.3)
EBIT	6.1	(54.3)	1.6	(69.1)
Net income	11.0	(38.5)	15.7	(51.2)
EPS (USD)	0,12	(0,33)	0,17	(0,41)

* Continuing operations, 2H21 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 sale of AdColony to Digital Turbine in 2021, both Bemobi and AdColony have been treated as discontinued businesses. Otello's remaining non-controlling interest in Bemobi, however, is considered part of the continuing operations. 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 (including depreciation and stock-based compensation expenses but excluding restructuring expenses) decreased 37 percent vs 2H21, due in particular to reduction in the corporate workforce due to the successful completion of Bemobi IPO and AdColony sale being completed.

Employee benefits expense was USD 1.0 million in 2H22, versus USD 1.9 million in 2H21, down 47 percent from the corresponding period last year due to lower variable salary and a reduction in the corporate workforce as a result of the successful completion of the Bemobi IPO and AdColony sale.

Depreciation and amortization expenses were USD 0.3 million in 2H22 (USD 0.4 million), down 10% versus the corresponding period last year.

Other operating expenses were USD 0.6 million in 2H22 (USD 0.8 million), down 27 percent from the corresponding period last year, due in particular to a lower activity level

and associated expenses, following the Bemobi IPO and AdColony sale in the prior year.

In 2H 2022 Otello continue to deliver on its promises to return cash to shareholders. As a result of the successful completion of Bemobi IPO and AdColony sale, Otello paid out 21 NOK per share, a total of over 1.9 billion NOK to our shareholders. The dividend was resolved pursuant to the Authorization granted by the Annual General Meeting held on 2 June 2022.

Adjusted EBITDA and EBITDA

Adjusted EBITDA

Adjusted EBITDA was USD (1.5) million in 2H22, compared to USD (2.7) million in the corresponding period in 2021, an improvement due to lower cost in 2H22 vs 2H21.

EBITDA

EBITDA was USD (1.5) million in 2H22, an improvement from USD (2.7) million in the corresponding period in 2H21.

Impairment and restructuring expenses

In 2H22 Otello recognized a gain of USD 7.9 million relating to the fair value of the investment in Bemobi Brazil. It has been reassessed based on the 14.31 Brazilian real share price of that business as of December 31, 2022.

Net financial items

Otello recognized a gain from net financial items in 2H22 of USD 4.9 million, compared to a gain of USD 7.3 million in the corresponding period last year. The 2H22 gain is primarily FX gains on our cash holdings of USD 0.7 million and our share of profit (equity method) of our ownership of Bemobi shares of USD 4.2 million.

The key FX rates used during the half were:

USD:BRL

As of December 31, 2022: 5.2854

For the December period 2022: 5.2448

For the September period 2022: 5.2250

USD:NOK

As of December 31, 2022: 9.8493

For the December period 2022: 9.8781

For the September period 2022: 10.2467

Net income

2H22 net income was USD 11.0 million compared to USD (38.5) million in the corresponding period last year. The 2H22 numbers are positively impacted a favorable revaluation for our holding in Bemobi and net financial items. EPS and fully diluted EPS for the continuing operations were USD 0.12 and USD 0.12, respectively, in 2H22, compared to USD (0.33) and USD (0.33), respectively, in 2H21.

Financial position and cash flow

Otello's net cash flow from operating activities (continuing operations) was USD 0.0 million in 2H22, compared to USD 2.7 million in 2H21, down due to lower FX gains.

Cash flow from investment activities (continuing operations) amounted to USD 0.3 million, vs USD (0.2) million from the corresponding half last year, driven by receipt of a settlement related to the Vewd investment.

Cash flow from financing activities (continuing operations) was USD (196.9) million in 2H22, compared to USD (80.6) million in 2H21. Use of cash in the second half of 2022 relates almost exclusively to the dividend payment of NOK 21 per share.

Cash and cash equivalents at the end of 2H22 were USD 18.4 million compared to USD 79.0 million in 2H21.

The company's equity was USD 107.4 million at the end of 2H22, corresponding to an equity ratio of 97.8%.

