

HALF-YEAR REPORT

1H 2021

OTELLO CORPORATION ASA

HIGHLIGHTS

- Successful IPO of Bemobi in Brazil
- Signed and closed definitive agreement to sell AdColony to Digital Turbine
- Generated \$164 million in gross proceeds from Bemobi IPO and first installment from Digital Turbine
- Repaid all interest-bearing debt, a total of \$35 million
- Launched buyback program to all shareholders buying back \$52 million worth of Otello shares

*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)* | 1H21 | 1H20 | YTD 2021 | YTD 2020 |
|-------------------------------|---------------|--------------|---------------|--------------|
| Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| AdColony (Mobile Advertising) | 0.0 | 0.0 | 0.0 | 0.0 |
| Bemobi (Apps & Games) | 0.0 | 0.0 | 0.0 | 0.0 |
| Corporate | 0.0 | 0.0 | 0.0 | 0.0 |
| Adj. EBITDA | (3.6) | (2.3) | (3.6) | (2.3) |
| AdColony (Mobile Advertising) | 0.0 | 0.0 | 0.0 | 0.0 |
| Bemobi (Apps & Games) | 0.0 | 0.0 | 0.0 | 0.0 |
| Corporate | (3.6) | (2.3) | (3.6) | (2.3) |
| EBIT | (14.5) | (3.3) | (14.5) | (3.3) |
| Net income | (12.8) | 3.8 | (12.8) | 3.8 |
| EPS (USD) | (0,10) | 0,03 | (0,10) | 0,03 |

*Continuing operations, 1H20 re-represented

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

1H21 was a very eventful for Otello with both the successful IPO of Bemobi in Brazil as well as signing and closing of AdColony sale to Digital Turbine.

As a result of these transactions both AdColony and Bemobi have been treated as discontinued businesses in 1H21. Thus, all numbers below only relate to Corporate (HQ) For details on discontinued operations please refer to Note 4 in this report.

Total operating expenses (including depreciation and stock-based compensation expenses but excluding restructuring expenses) increased 96% vs 1H20, due in particular to higher payroll and stock-based compensation due to increasing shareprice and the successful completion of Bemobi IPO and AdColony sale.

Payroll and related expenses, excluding stock-based compensation expenses, were USD 2.6 million in the 1H21, versus USD 1.5 million in 1H20, up 69 percent from the corresponding period last year due to higher variable pay.

Stock-based compensation expenses were USD 2.2 million in 1H21 compared to USD 0.3 million in 1H20, up due to a significant increase in the shareprice in the period and acceleration of options.

Depreciation and amortization expenses were USD 0.4 million in 1H21 (USD 0.6 million), down versus the corresponding period last year with a reduction in overall

depreciation and amortization from intangible assets.

Other operating expenses were USD 1.0 million in 1H21 (USD 0.9 million), up 19 percent from the corresponding period last year, due in particular to high activity level and transactions in the half.

Adjusted EBITDA and EBITDA

Adjusted EBITDA

Adjusted EBITDA was USD (3.6) million in 1H21, compared to USD (2.3) million in the corresponding period in 2020, down due to higher cost in 1H21 vs 1H20.

EBITDA

EBITDA was USD (5.8) million in 1H21, down from USD (2.7) million in the corresponding period in 2020. The lower EBITDA is due to higher expenses in 1H21 vs 1H20.

Impairment and restructuring expenses

In 1H21 Otello did a \$8.3 million write off linked to Vewd Software AS. Otello entered into a loan agreement in 2017 of \$5 million with Vewd Software AS (formerly Opera TV AS). This loan is outstanding, with an accrued interest of \$1.0 million, as of June 30, 2021. In addition, Otello has accrued £1.66 million to reflect the part of the Otello's cost that MFC has been ordered to pay as part of the ongoing legal proceedings between the parties. Both the loan, interests, and the accrued expenses have been written off as of June 30, 2021, due to uncertainties of collectability.

Net financial items

Otello recognized a gain from net financial items in 1H21 of USD 2.7 million, compared to a gain of USD 9.6 million in the corresponding period last year.

Net income

1H21 net income was USD (12.8) million compared to USD 3.8 million in the corresponding period last year. The 1H21 numbers are negatively impacted by a write off linked to Vewd Software AS and expense linked to Bemobi IPO and AdColony sale. EPS and fully diluted EPS for the continuing operations were USD (0.10) and USD (0.10),

respectively, in 1H21, compared to USD 0.03 and USD 0.03, respectively, in 1H20.

Financial position and cash flow

Otello's net cash flow from operating activities was USD (11.0) million in 1H21, compared to USD (6.1) million in 1H20, down due to higher cost from the Bemobi IPO and AdColony sale. Cash flow from investment activities amounted to USD (0.1) million, vs USD (0.0) million from the corresponding half last year.

Cash flow from financing activities was USD (87.6) million in 1H21, compared to USD 8.8 million in 1H20. Use of cash in the first half 2021 relates predominantly to share buybacks USD (52.1) million and the

complete repayment of all interest-bearing debt USD (35.5) million.

Cash and cash equivalents at the end of 1H21 were USD 68.0 million compared to USD 33.5 million in 1H20. In 1H21 Otello repaid all its interest-bearing debt and subsequently cancelled the Revolving Credit Facility (RCF) agreement with DNB Bank ASA.

The company's equity was USD 286.9 million at the end of 1H21, corresponding to equity ratio of 92.6%.

Organization

At the end of the 1H21, Otello had 9 full-time employees and equivalents.

BUSINESS OVERVIEW

AdColony

Business Overview

AdColony is a leading mobile advertising platform dedicated to delivering authentic advertising experiences across today's top apps. Originally founded in 2008, AdColony has been an innovation leader in mobile advertising and monetization since Apple first introduced the App Store. Founded by game developers, for game developers, AdColony is committed to delivering an experience that makes monetizing a win for advertisers, developers, and users alike.

AdColony's mission is to drive business outcomes that matter for advertisers and publishers using its best-in-class mobile technology, the highest-quality mobile ad experiences and leveraging curated reach.

Thanks to industry-leading research, consumer insights, and award-winning campaigns globally, AdColony has been at the top of the conversation about mobile games and how they factor into the global consumer mindset both in general and in this specific moment in time.

Financial Overview

Due to the sale of AdColony to Digital Turbine which was executed effectively 29. April 2021 the business is treated as discontinued operations for the period.

Transaction

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.

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.

Total estimated consideration for the acquisition is \$400 million, including a normalized amount of working capital and \$19 million in cash. Some or all of the cash will be returned to Otello subject to the achievement of certain future net revenue targets: (1) \$100 million in cash to be paid at closing (2) \$100 million in cash to be paid six months following the closing, and (3) 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. The earn-out portion is not capped and is subject to change based on actual results.

Actual, unaudited 1Q21 performance for AdColony on net revenue was @ 106.35% vs. the plan agreed with Digital Turbine, which is tied to our annual guidance of \$250-290 million in Gross Revenue.