Organization

At the end of the 2H22, Otello had 6 full-time employees and equivalents.

BUSINESS OVERVIEW

Bemobi

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 has not yet reported their Q4 2022 numbers but have provided updates to the market in connection with their Q3 2022 report as well as an investor day held in November 2022.

Highlights from Bemobi's Q3 2022 report:

- The Company kept on its trend of increasing results, enhancing the main operating and financial metrics.
- Microfinance transactions remained on a fast pace of growth, while we saw a solid addition of digital subscription users, mainly in international operations.
- Evolution on payments and microfinance solutions bolster Bemobi's transformation strategy to expand its role as a fintech focused on digital payments and microcredit in emerging markets.
- Adjusted Net Revenue expanded 87% compared to the same quarter of 2021, reaching R\$141 million, as a result from the acquisitions made in late 2021 alongside a solid organic performance.
- Revenue from Microfinance, Digital Payment and PaaS solutions totaled 66% of total adjusted net revenue, an increase of 26 p.p. from 3Q21.
- Adjusted EBITDA at R\$45.4 million in 3Q22, +44% vs. 3Q21, and adjusted EBITDA margin reached 32.1%.
- Adjusted net income of R\$40.0 million, positively impacted by R\$12.5 million from the mark-to-market swap transaction for share buyback.
- The expansion of the cash position was a highlight, reaching R\$546 million, a R\$53 million increase due to an improved working capital and a greater financial result.

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. Otello will have an opportunistic view on its financial investment in the company.

Otello has, as a result of the transactions above and proceeds received, already repaid all our debt, and launched and completed a share buyback program accessible to all shareholders of over USD 100 million and paid in 2022 nearly USD 200 million in dividend to our shareholders. Going forward, the goal is to maximize the value of all our remaining assets and continue to aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

Oslo, February 16, 2023
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	2H 2022	2H 2021	% change	YTD 2022	YTD 2021	% change
(USD million, except earnings per share)							
Continuing operations							
Revenue	3	0.1	0.0	825 %	0.2	0.1	239 %
Total operating revenue		0.1	0.0	825 %	0.2	0.1	239 %
Employee benefits expense	3	(1.0)	(1.9)	-47 %	(2.2)	(6.7)	-68 %
Depreciation and amortization expenses	3	(0.3)	(0.4)	-10 %	(0.7)	(0.8)	-8 %
Other operating expenses	3	(0.6)	(0.8)	-27 %	(1.4)	(1.9)	-25 %
Total operating expenses		(1.9)	(3.1)	-37 %	(4.3)	(9.3)	-54 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses		(1.8)	(3.1)		(4.0)	(9.2)	
Impairment gains (losses) and restructuring expenses	4	7.9	(51.2)		5.7	(59.9)	
Operating profit (loss), (EBIT)		6.1	(54.3)		1.6	(69.1)	
Net financial items	5	4.9	7.3		16.2	10.4	
Profit (loss) before income tax		11.0	(46.9)		17.9	(58.7)	
Tax expense ¹⁾		0.0	8.5		(2.2)	7.5	
Profit (loss) from continuing operations		11.0	(38.5)		15.7	(51.2)	
Discontinued operations							
Profit (loss) from discontinued operations, net of tax	6	0.3	189.9		0.3	220.1	
Profit (loss) from discontinued operations		0.3	189.9		0.3	220.1	
Profit (loss)		11.3	151.5		16.0	168.9	
Items that may or will be transferred to profit (loss)							
Foreign currency translation differences		1.6	(6.5)		2.3	(7.4)	
Reclassification of foreign currency translation reserve		-	-		-	30.2	
Items that will not be transferred to profit (loss)							
Foreign currency translation differences		3.1	-		(34.2)	-	
Total comprehensive income (loss)		16.0	145.0		(15.9)	191.7	
Earnings (loss) per share:							
Basic earnings (loss) per share (USD)		0.12	1.31		0.17	1.35	
Diluted earnings (loss) per share (USD)		0.12	1.31		0.17	1.35	
Shares used in earnings per share calculation		91,099,729	115,493,282		93,565,482	124,603,099	
Shares used in earnings per share calculation, fully diluted		91,099,729	115,493,282		93,565,482	124,603,099	
Earnings per share (continuing operations):							
Basic earnings (loss) per share (USD)		0.12	(0.33)		0.17	(0.41)	
Diluted earnings (loss) per share (USD)		0.12	(0.33)		0.17	(0.41)	
Shares used in earnings per share calculation		91,099,729	115,493,282		93,565,482	124,603,099	
Shares used in earnings per share calculation, fully diluted		91,099,729	115,493,282		93,565,482	124,603,099	

¹⁾ The 2H and YTD tax expense is based on an estimated tax rate for the Group.

Consolidated statement of financial position

(USD million)	Note	12/31/2022	12/31/2021 (Audited)
Assets			
Property, plant and equipment		0.3	1.0
Investments	7	89.4	90.3
Right of use assets	8	0.2	0.3
Other non-current assets		0.0	0.6
Total non-current assets		89.9	92.2
Accounts receivable	9	0.1	0.1
Other receivables	9	1.4	193.7
Cash and cash equivalents		18.4	79.0
Total current assets		19.9	272.8
Total assets		109.8	365.0

(USD million)	Note	12/31/2022	12/31/2021 (Audited)
Shareholders' equity and liabilities			
Equity attributable to owners of the company		107.4	351.3
Total equity		107.4	351.3
Liabilities			
Deferred tax liabilities	7	-	10.2
Lease liabilities	8	0.1	0.2
Other non-current liabilities		0.0	0.6
Total non-current liabilities		0.1	11.0
Lease liabilities	8	0.1	0.1
Accounts payable		0.2	0.2
Other current liabilities		2.0	2.4
Total current liabilities		2.3	2.7
Total liabilities		2.4	13.7
Total equity and liabilities		109.8	365.0

Consolidated statement of cash flows

(USD million)	Note	2H 2022	2H 2021	YTD 2022	YTD 2021
Reconciliation of profit (loss) before taxes					
Profit (loss) before income taxes		11.0	(46.9)	17.9	(58.7)
Profit (loss) from discontinued operations, net of tax	6	0.3	189.9	0.3	220.1
Provision for taxes, discontinued operations	6	-	0.0	-	3.8
Profit (loss) before taxes, as presented in the statement of cash flows below		11.3	143.0	18.2	165.2
Cash flow from operating activities					
Profit (loss) before taxes		11.3	143.0	18.2	165.2
Income taxes paid		0.0	-	0.0	(0.0)
Depreciation and amortization expense		0.3	0.4	0.7	7.0
Impairment loss recognized in profit (loss)	4	(7.9)	51.2	(5.7)	59.8
Changes in accounts receivable		0.0	0.1	(0.0)	17.6
Changes in accounts payable		0.0	(0.0)	(0.0)	(9.0)
Other adjustments for which cash effects are investing or financing cash flow	5	(0.3)	(188.9)	0.4	(215.7)
Other adjustments for non-cash items		0.9	0.6	1.1	(5.7)
Share of net income (loss) from associated companies		(4.2)	(1.4)	(5.1)	(3.0)
Share-based remuneration		-	(0.0)	-	(14.1)
FX differences related to changes in balance sheet items		(0.2)	(2.2)	(0.4)	2.7
Net cash flow from operating activities		(0.0)	2.7	9.1	4.8
- of which included in continuing operations		(0.0)	2.7	9.1	(10.5)
- of which included in discontinued operations		-	-	-	15.3
Cash flow from investing activities					
Purchases of property, plant and equipment (PP&E) and intangible assets		-	(0.2)	-	(0.1)
Capitalized R&D costs		-	-	-	(2.8)
Cash flows from losing control of subsidiaries	6	0.6	93.5	191.2	179.3
Dividends received	6, 7	0.0	-	1.4	30.8
Income taxes paid		-	-	(13.9)	-
Other cash payments to acquire equity or debt instruments of other entities		-	-	(0.0)	(0.1)
Net cash flow from investing activities		0.6	93.2	178.7	207.1
- of which included in continuing operations		0.3	(0.2)	(13.2)	(0.3)
- of which included in discontinued operations		0.3	93.5	192.0	207.4
Cash flow from financing activities					
Payments of other equity instruments		-	(0.0)	-	(0.1)
Proceeds from exercise of treasury shares (incentive program)		-	0.0	-	0.0
Payments to acquire entity's shares		0.0	(80.5)	(31.2)	(132.6)
Payment of finance lease liabilities, net	8	(0.1)	(0.1)	(0.1)	(1.5)
Repayments of loans and borrowings	10	-	-	-	(35.5)
Payment of dividends to equity holders of Otello Corporation ASA		(196.8)	-	(196.8)	-
Net cash flow from financing activities		(196.9)	(80.6)	(228.1)	(169.7)
- of which included in continuing operations		(196.9)	(80.6)	(228.1)	(168.3)
- of which included in discontinued operations		-	-	-	(1.4)
Net change in cash and cash equivalents		(196.3)	15.3	(40.2)	42.2
Cash and cash equivalents (beginning of period)		211.6	68.0	79.0	41.9
Effects of exchange rate changes on cash and cash equivalents		3.1	(4.2)	(20.4)	(5.1)
Cash and cash equivalents ¹⁾		18.4	79.0	18.4	79.0
- of which included in cash and cash equivalents in the balance sheet		18.4	79.0	18.4	79.0