Actual, unaudited 2Q21 performance for AdColony on net revenue was @ 96.7% vs. the plan agreed with Digital Turbine, which is tied to our annual guidance of \$250-290 million in Gross Revenue.

Combined, the actual, unaudited 1H21 performance for AdColony on net revenue was @ 101.03%. AdColony's 1H21 performance extrapolated for the full FY 2021 would yield a payout of around 105.5% of plan or around \$211 million for the earn-out portion of the payment.

Bemobi

Business Overview

Bemobi is a Technology company specializing in the distribution and monetization of apps, games, and mobile digital services. We operate in a B2B2C (Business-to-Business-to-Consumer) model, i.e., we offer our services to a company that offers them to the final consumer. Bemobi currently operates in partnership with mobile network carriers, enabling our services to be paid for via prepaid credit and/or postpaid accounts.

Our business is based on an innovative model of subscriptions at the right pricing point, in line with the reality of the majority of the population in Brazil and other emerging countries. We also offer several microfinance services that further enable and accelerate the popularization of digital services.

Drawing on Artificial Intelligence and Machine Learning, our proprietary platform

for digital distribution (Loop) monitors the consumption of millions of mobile users, in partnership with some of the largest carriers in the world, to understand their journey and transform friction points into digital channels that bring relevant offers to each user at the right time, on the most adequate channel and at a suitable price.

Our “end-to-end” platform connects smartphone users to applications, games, and digital services. It is a win-win model capable of generating value for all parties involved, and that is promoted through revenue share agreements.

Mobile telecom providers allow us to use its customers' invoice, creating an inclusive and accessible digital collection model for the majority of the population in the countries where we operate. The carriers are benefited by offering clients a services suite that ends up becoming even more complete, as they add their brands to our services, helping their promotion and communication within the market, thus generating new revenues, and

boosting the profitability of their current client base.

App and game developers, in turn, seize value through recurring additional revenues due to our digital channels, our attractive pricing model and our collection skills. All of these attributes are different from and complementary to traditional models.

Last, the final consumer - the focus of our attention and the main beneficiary - gains access to a complete and innovative portfolio of digital products and services at a suitable price and with easy payment methods. These factors have historically limited access to mobile entertainment apps.

Bemobi IPO

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 sharecount 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 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 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, has been paid from Bemobi Brazil to Otello Technology Investment AS (formerly Bemobi Holding 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 6 for more information about the equity method accounting.

It is expected that any future sale of shares in Bemobi Brazil will be subject to capital gains tax in Brazil. Such gains are subject to progressive rates, based on the taxable profit.

Under existing tax laws, tax is payable as follows:

- 1) 15.0% on capital gains up to R\$ 5 million
- 2) 17.5% on the portion of capital gains between R\$ 5 million and R\$ 10 million
- 3) 20.0% on the portion of capital gains between R\$ 10 million and R\$ 30 million
- 4) 22.5% on the portion of capital gains over R\$ 30 million

As of reporting date, the tax cost base of Otello's remaining 35.99% shareholding in Bemobi Brazil is R\$ 242,396,152.87.

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.

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

As reported to the market on September 14, 2018, 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 is 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 to approve the buyer.

The buyer did not purchase the shares on the terms of the expired Share Purchase Agreement. Otello subsequently restored the proceedings in order to pursue alternative remedies. 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 favour by a subsidiary of MFC for \$5 million plus accrued interest at the time of purchase (currently approximately \$1.2 million). It is however understood that MFC's only substantial asset is its shareholding in Last Lion.

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. The court ordered that a receiver

will be appointed if MFC had not purchased Otello's shares in Last Lion and the Loan Note by January 8, 2021. That deadline was extended to March 19, 2021, following agreement between MFC and Otello to allow further time for MFC to seek refinancing to raise funds to enable it to pay in full the sums due to Otello. The English High Court had ordered that the appointment of a receiver (or alternatively a special committee of the board of Last Lion Holdings Limited tasked with selling the company or raising finance) would take effect on March 22, 2021, if Otello has not been paid the sums due to it by March 19, 2021.

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, 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 Holdings Limited shall be appointed. The Special Committee was tasked with selling the company or raising finance. The agreement as to the Special Committee's terms of appointment was recorded in an order of the High Court dated 1 April 2020. The Special Committee was appointed on 26 April 2021.

MFC was ordered to pay Otello's costs of this part of the proceedings (having previously been ordered to pay and having paid the costs of the liability stage). MFC was ordered to pay £1.25 million as an interim payment on account by 31 December 2020, which it failed to do. The costs have been agreed at £1.5 million and the High Court ordered that sum should be paid by MFC to Otello by 19 March 2021. MFC failed to pay, and interest is now running on that sum at the judgment rate of 8% from 31 December 2020 on £1.25 million and on the balance of £250,000 from 26 February 2021. MFC has also been ordered to pay further costs totaling £70,000 in respect of hearings since the handing down

of judgment and those costs are also unpaid with interest running, also at 8%. Otello is seeking to enforce these costs awards against MFC's assets in New York.

If the Special Committee were successful in achieving either a sale or a refinancing at a sufficient level once the sums due to the Lenders have been repaid, Otello will receive:

(1) For its shares in Last Lion, either

(i) \$48 million plus accrued interest from January 8, 2021, at US Prime interest rate plus 1% or

(ii) its pro rata share of any sale proceeds, whichever is greater; and

(2) The face value of \$5 million plus accrued interest thereon in respect of the secured promissory note issued to Otello by Last Lion Management LLC, together with all sums due in respect of cost orders made during the court proceedings together with accrued interest on those cost orders.

On 12 July 2021 we were informed of the resignation of the three members of the Special Committee. The Special Committee members have given as their reason for resigning, the exercise of certain rights by Wilmington Trust as agents for the Lenders under the Credit Agreement. Wilmington Trust, on behalf of the Lenders, has accelerated the loans and exercised certain rights and remedies under the Credit Agreement so as to remove Martez Moore from the boards of Last Lion HoldCo AS and Vewd Software AS and to enable the appointment of the Special Committee members directly to those boards. The reason provided by the Lenders for exercising rights and remedies was to preserve the value of the business, noting that, among other things, Mr. Moore had paid himself and his family (including his late wife's estate) millions of dollars since 2016.

The implications of these actions are not yet clear, although the Special Committee members have indicated that they are likely to accept the invitation to join the boards of Last Lion HoldCo AS and Vewd Software AS and that following such appointments they would remain committed to pursuing a sale and/or refinancing transaction that maximizes value. It is Otello's understanding that the investment bank that has been appointed by the Special Committee will continue and remains focused on achieving a successful sale or refinancing of the business through a competitive and robust process. As was the situation before this development, it is likely that Otello will only be able to recover the sums due to it once the Lenders have been repaid in full.

The English Court order requiring the establishment of the Special Committee remains in force and that order formally requires that alternative members will need to be appointed to the Special Committee. After three months from the appointment of the Special Committee (which fell on 26 July 2021), Otello has the right to terminate the Special Committee process and seek the appointment by the English Court of a Receiver in respect of LLH. In the absence of such termination by Otello, the appointment of the Special Committee will end on 1 October 2021, unless extended with the consent of Otello and the Lenders. Following any such termination, Otello has the right to seek further relief from the English High Court including the appointment of a receiver in respect of LLH.

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 1H21 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 recently signed two acquisitions which are expected to nearly double the revenue for Bemobi. As the lock-up of the remaining shares in Bemobi expires in 3Q21, Otello will have an opportunistic view on its financial investment in the company.

AdColony, which was sold to Digital Turbine in April 2021, is currently in the earn-out phase which lasts for the full calendar year 2021. The total payment to Otello will be determined based on the actual performance of the business in this period.

For Vewd, the implications of the latest developments reported in our announcement dated August 14th are not yet clear, and we will update the market as information becomes available.

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. Going forward, the goal is to maximize the value of all our remaining assets and aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

Oslo, August 26, 2021
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 2021 | 1H 2020 Re-presented | % change | YTD 2021 | YTD 2020 Re-presented | % change |
|-----------------------------------------------------------------------------------------|------|---------------|-------------------------|--------------|---------------|--------------------------|--------------|
| (USD million, except earnings per share) | | | | | | | |
| Continuing operations | | | | | | | |
| Revenue | 3 | 0.0 | 0.0 | 815 % | 0.0 | 0.0 | 815 % |
| Total operating revenue | | 0.0 | 0.0 | 815 % | 0.0 | 0.0 | 815 % |
| Publisher and revenue share cost | 3 | (0.0) | 0.1 | -101 % | (0.0) | 0.1 | -101 % |
| Payroll and related expenses | 3 | (2.6) | (1.5) | 69 % | (2.6) | (1.5) | 69 % |
| Stock-based compensation expenses | 3 | (2.2) | (0.3) | 572 % | (2.2) | (0.3) | 572 % |
| Depreciation and amortization expenses | 3 | (0.4) | (0.6) | -31 % | (0.4) | (0.6) | -31 % |
| Other operating expenses | 3 | (1.0) | (0.9) | 19 % | (1.0) | (0.9) | 19 % |
| Total operating expenses | | (6.2) | (3.2) | 96 % | (6.2) | (3.2) | 96 % |
| Operating profit (loss), (EBIT), excluding impairment and restructuring expenses | | (6.1) | (3.2) | | (6.1) | (3.2) | |
| Impairment and restructuring expenses | 7 | (8.4) | (0.1) | | (8.4) | (0.1) | |
| Operating profit (loss), (EBIT) | | (14.5) | (3.3) | | (14.5) | (3.3) | |
| Net financial items | 8 | 2.7 | 9.6 | | 2.7 | 9.6 | |
| Profit (loss) before income tax | | (11.8) | 6.3 | | (11.8) | 6.3 | |
| Provision for taxes ¹⁾ | | (1.0) | (2.5) | | (1.0) | (2.5) | |
| Profit (loss) | | (12.8) | 3.8 | | (12.8) | 3.8 | |
| Discontinuing operations | | | | | | | |
| Profit (loss) from discontinuing operations, net of tax | 4 | 56.4 | (3.0) | | 56.4 | (3.0) | |
| Profit (loss) from discontinuing operations | | 56.4 | (3.0) | | 56.4 | (3.0) | |
| Items that may or will be transferred to profit (loss) | | | | | | | |
| Foreign currency translation differences | | 1.1 | (15.8) | | 1.1 | (15.8) | |
| Discontinuing operations - reclassified to profit (loss) | | 0.6 | (21.2) | | 0.6 | (21.2) | |
| Total comprehensive income (loss) | | 45.4 | (36.2) | | 45.4 | (36.2) | |
| Earnings (loss) per share: | | | | | | | |
| Basic earnings (loss) per share (USD) | | 0.33 | 0.01 | | 0.33 | 0.01 | |
| Diluted earnings (loss) per share (USD) | | 0.33 | 0.01 | | 0.33 | 0.01 | |
| Shares used in earnings per share calculation | | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |
| Shares used in earnings per share calculation, fully diluted | | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |
| Earnings per share (continuing operations): | | | | | | | |
| Basic earnings (loss) per share (USD) | | (0.10) | 0.03 | | (0.10) | 0.03 | |
| Diluted earnings (loss) per share (USD) | | (0.10) | 0.03 | | (0.10) | 0.03 | |
| Shares used in earnings per share calculation | | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |
| Shares used in earnings per share calculation, fully diluted | | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |

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

Consolidated statement of financial position

| (USD million) | Note | 6/30/2021 | 6/30/2020 | 12/31/2020 (Audited) |
|---------------------------------|------|--------------|-----------|-------------------------|
| Assets | | | | |
| Deferred tax assets | | - | 26.8 | 26.1 |
| Goodwill | | - | 218.1 | 219.7 |
| Intangible assets | | 0.0 | 14.8 | 12.8 |
| Property, plant and equipment | | 1.3 | 5.7 | 6.0 |
| Right of use assets | 12 | 0.1 | 3.6 | 3.0 |
| Lease receivables | 12 | - | 0.2 | 0.0 |
| Other investments | 6 | 144.3 | 16.9 | 18.7 |
| Other non-current assets | | 1.1 | 0.3 | 0.3 |
| Total non-current assets | | 146.9 | 286.4 | 286.6 |
| Accounts receivable | 10 | 0.1 | 62.8 | 89.5 |
| Lease receivables | 12 | - | 1.4 | 0.9 |
| Other receivables | 10 | 94.9 | 10.6 | 6.4 |
| Cash and cash equivalents | 9 | 68.0 | 33.5 | 41.9 |
| Total current assets | | 162.9 | 108.3 | 138.7 |
| Total assets | | 309.8 | 394.7 | 425.3 |

| (USD million) | Note | 6/30/2021 | 6/30/2020 | 12/31/2020 (Audited) |
|----------------------------------------------|------|--------------|-----------|-------------------------|
| Shareholders' equity and liabilities | | | | |
| Equity attributable to owners of the company | | 286.9 | 304.3 | 306.8 |
| Non-controlling interests | 4 | 0.0 | (0.5) | (0.4) |
| Total equity | | 286.9 | 303.8 | 306.4 |
| Liabilities | | | | |
| Deferred tax liability | 6 | 19.7 | 0.0 | 0.0 |
| Lease liabilities | 12 | 0.0 | 1.5 | 1.2 |
| Loans and borrowings | 9 | - | 30.0 | - |
| Other non-current liabilities | | 1.1 | 1.1 | 1.6 |
| Contingent consideration, non-current | | - | - | - |
| Total non-current liabilities | | 20.8 | 32.6 | 2.8 |
| Loans and borrowings | 9 | - | - | 35.0 |
| Lease liabilities | 12 | 0.1 | 3.5 | 2.8 |
| Accounts payable | | 0.2 | 19.4 | 25.7 |
| Taxes payable | | 0.2 | 0.8 | 2.0 |
| Public duties payable | | 0.0 | 0.3 | 1.3 |
| Deferred revenue | | - | 0.7 | 1.8 |
| Stock-based compensation liabilities | | 0.9 | 0.0 | 0.0 |
| Other current liabilities | | 0.6 | 33.3 | 47.3 |
| Contingent consideration, current | | 0.0 | 0.2 | 0.2 |
| Total current liabilities | | 2.1 | 58.3 | 116.1 |
| Total liabilities | | 22.9 | 90.9 | 118.9 |
| Total equity and liabilities | | 309.8 | 394.7 | 425.3 |