¹⁾ Of which \$0.2 (12/31/21: \$0.1) million is restricted cash and cash equivalents as of December 31, 2022.

Consolidated statement of changes in equity

(USD million)	Number of shares	Issued capital	Share premium	Treasury shares	Trans-lation 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)		-	-	-	-	16.0	-	16.0
Other comprehensive income (loss)								
Recycling of foreign currency translation differences to profit (loss)		-	-	-	-	-	-	0.0
Foreign currency translation differences		-	-	-	2.3	(34.2)	-	(31.9)
Total comprehensive income (loss)		0.0	0.0	0.0	2.3	(18.2)	0.0	(15.9)
Contributions by and distributions to owners								
Dividends		-	-	-	-	(196.8)	-	(196.8)
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	(196.8)	0.0	(228.0)
Other equity changes								
Divestment of a subsidiary		-	-	-	-	-	-	0.0
Total other equity changes		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity as of 12/31/2022	91.1	0.2	114.8	0.0	(0.5)	(7.1)	0.0	107.4

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 2H 2022, Otello purchased 0 (YTD: 10,000,000) treasury shares for \$0.0 million (YTD: \$31.2 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: \$0.0 million).

During 2H 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 December 31, 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)		-	-	-	-	168.9	-	168.9
Other comprehensive income (loss)								
Recycling of foreign currency translation differences to profit (loss)		-	-	-	30.2	-	-	30.2
Foreign currency translation differences		-	-	-	(2.8)	(4.6)	-	(7.4)
Total comprehensive income (loss)		0.0	0.0	0.0	27.5	164.3	0.0	191.7
Contributions by and distributions to owners								
Dividends		-	-	-	-	-	-	0.0
Issue of share capital		-	-	-	-	-	-	0.0
Capital decrease		(0.1)	(201.9)	201.9	-	-	-	0.0
Treasury shares purchased	(36.5)	-	-	(132.6)	-	-	-	(132.6)
Treasury shares sold	0.0	-	-	0.0	-	-	-	0.0
Share-based payment transactions		-	-	-	-	(14.1)	-	(14.1)
Total contributions by and distributions to owners	(36.5)	(0.1)	(201.9)	69.3	0.0	(14.1)	0.0	(146.8)
Other equity changes								
Divestment of a subsidiary		-	-	-	-	(0.4)	0.4	0.0
Total other equity changes		0.0	0.0	0.0	0.0	(0.4)	0.4	0.0
Equity as of 12/31/2021	101.1	0.3	145.9	(0.0)	(2.8)	207.9	0.0	351.3

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 December 31, 2022. With a price per share of 14.31 Brazilian real as of that date, the carrying value of the investment has been written up during the second half 2022 by USD 7.9 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 investment in shares in Last Lion Holdings Ltd (totaling \$10.1 million) was written off as of December 31, 2021 following the commencement of bankruptcy proceedings against the Vewd Group.