Consolidated statement of cash flows

| (USD million) | Note | 1H 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
|--------------------------------------------------------------------------------------------------------------------|------|---------------|--------------|---------------|--------------|
| Cash flow from operating activities | | | | | |
| Profit (loss) before taxes | | 48.4 | 1.8 | 48.4 | 1.8 |
| Income taxes paid | | (0.0) | 0.4 | (0.0) | 0.4 |
| Depreciation and amortization expense | | 6.7 | 12.9 | 6.7 | 12.9 |
| Net (gain) loss from disposals of PP&E, and intangible assets | | 0.0 | 0.0 | 0.0 | 0.0 |
| Net (gain) loss from sale of discontinued operations, net of tax | 4 | (55.3) | (0.0) | (55.3) | (0.0) |
| Impairment losses on other investments | 6 | 8.3 | - | 8.3 | - |
| Changes in inventories, trade receivables, trade and other payables | | 8.6 | 9.8 | 8.6 | 9.8 |
| Other net finance items | | 0.7 | 1.0 | 0.7 | 1.0 |
| Changes in other operating working capital | | (6.2) | (8.0) | (6.2) | (8.0) |
| Share of net income (loss) and net (gain) loss from disposal of associated companies | 6 | (1.3) | 0.0 | (1.3) | 0.0 |
| Share-based remuneration | | (12.7) | 1.2 | (12.7) | 1.2 |
| Earnout cost and cost for other contingent payments | | 0.0 | - | 0.0 | - |
| Net (gain) loss from disposals of subsidiaries and other share investments | | (0.6) | 0.0 | (0.6) | 0.0 |
| FX differences related to changes in balance sheet items | | 5.7 | (9.5) | 5.7 | (9.5) |
| Net cash flow from operating activities | | 2.2 | 9.6 | 2.2 | 9.6 |
| - of which included in continuing operations | | (11.0) | (6.2) | (11.0) | (6.2) |
| - of which included in discontinuing operations | | 13.2 | 15.8 | 13.2 | 15.8 |
| Cash flow from investing activities | | | | | |
| Proceeds from sale of property, plant, and equipment (PP&E) and intangible assets | | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchases of property, plant and equipment (PP&E) and intangible assets | | 0.1 | (0.7) | 0.1 | (0.7) |
| Capitalized R&D costs | | (2.8) | (5.0) | (2.8) | (5.0) |
| Proceeds from disposal of subsidiaries and associated companies, net of cash disposed | 4 | 85.8 | - | 85.8 | - |
| Purchases of subsidiaries and associated companies, net of cash acquired | | (0.1) | (0.2) | (0.1) | (0.2) |
| Net cash flow from investing activities | | 83.0 | (6.0) | 83.0 | (6.0) |
| - of which included in continuing operations | | (0.1) | (0.0) | (0.1) | (0.0) |
| - of which included in discontinuing operations | | 83.1 | (6.0) | 83.1 | (6.0) |
| Cash flow from financing activities | | | | | |
| Proceeds from exercise of treasury shares (incentive program) | | 0.0 | 0.1 | 0.0 | 0.1 |
| Proceeds from non-controlling interests | 4 | 30.8 | 0.0 | 30.8 | 0.0 |
| Purchase of treasury shares | | (52.1) | (0.4) | (52.1) | (0.4) |
| Proceeds from issuance of shares, net (equity increase) | | (0.0) | (0.0) | (0.0) | (0.0) |
| Proceeds from loans and borrowings | 9 | 0.0 | 10.0 | 0.0 | 10.0 |
| Repayments of loans and borrowings | 9 | (35.5) | (0.7) | (35.5) | (0.7) |
| Payment of finance lease liabilities | 12 | (1.5) | (1.4) | (1.5) | (1.4) |
| Net cash flow from financing activities | | (58.3) | 7.5 | (58.3) | 7.5 |
| - of which included in continuing operations | | (87.6) | 8.8 | (87.6) | 8.8 |
| - of which included in discontinuing operations | | 29.4 | (1.3) | 29.4 | (1.3) |
| Net change in cash and cash equivalents | | 26.9 | 11.1 | 26.9 | 11.1 |
| Cash and cash equivalents (beginning of period) | | 41.9 | 28.3 | 41.9 | 28.3 |
| Effects of exchange rate changes on cash and cash equivalents | | (0.9) | (5.8) | (0.9) | (5.8) |
| Cash and cash equivalents ¹⁾ | | 68.0 | 33.5 | 68.0 | 33.5 |
| - of which included in cash and cash equivalents in the balance sheet | | 68.0 | 33.5 | 68.0 | 33.5 |
| - of which included in the assets of the disposal group (assets held for sale) | | - | - | - | - |
| ¹⁾ Of which \$0.1 (6/30/20: \$0.8) million is restricted cash and cash equivalents as of June 30, 2021. | | | | | |
| Reconciliation of profit (loss) before taxes | | | | | |
| Profit (loss) before income taxes | | (11.8) | 6.3 | (11.8) | 6.3 |
| Profit (loss) from discontinuing operations, net of tax | 4 | 56.4 | (3.0) | 56.4 | (3.0) |
| Provision for taxes, discontinued operations | 4 | 3.8 | (1.6) | 3.8 | (1.6) |
| Profit (loss) before taxes, as presented in the statement of cash flows above | | 48.4 | 1.8 | 48.4 | 1.8 |

Consolidated statement of changes in equity

| (USD million) | Number of shares | Paid-in capital | Other reserves | Reserve for own shares | Translation reserve | Other equity | Non-controlling interests | Total equity |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|----------------|------------------------|---------------------|--------------|---------------------------|---------------|
| Equity as of 12/31/2020 | 137.6 | 348.1 | 64.4 | (69.3) | (30.2) | (6.2) | (0.4) | 306.3 |
| Comprehensive income (loss) | | | | | | | | |
| Profit (loss) | | - | - | - | - | 43.6 | - | 43.6 |
| Other comprehensive income (loss) | | | | | | | | |
| Foreign currency translation differences | | - | - | - | 1.7 | - | - | 1.7 |
| Total comprehensive income (loss) | | - | - | - | 1.7 | 43.6 | - | 45.4 |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | | - | - | - | - | - | - | 0.0 |
| Issuance of ordinary shares related to business combinations | | - | - | - | - | - | - | - |
| Issuance of ordinary shares related to incentive program | | - | - | - | - | - | - | - |
| Issuance of ordinary shares related to equity increase | | (0.0) | - | - | - | - | - | (0.0) |
| Capital decrease | 0.0 | (121.4) | - | 121.4 | - | - | - | 0.0 |
| Treasury shares purchased | (12.8) | - | - | (52.1) | - | - | - | (52.1) |
| Treasury shares sold | | - | - | 0.0 | - | - | - | 0.0 |
| Tax deduction on equity issuance costs | | - | - | - | - | - | - | 0.0 |
| Share-based payment transactions | | - | (12.7) | - | - | - | - | (12.7) |
| Total contributions by and distributions to owners | (12.8) | (121.5) | (12.7) | 69.3 | - | - | - | (64.8) |
| Other equity changes | | | | | | | | |
| Divestment of a subsidiary | | - | - | - | - | (0.4) | 0.4 | 0.0 |
| Other changes | | - | 0.0 | - | - | 0.0 | - | 0.0 |
| Total other equity changes | | - | 0.0 | - | - | (0.4) | 0.4 | 0.0 |
| Equity as of 6/30/2021 | 124.7 | 226.7 | 51.7 | (0.0) | (28.5) | 37.0 | 0.0 | 286.9 |
| Non-controlling interests | | | | | | | | |
| During 1H 2021, Otello Corporation ASA ownership in Bemobi has been reduced to 36%. Please see Note 4 for further information. | | | | | | | | |
| Share capital decrease | | | | | | | | |
| Reference is made to the resolution by the annual general meeting on June 2, 2021, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by cancellation of 13,727,702 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 2,494,994.54, and the total share count is 124,749,727 | | | | | | | | |
| Treasury shares and ordinary share | | | | | | | | |
| During 1H 2021, Otello purchased 12,848,789 (YTD: 12,848,789) treasury shares for \$52.1 million (YTD: \$52.1 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: \$0.0 million). | | | | | | | | |
| During 1H 2021, 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, 2021, Otello owned 15,904 treasury shares. | | | | | | | | |
| Equity as of 12/31/2019 | 137.9 | 348.1 | 53.6 | (67.6) | (14.1) | 17.2 | 1.9 | 339.1 |
| Comprehensive income (loss) | | | | | | | | |
| Profit (loss) | | - | - | - | - | 0.4 | 0.5 | 0.8 |
| Other comprehensive income (loss) | | | | | | | | |
| Foreign currency translation differences | | - | - | - | (34.1) | - | (2.9) | (37.0) |
| Total comprehensive income (loss) | | - | - | - | (34.1) | 0.4 | (2.5) | (36.2) |
| Contributions by and distributions to owners | | | | | | | | |
| Dividends | | - | - | - | - | - | - | - |
| Issuance of ordinary shares related to business combinations | | - | - | - | - | - | - | - |
| Issuance of ordinary shares related to incentive program | | - | - | - | - | - | - | - |
| Issuance of ordinary shares related to equity increase | | (0.0) | - | - | - | - | - | (0.0) |
| Capital decrease | | - | - | - | - | - | - | - |
| Treasury shares purchased | (0.4) | - | - | (0.4) | - | - | - | (0.4) |
| Treasury shares sold | 0.0 | - | - | 0.1 | - | - | - | 0.1 |
| Tax deduction on equity issuance costs | | - | - | - | - | - | - | 0.0 |
| Share-based payment transactions | | - | 1.2 | - | - | - | - | 1.2 |
| Total contributions by and distributions to owners | (0.3) | (0.0) | 1.2 | (0.4) | - | 0.0 | 0.0 | 0.8 |
| Other equity changes | | | | | | | | |
| Divestment of a subsidiary | | - | - | - | - | - | - | 0.0 |
| Other changes | | - | (0.0) | - | - | 0.0 | - | 0.0 |
| Total other equity changes | | 0.0 | (0.0) | - | - | 0.0 | - | 0.0 |
| Equity as of 6/30/2020 | 137.6 | 348.1 | 54.8 | (68.0) | (48.2) | 17.5 | (0.5) | 303.8 |

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, 2020. 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, 2020.

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.

Other than as discussed in Note 4 regarding the earnout calculation from the sale of AdColony, 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, 2020.

Note 4 - Discontinued operations

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 is 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 will be returned to Otello subject to the achievement of certain future net revenue targets. Consideration for the acquisition will be as follows: (1) \$100 million in cash paid at the Closing (the "Closing Cash Consideration Amount"), subject to adjustment as described below; and (2) \$100 million in cash 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 as follows (the "Earnout Payment Amount"):

A. if Net Revenues for the Earnout Period equals or exceeds one hundred five percent (105%) of the Earnout Target Amount with respect to such period, an amount equal to: (I) two hundred seventy-five percent (275%) of such Net Revenues, plus (II) \$9.5 million, plus (III) if Net Revenues for the earnout period equals or exceeds one hundred seven and two-tenths percent (107.2%) of the Earnout Target Amount with respect to such period, \$9.5 million;

B. if Net Revenues for the Earnout Period equals or exceeds one hundred percent (100%) of the Earnout Target Amount with respect to such period and is less than one hundred five percent (105%) of the Earnout Target Amount with respect to such period, an amount equal to: (I) two hundred twenty-three percent (223%) of such Net Revenues, plus (II) \$9.5 million;

C. if Net Revenues for the Earnout Period equals or exceeds ninety percent (90%) of the Earnout Target Amount with respect to such period and is less than one hundred percent (100%) of the Earn-Out Target Amount with respect to such period, an amount equal to two hundred ten percent (210%) of such Net Revenues;

D. if Net Revenues for the Earnout Period equals or exceeds eighty-five percent (85%) of the Earnout Target Amount with respect to such period and is less than ninety percent (90%) of the Earnout Target Amount with respect to such period, an amount equal to two hundred percent (200%) of such Net Revenues;

E. if Net Revenues for the Earnout Period equals or exceeds eighty percent (80%) of the Earnout Target Amount with respect to such period and is less than eighty-five percent (85%) of the Earnout Target Amount with respect to such period, an amount equal to one hundred seventy-five percent (175%) of such Net Revenues;

F. if Net Revenues for the Earnout Period equals or exceeds seventy-five percent (75%) of the Earnout Target Amount with respect to such period and is less than eighty percent (80%) of the Earnout Target Amount with respect to such period, an amount equal to one hundred fifty percent (150%) of such Net Revenues;

Note 4 - Discontinued operations (continued)

G. if Net Revenues for the Earnout Period equals or exceeds seventy percent (70%) of the Earnout Target Amount with respect to such period and is less than seventy-five percent (75%) of the Earnout Target Amount with respect to such period, an amount equal to one hundred twenty-five percent (125%) of such Net Revenues;

H. if Net Revenues for the Earnout Period equals or exceeds sixty-five percent (65%) of the Earnout Target Amount with respect to such period and is less than seventy percent (70%) of the Earnout Target Amount with respect to such period, an amount equal to one hundred percent (100%) of such Net Revenues; and

I. if Net Revenues for the Earnout Period is less than sixty-five percent (65%) of the Earnout Target Amount with respect to such period, no payment shall be made.