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. See Note 7 for more information.

Impairment and restructuring expenses (USD million)	2H 2022	2H 2021	YTD 2022	YTD 2021
Salary restructuring expenses	-	-	-	(0.1)
Impairment expenses	7.9	(51.2)	5.7	(59.8)
Total	7.9	(51.2)	5.7	(59.9)

Note 5 - Financial items

Financial items	2H 2022	2H 2021	YTD 2022	YTD 2021
<i>(USD million)</i>				
Other interest income (expense), net	0.6	(0.0)	1.1	(0.1)
Other FX gains (losses), net	0.1	6.2	10.7	7.7
Profit (loss) sale of shares	(0.0)	(0.3)	(0.7)	(0.3)
Share of profit (loss) from associated companies	4.2	1.4	5.1	3.1
Net financial items (loss)	4.9	7.3	16.2	10.4

Note 6 - Discontinued operations

Results of discontinued operations (USD million, except earnings per share)	2H 2022	2H 2021	% change	YTD 2022	YTD 2021	% change
Revenue	-	-	-100 %	-	80.6	-100 %
Operating expenses	-	-	-100 %	-	(71.2)	-100 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses	-	-		-	9.4	
Impairment gains (losses) and restructuring expenses	-	-		-	(1.3)	
Operating profit (loss), (EBIT)	-	-		-	8.1	
Net financial items	-	-		-	(1.0)	
Profit (loss) before income tax	-	-		-	7.1	
Tax expense ¹⁾	-	-		-	(3.8)	
Profit (loss) from discontinued operations, net of tax	-	-		-	3.3	
Net gain (loss) from sale of discontinued operations, net of tax ²⁾	0.3	189.9		0.3	216.8	
Profit (loss) from discontinued operations	0.3	189.9		0.3	220.1	
Earnings per share (discontinued operations):						
Basic earnings (loss) per share (USD)	0.0	1.64		0.0	1.77	
Diluted earnings (loss) per share (USD)	0.0	1.64		0.0	1.77	
Shares used in earnings per share calculation	91,099,729	115,493,282		93,565,482	124,603,099	
Shares used in earnings per share calculation, fully diluted	91,099,729	115,493,282		93,565,482	124,603,099	

¹⁾ The 2H 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)	2H 2022	2H 2021	YTD 2022	YTD 2021
Cash flow from operating activities	-	-	-	15.3
Cash flow from investing activities	0.3	93.5	192.0	207.4
Cash flow from financing activities	-	-	-	(1.4)

Note 6 - Discontinued operations (continued)

Effect of disposals on the financial position of the Group

(USD million)	Bemobi	AdColony	12/31/2022	12/31/2021
Net assets and liabilities	-	-	-	(265.6)
Banker fees and other fees	-	-	-	(24.3)
Consideration to earnout participants	-	-	-	(13.3)
Estimated consideration, to be satisfied in cash (incl NWC adjustment)	-	0.3	0.3	442.9
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	-	0.3	0.3	247.2
Consideration received, satisfied in cash	-	192.0	192.0	226.9
Cash and cash equivalents disposed	-	-	-	(47.6)
Net cash inflows ¹⁾	-	192.0	192.0	179.3
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).

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.

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.

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.