The Earnout Target Amount = \$200.0 million + \$9.5 million in working capital cash.

| 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) |
| Future payments - estimates | | |
| | Second Cash Consideration Amount | Earnout Payment Amount |
| <i>(USD million)</i> | | |
| Cash Consideration Amount | 100.0 | 200.0 |
| minus: Transaction Expenses Amount | (2.0) | (4.0) |
| minus: Bonus Amount | (2.8) | (8.1) |
| minus: Bonus Employer Taxes | (0.1) | (0.2) |
| Closing Payment | 95.1 | 187.6 |
| Adjusted closing Payment - 105.5% | | 198.6 |

Actual, unaudited 2Q21 performance for AdColony on net revenue was @ 96.7% vs. the plan agreed with Digital Turbine, which is tied to our annual guidance of \$250-290 million in Gross Revenue. Combined with the actual, unaudited 1Q21 performance for AdColony on net revenue which was @ 106.35% the 1H21 performance vs the plan was 101.03%. AdColony's 1H21 performance extrapolated for the full FY 2021 would yield a payout of around 105.5% of plan or around \$211 million for the earn-out portion of the payment.

The Second Cash Consideration Amount and the working capital adjustment is booked as a receivable in the balance sheet. However, the estimated Earnout Payment Amount is not accounted for in the financial statements as it is treated as a contingent asset.

Note 4 - 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/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 4 - 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 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, has been paid from Bemobi Brazil to Otello Technology Investment AS (formerly Bemobi Holding AS), of which R\$ 362,215,321.83 (approximately USD 65 million), less the relevant share of the Brazilian tax, will be 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 6 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 acknowledgement 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 4 - Discontinued operations (continued)

Effect of disposals on the financial position of the Group

| (USD million) | Adcolony | Bemobi | 6/30/2021 | 6/30/2020 |
|-----------------------------------------------------------------------------------------------------|---------------|--------------|----------------|-----------|
| Net asset and liabilities | (230.0) | (35.6) | (265.6) | |
| Banker fees and other fees | (11.4) | (0.3) | (11.7) | |
| Consideration to earnout participants | - | (13.3) | (13.3) | |
| Estimated consideration, to be satisfied in cash (incl NWC adjustment) | 196.7 | 41.6 | 238.4 | |
| FV assessment recognized using the equity method | - | 133.2 | 133.2 | |
| Estimated deferred tax liabilities on sale of shares | - | (19.7) | (19.7) | |
| Acquisition cost | - | (6.0) | (6.0) | |
| Estimated net profit | (44.7) | 100.0 | 55.3 | |
| Consideration received, satisfied in cash | 92.1 | 41.3 | 133.4 | |
| Cash and cash equivalents disposed | (24.8) | (22.8) | (47.6) | |
| Net cash inflows ¹⁾ | 67.3 | 18.5 | 85.8 | |
| ¹⁾ Proceeds from disposal of subsidiaries and associated companies, net of cash disposed | | | | |
| Proceeds from non-controlling interests | - | 30.8 | 30.8 | |
| Net cash inflows ¹⁾ | 0.0 | 30.8 | 30.8 | |
| ¹⁾ Proceeds from non-controlling interests (sale of shares) | | | | |

The AdColony earnout amount are excluded in the calculation of the estimated net profit as the estimated Earnout Payment Amount is not accounted for in the financial statements as it is treated as a contingent asset.

Note 4 - Discontinued operations (continued)

| Results of discontinued operations (USD million, except earnings per share) | 1H 2021 | 1H 2020 | % change | YTD 2021 | YTD 2020 | % change |
|-----------------------------------------------------------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Revenue | 80.6 | 109.7 | -27 % | 80.6 | 109.7 | -27 % |
| Operating expenses | (73.3) | (114.6) | -36 % | (73.3) | (114.6) | -36 % |
| Operating profit (loss), (EBIT), excluding impairment and restructuring expenses | 7.2 | (4.9) | | 7.2 | (4.9) | |
| Impairment and restructuring expenses | (1.3) | 1.1 | | (1.3) | 1.1 | |
| Operating profit (loss), (EBIT) | 5.9 | (3.8) | | 5.9 | (3.8) | |
| Net financial items | (1.0) | (0.8) | | (1.0) | (0.8) | |
| Profit (loss) before income tax | 4.9 | (4.5) | | 4.9 | (4.5) | |
| Provision for taxes ¹⁾ | (3.8) | 1.6 | | (3.8) | 1.6 | |
| Profit (loss) from discontinued operations, net of tax | 1.1 | (3.0) | | 1.1 | (3.0) | |
| Net gain (loss) from sale of discontinued operations, net of tax | 55.3 | 0.0 | | 55.3 | 0.0 | |
| Profit (loss) from discontinued operations | 56.4 | (3.0) | | 56.4 | (3.0) | |
| Earnings per share (discontinued operations): | | | | | | |
| Basic earnings (loss) per share (USD) | 0.42 | (0.02) | | 0.42 | (0.02) | |
| Diluted earnings (loss) per share (USD) | 0.42 | (0.02) | | 0.42 | (0.02) | |
| Shares used in earnings per share calculation | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |
| Shares used in earnings per share calculation, fully diluted | 133,884,337 | 137,705,818 | | 133,884,337 | 137,705,818 | |

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

| Cash flow information (USD million) | 1H 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
|----------------------------------------|---------|---------|----------|----------|
| Cash flow from operating activities | 13.2 | 15.8 | 13.2 | 15.8 |
| Cash flow from investing activities | 83.1 | (6.0) | 83.1 | (6.0) |
| Cash flow from financing activities | 29.4 | (1.3) | 29.4 | (1.3) |

Note 5 - Potential sale of Vewd minority stake

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

As reported to the market on September 14, 2018, 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 is 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 to approve the buyer.

The buyer did not purchase the shares on the terms of the expired Share Purchase Agreement. Otello subsequently restored the proceedings in order to pursue alternative remedies. 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 favour by a subsidiary of MFC for \$5 million plus accrued interest at the time of purchase (currently approximately \$1.2 million). It is however understood that MFC's only substantial asset is its shareholding in Last Lion.

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. The court ordered that a receiver will be appointed if MFC had not purchased Otello's shares in Last Lion and the Loan Note by January 8, 2021. That deadline was extended to March 19, 2021 following agreement between MFC and Otello to allow further time for MFC to seek refinancing to raise funds to enable it to pay in full the sums due to Otello. The English High Court had ordered that the appointment of a receiver (or alternatively a special committee of the board of Last Lion Holdings Limited tasked with selling the company or raising finance) would take effect on March 22, 2021, if Otello has not been paid the sums due to it by March 19, 2021.

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, 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 Holdings Limited shall be appointed. The Special Committee was tasked with selling the company or raising finance. The agreement as to the Special Committee's terms of appointment was recorded in an order of the High Court dated 1 April 2020. The Special Committee was appointed on 26 April 2021.

MFC was ordered to pay Otello's costs of this part of the proceedings (having previously been ordered to pay and having paid the costs of the liability stage). MFC was ordered to pay £1.25 million as an interim payment on account by 31 December 2020, which it failed to do. The costs have been agreed at £1.5 million and the High Court ordered that sum should be paid by MFC to Otello by 19 March 2021. MFC failed to pay and interest is now running on that sum at the judgment rate of 8% from 31 December 2020 on £1.25 million and on the balance of £250,000 from 26 February 2021. MFC has also been ordered to pay further costs totalling £70,000 in respect of hearings since the handing down of judgment and those costs are also unpaid with interest running, also at 8%. Otello is seeking to enforce these costs awards against MFC's assets in New York.

If the Special Committee were successful in achieving either a sale or a refinancing at a sufficient level once the sums due to the Lenders have been repaid, Otello will receive:

- (1) For its shares in Last Lion, either
 - (i) \$48 million plus accrued interest from January 8, 2021 at US Prime interest rate plus 1% or
 - (ii) its pro rata share of any sale proceeds, whichever is greater; and
- (2) The face value of \$5 million plus accrued interest thereon in respect of the secured promissory note issued to Otello by Last Lion Management LLC, together with all sums due in respect of cost orders made during the court proceedings together with accrued interest on those cost orders.

On 12 July 2021, we were informed of the resignation of the three members of the Special Committee. The Special Committee members have given as their reason for resigning, the exercise of certain rights by Wilmington Trust as agents for the Lenders under the Credit Agreement. Wilmington Trust, on behalf of the Lenders, has accelerated the loans and exercised certain rights and remedies under the Credit Agreement so as to remove Martez Moore from the boards of Last Lion HoldCo AS and Vewd Software AS and to enable the appointment of the Special Committee members directly to those boards. The reason provided by the Lenders for exercising rights and remedies was to preserve the value of the business, noting that, among other things, Mr. Moore had paid himself and his family (including his late wife's estate) millions of dollars since 2016.

The implications of these actions are not yet clear, although the Special Committee members have indicated that they are likely to accept the invitation to join the boards of Last Lion HoldCo AS and Vewd Software AS and that following such appointments they would remain committed to pursuing a sale and/or refinancing transaction that maximizes value. It is Otello's understanding that the investment bank that has been appointed by the Special Committee will continue and remains focused on achieving a successful sale or refinancing of the business through a competitive and robust process. As was the situation before this development, it is likely that Otello will only be able to recover the sums due to it once the Lenders have been repaid in full.

The English Court order requiring the establishment of the Special Committee remains in force and that order formally requires that alternative members will need to be appointed to the Special Committee. After three months from the appointment of the Special Committee (which fell on 26 July 2021), Otello has the right to terminate the Special Committee process and seek the appointment by the English Court of a Receiver in respect of LLH. In the absence of such termination by Otello, the appointment of the Special Committee will end on 1 October 2021, unless extended with the consent of Otello and the Lenders. Following any such termination, Otello has the right to seek further relief from the English High Court including the appointment of a receiver in respect of LLH.

Note 6 - Investments in associated companies and other investments

| Other investments [USD million] | 6/30/2021 | 6/30/2020 |
|-------------------------------------|--------------|-------------|
| Investments in associated companies | 143.4 | 10.1 |
| Loans to associated companies | 0.0 | 6.0 |
| Investments in other shares | 0.9 | 0.8 |
| Total | 144.3 | 16.9 |

| Investments in associated companies [USD million] | 6/30/2021 | 6/30/2020 |
|------------------------------------------------------|--------------|-------------|
| Investments in Bemobi Mobile Tech S.A | 133.3 | 0.0 |
| Investments in Last Lion Holdings Ltd | 10.1 | 10.1 |
| Total | 143.4 | 10.1 |

Investments in Bemobi Mobile Tech S.A

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 of 36.0%. For more information regarding the IPO, please see note 4.

It is expected that any future sale of shares in Bemobi Brazil will be subject to capital gains tax in Brazil. Such gains are subject to progressive rates, based on the taxable profit.

Under existing tax laws, tax is payable as follows:

- 15.0% on capital gains up to R\$ 5 million
- + 17.5% on the portion of capital gains between R\$ 5 million and R\$ 10 million
- + 20.0% on the portion of capital gains between R\$ 10 million and R\$ 30 million
- + 22.5% on the portion of capital gains over R\$ 30 million

As of reporting date, the tax cost base of Otello's remaining 36.0% shareholding in Bemobi Brazil is R\$ 242,396,152.87. Based on the fair value of the shares and this tax cost base, a deferred tax liability of USD 19.7 million has been accrued.

| Information regarding Bemobi Mobile Tech S.A (BRL million) | 1H 2021 | YTD 2021 | YTD 2020 from 2/10/21 |
|---------------------------------------------------------------|---------|----------|--------------------------|
| Revenue | 124.4 | 124.4 | 103.4 |
| EBIT | 34.8 | 34.8 | 29.8 |
| Net profit (loss) | 32.0 | 32.0 | 30.0 |
| Assets | | | 1,065.5 |
| Non-current liabilities | | | 48.5 |
| Current liabilities | | | 2.4 |
| Equity | | | 1,014.6 |
| Otello's share of equity in BRL | | | 365.2 |
| Otello's share of equity in USD | | | 73.5 |

Note 6 - Investments in associated companies and other investments (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 (incl locally booked PPA values) | | 47.3 | 68.5 |
| Total fair value balance on initial recognition under the equity method | | 133.2 | 133.2 |
| Investment during the fiscal year | | | 0.0 |
| FX adjustment | | | (1.1) |
| Share of the profit (loss) | | | 2.0 |
| Amortization of excess values | | | (0.8) |
| Elimination | | | 0.0 |
| Balance as of 6/30/2021 | | | 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 performed 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 2021 | YTD 2021 |
| Share of the profit (loss) | | 2.1 | 2.1 |
| Amortization of excess values | | (0.8) | (0.8) |
| Elimination | | 0.0 | 0.0 |
| Share of profit (loss) from associated companies | | 1.3 | 1.3 |

Note 6 - Other investments (continued)

Investments in 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. See note 5 for further information regarding the investment in Last Lion Holdings Ltd.

The investment in Last Lion Holdings Ltd is recognized using the equity method, and booked value is \$10.1 million as of June 30, 2021. Otello has not adjusted the investment in Last Lion Holdings Ltd in 2020 or during 1H 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. Please see note 5 for more information about Otello's case regarding the potential sale of Vewd minority stake

Loans to associated companies

The Group entered into a loan agreement in 2017 of \$5 million with Vewd Software AS (formerly Opera TV AS). This loan is outstanding, with an accrued interest of \$1.0 million, as at June 30, 2021. In addition, Otello has accrued £1.66 million to reflect the part of the Otello's cost that MFC has been ordered to pay as part of the ongoing legal proceedings between the parties. Both the loan, interests, and the accrued expenses have been written off as of June 30, 2021 due to uncertainties of collectability. Please see note 5 for more information.