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 - Investments

Investments	12/31/2022	12/31/2021
<i>[USD million]</i>		
Investments in associated companies	88.6	89.4
Loans to associated companies	-	-
Investments in other shares	0.8	0.9
Total	89.4	90.3
Investments in associated companies	12/31/2022	12/31/2021
<i>[USD million]</i>		
Investments in Bemobi Mobile Tech S.A	88.6	89.4
Investments in Last Lion Holdings Ltd	-	-
Total	88.6	89.4
Deferred tax liabilities	12/31/2022	12/31/2021
<i>[USD million]</i>		
Deferred tax liability for Bemobi Mobile Tech S.A	-	10.2
Deferred tax liability for Last Lion Holdings Ltd	-	-
Total	-	10.2

Note 7 - 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	2H 2022	2H 2021	YTD 2022	YTD 2021
<i>(BRL million)</i>				
Revenue	749.9	151.3	1,504.1	488.8
EBIT	50.2	50.7	97.4	87.7
Net profit (loss)	74.1	38.0	100.0	75.4
Assets			1,395.0	1,445.5
Non-current liabilities			70.5	66.3
Current liabilities			260.7	349.4
Equity			1,063.7	1,029.7
Otello's share of equity in BRL			382.8	370.6
Otello's share of equity in USD			72.4	66.5

Note 7 - 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

	12/31/2022	12/31/2021
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)	7.0	4.8
Amortization of excess values	(1.8)	(1.8)
Impairment	4.6	(41.4)
<i>Other movements</i>		
Investment during the fiscal year	-	-
Dividends received	(1.4)	-
FX adjustment	(9.2)	(5.4)
Balance as of 12/31	88.6	89.4

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	2H 2022	2H 2021	YTD 2022	YTD 2021
Share of the profit (loss)	5.1	2.4	7.0	4.9
Amortization of excess values	(0.9)	(1.0)	(1.8)	(1.8)
Share of profit (loss) from associated companies	4.2	1.4	5.1	3.1

Note 7 - 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 View, 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.

The logo for Otello, featuring the word "otello" in a lowercase, white, sans-serif font on a teal background. A small trademark symbol (TM) is located to the right of the word.

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)	12/31/2022	12/31/2021
Balance as of 1/1	0.3	4.0
Additions	0.0	1.8
Translation differences	(0.0)	(0.1)
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 12/31	0.2	0.3
Of which:		
Current lease liabilities (less than 1 year)	0.1	0.1
Non-current lease liabilities (more than 1 year)	0.1	0.2
Balance as of 12/31	0.2	0.3
Right of use assets (USD million)	12/31/2022	12/31/2021
Balance as of 1/1	0.3	3.0
Additions	0.0	1.8
Adjustment for lease receivables	-	-
Depreciation	(0.1)	(1.9)
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 12/31	0.2	0.3
Lower of remaining lease term or economic life	0 - 3 years	0 - 3 years
Depreciation plan	Linear	Linear
Lease receivables (USD million)	12/31/2022	12/31/2021
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 12/31	-	-
Of which:		
Current lease receivables (less than 1 year)	-	-
Non-current lease receivables (more than 1 year)	-	-
Balance as of 12/31	-	-

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)	2H 2022	2H 2021	YTD 2022	YTD 2021
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
Other	-	-	-	-
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)	12/31/2022	12/31/2021
Accounts receivable	0.1	0.0
Unbilled revenue	0.0	0.0
Other receivables	1.4	193.7
Total	1.5	193.8

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 December 31, 2021, USD 191.7 million represented the locked-in earnout amount recognized from the sale of AdColony to Digital Turbine, Inc. The cash for the earnout amount was received in early 2022. 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 December 31, 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)	2H 2022	2H 2021	YTD 2022	YTD 2021
Total operating revenue	0.1	0.0	0.2	0.1
Publisher and revenue share cost	-	-	-	-
Gross profit	0.1	0.0	0.2	0.1
Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA (USD million)	2H 2022	2H 2021	YTD 2022	YTD 2021
Operating profit (loss), (EBIT)	6.1	(54.3)	1.6	(69.1)
Depreciation and amortization expenses	0.3	0.4	0.7	0.8
Impairment gains (losses)	(7.9)	51.2	(5.7)	59.8
EBITDA	(1.5)	(2.7)	(3.3)	(8.6)
Restructuring expenses	-	(0.0)	-	0.1
Stock-based compensation expenses	-	0.0	-	2.2
Adjusted EBITDA	(1.5)	(2.7)	(3.3)	(6.3)

Note 12 - Events after the reporting date

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