Note 7 - Impairment and restructuring expenses

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 has been written off as of June 30, 2021 due to the uncertainties of collectability. Otello continues, however, to pursue all of its entitlements. See notes 5 and 6 for more information.

| Impairment and restructuring expenses | 1H 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| (USD million) | | | | |
| Salary restructuring expenses | (0.1) | 0.0 | (0.1) | 0.0 |
| Option restructuring expenses | - | - | - | - |
| Office restructuring expenses | - | 0.0 | 0.0 | 0.0 |
| Impairment expenses | (8.3) | 0.0 | (8.3) | 0.0 |
| Legal and other costs related to business combinations and disposals | 0.0 | (0.1) | 0.0 | (0.1) |
| Other restructuring expenses | - | - | - | - |
| Total | (8.4) | (0.1) | (8.4) | (0.1) |

Note 8 - Financial items

| Financial items (USD million) | 1H 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
|--------------------------------------------------|------------|------------|------------|------------|
| Other interest income (expense), net | (0.1) | 1.3 | (0.1) | 1.3 |
| Other FX gains (losses), net | 1.5 | 9.8 | 1.5 | 9.8 |
| Profit (loss) sale of shares | 0.0 | (1.5) | 0.0 | (1.5) |
| Share of profit (loss) from associated companies | 1.3 | 0.0 | 1.3 | 0.0 |
| Net financial items (loss) | 2.7 | 9.6 | 2.7 | 9.6 |

Note 9 - Liquidity risk

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 favour 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 utilised 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.

As at June 30, 2021, the RCF has been terminated and Otello has no outstanding loans payable.

Note 10 - Accounts receivable and other receivables

| Accounts receivable and other receivables (USD million) | 6/30/2021 | 6/30/2020 |
|------------------------------------------------------------|-------------|-------------|
| Accounts receivable | 0.1 | 39.9 |
| Unbilled revenue | 0.0 | 22.8 |
| Other receivables | 94.9 | 10.6 |
| Total | 95.0 | 73.4 |

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 quarter which was not invoiced to the customers at quarter 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 represents the Second Cash Consideration Amount recognised from the sale of the AdColony to Digital Turbine, Inc. Please see Note 4 for more information about the sale.

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 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
|------------------------------------------------------------------------------------------|---------------|---------|---------------|----------|
| Total operating revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| Publisher and revenue share cost | (0.0) | 0.1 | (0.0) | 0.1 |
| Gross profit | 0.0 | 0.1 | 0.0 | 0.1 |
| Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA (USD million) | 1H 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
| Operating profit (loss), (EBIT) | (14.5) | (3.3) | (14.5) | (3.3) |
| Depreciation and amortization expenses | 0.4 | 0.6 | 0.4 | 0.6 |
| Impairment expenses | 8.3 | - | 8.3 | - |
| EBITDA | (5.8) | (2.7) | (5.8) | (2.7) |
| Restructuring expenses | 0.1 | 0.1 | 0.1 | 0.1 |
| Stock-based compensation expenses | 2.2 | 0.3 | 2.2 | 0.3 |
| Adjusted EBITDA | (3.6) | (2.3) | (3.6) | (2.3) |

Note 12 - Right-of-use assets and lease liabilities (IFRS 16)

As a result of the sale of AdColony and the IPO of Bemobi (see Note 4 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) | 6/30/2021 | 6/30/2020 | | |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|----------|----------|
| Balance as of 1/1 | 4.0 | 7.1 | | |
| Additions | 1.6 | 0.3 | | |
| Translation differences | 0.0 | (0.3) | | |
| Lease payments for the principal portion of the lease liability | (2.0) | (2.1) | | |
| Interest expense on lease liabilities | 0.1 | 0.1 | | |
| Derecognized upon loss of control of businesses | (3.5) | - | | |
| Lease liabilities as of 6/30 | 0.1 | 5.1 | | |
| Of which: | | | | |
| Current lease liabilities (less than 1 year) | 0.1 | 3.5 | | |
| Non-current lease liabilities (more than 1 year) | 0.0 | 1.5 | | |
| Balance as of 6/30 | 0.1 | 5.1 | | |
| Right of use assets (USD million) | 6/30/2021 | 6/30/2020 | | |
| Balance as of 1/1 | 3.0 | 4.6 | | |
| Additions | 1.6 | 0.4 | | |
| Adjustment for lease receivables | - | - | | |
| Depreciation | (2.0) | (2.1) | | |
| Adjustment for depreciation related to lease receivables | 0.5 | 0.7 | | |
| Translation differences | - | - | | |
| Derecognized upon loss of control of businesses | (3.0) | - | | |
| Right of use assets as of 6/30 | 0.1 | 3.6 | | |
| Lower of remaining lease term or economic life | 0 - 3 years | 0 - 3 years | | |
| Depreciation plan | Linear | Linear | | |
| Lease receivables (USD million) | 6/30/2021 | 6/30/2020 | | |
| Balance as of 1/1 | 0.9 | 2.4 | | |
| Additions | - | - | | |
| Sublease payments | (0.5) | (0.8) | | |
| Adjustment of interest expense | 0.0 | 0.0 | | |
| Translation differences | - | - | | |
| Derecognized upon loss of control of businesses | (0.5) | - | | |
| Lease receivables as of 6/30 | 0.0 | 1.6 | | |
| Of which: | | | | |
| Current lease receivables (less than 1 year) | - | 1.4 | | |
| Non-current lease receivables (more than 1 year) | - | 0.2 | | |
| Balance as of 6/30 | 0.0 | 1.6 | | |
| 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 2021 | 1H 2020 | YTD 2021 | YTD 2020 |
| Operating lease expenses recognized under operating expenses decreased | (0.1) | (1.4) | (0.1) | (1.4) |
| Depreciation expense increased as a result of depreciation of ROU assets | 0.1 | 1.3 | 0.1 | 1.3 |
| Net interest expense increased as a result of recognition of the lease liability | 0.0 | 0.1 | 0.0 | 0.1 |
| Translation differences | (0.0) | (0.3) | (0.0) | (0.3) |
| Other | - | - | - | - |
| Net effect | (0.0) | (0.2) | (0.0) | (0.2) |

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 2020.

Note 13 - Events after the reporting date

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 2021 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 2021.

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, 2021, and of the results of the Group's operations and cash flows for the first half of 2021.

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 26, 2021

The Board of Directors

Otello Corporation ASA

André Alexander Christensen, Chairman

Anooj Unarket

Maria Borge Andreassen

Lin Song

Birgit Midtbust

Lars Rahbæk Boilesen, CEO

