HALF-YEAR REPORT

2H 2021

OTELLO CORPORATION ASA

HIGHLIGHTS

- Settled earn-out with Digital Turbine for the sale of AdColony

- Executed buyback program to all shareholders buying back $81 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) *	**2H21**	**2H20**	**YTD 2021**	**YTD 2020**
Revenue	**0.0**	**0.1**	**0.1**	**0.1**
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**	**0.1**	**0.1**	**0.1**
Adj. EBITDA	**(2.7)**	**(2.9)**	**(6.3)**	**(5.1)**
AdColony (Mobile Advertising)	0.0	0.0	0.0	0.0
Bemobi (Apps & Games)	0.0	0.0	0.0	0.0
Corporate	(2.7)	(2.9)	(6.3)	(5.1)
EBIT	(54.3)	(12.4)	(68.8)	(15.6)
Net income	(38.5)	(27.7)	(51.2)	(23.9)
EPS (USD)	(0,33)	(0,20)	(0,41)	(0,17)

*Continuing operations, 2H20 re-presented

GROUP PERFORMANCE

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

Development during the half

As a result of the successful IPO of Bemobi in Brazil as well as the signing and closing of AdColony sale to Digital Turbine in 1H21, both AdColony and Bemobi have been treated as discontinued businesses in 2H21. 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) decreased 74 percent vs 2H20, due in particular to no stock options being left in 2H21 as well as a significant reduction in the corporate workforce due to the successful completion of Bemobi IPO and AdColony sale.

Payroll and related expenses, excluding stock-based compensation expenses, were USD 1.9 million in the 2H21, versus USD 2.3 million in 2H20, down 19 percent from the corresponding period last year due to a significant reduction in the corporate workforce as a result of the successful completion of Bemobi IPO and AdColony sale.

Stock-based compensation expenses were USD 0.0 million in 2H21 compared to USD 8.6 million in 2H20, as Otello now has zero outstanding stock options and thus no expenses related to it.

Depreciation and amortization expenses were USD 0.4 million in 2H21 (USD 0.5 million), down versus the corresponding period last year with a reduction in overall depreciation and amortization from intangible assets.

Other operating expenses were USD 0.8 million in 2H21 (USD 0.8 million), up 6 percent from the corresponding period last year, due in particular to higher activity level linked to the settlement of the AdColony earn-out.

Adjusted EBITDA and EBITDA

<u>Adjusted EBITDA</u>
Adjusted EBITDA was USD (2.7) million in 2H21, compared to USD (2.9) million in the corresponding period in 2020, up due to lower cost in 2H21 vs 2H20.

<u>EBITDA</u>
EBITDA was USD (2.7) million in 2H21, an improvement from USD (11.9) million in the corresponding period in 2H20. EBITDA in 2H20 included USD 8.6 million in stock-based compensation expenses, compared to 0.0 in 2H21.

<u>Impairment and restructuring expenses</u>
In 2H21 Otello recognized a loss of USD 41.1 million relating to the fair value of the investment in Bemobi Brazil. It has been reassessed based on the 15.23 Brazilian real share price of that business as of December 31, 2021. This reduction in fair value has also reduced the deferred tax liability, with that impact reflected as part of the tax expense.

In 2H21 Otello also did a $10.1 million write off linked to Vewd Software AS. 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.

<u>Net financial items</u>
Otello recognized a gain from net financial items in 2H21 of USD 7.3 million, compared to a loss of USD 14.3 million in the corresponding period last year. The 2H21 gain is primarily FX gains on our cash holdings of USD 6.2 million and our share of profit of USD 1.4 million of our ownership in Bemobi.

The key FX rates used during the half were:

USD:BRL
As of December 31, 2021: 5.5717
For the December period 2021: 5.6561
For the September period 2021: 5.2698

USD:NOK
As of December 31, 2021: 8.8152
For the December period 2021: 8.9783
For the September period 2021: 8.6603

<u>Net income</u>
2H21 net income was USD (38.5) million compared to USD (27.7) million in the corresponding period last year. The 2H21 numbers are negatively impacted by a write off linked to Vewd Software AS and mark-to-market valuation of our ownership of Bemobi shares. EPS and fully diluted EPS for the continuing operations were USD (0.33) and USD (0.33), respectively, in 2H21, compared to USD (0.20) and USD (0.20), respectively, in 2H20.

<u>Financial position and cash flow</u>
Otello's net cash flow from operating activities (continuing operations) was USD 2.7 million in 2H21, compared to USD (2.4) million in 2H20, up due to lower cost, changes in working capital and proceeds from disposals and other finance items. Cash flow from investment activities amounted to USD 93.2 million, vs USD (6.4) million from the corresponding half last year, positively impacted by net proceeds from the second installment from Digital Turbine acquisition of AdColony of USD 93.5 million, partly offset by USD 0.2 million related to CAPEX.

Cash flow from financing activities was USD (80.6) million in 2H21, compared to USD 3.0 million in 1H20. Use of cash in the second half of 2021 relates almost exclusively to share buybacks USD (80.5) million, with 23.65 million shares bought back.

Cash and cash equivalents at the end of 2H21 were USD 79.0 million compared to USD 41.9 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. As of December 31, 2021, Otello has no outstanding loans payable.

The company's equity was USD 351.3 million at the end of 2H21, corresponding to an equity ratio of 96.2%.

Organization

At the end of the 2H21, Otello had 6 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.

Settlement of earn-out

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

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

As the amount of the Earnout Payment Amount has now been fixed, it is no longer considered a contingent asset as had previously been the case. Accordingly, the Earnout Payment Amount has now been booked as a receivable in the balance sheet and included in the calculation of the net profit on disposal of AdColony.

Bemobi

Business Overview

Bemobi is a pioneering technology company in the development of solutions for the distribution of digital services to mobile phone users. We offer an innovative broad portfolio that encompasses the sale of services of (i) subscription to apps and games in an "All You Can Eat" model, (ii) voice messages services through apps and/or integrated with SMS/WhatsApp systems, (iii) call anti-spam solutions and a series of microcredit service modalities such as (iv) balance advance for prepaid mobile users, (v) data packages advance and (vi) and call advance.

We also offer to large corporations automated platforms for managing sales campaigns and offers, digital sales channels and digital payments solutions, directly contributing to the growth of these companies.

More recently, we started to offer data analysis solutions for credit and fraud risk detection, using the information captured through our partnerships with telecommunications operators, financial institutions, and retail companies, promoting the financial inclusion of millions of people.

Founded in 2009 in Brazil as an independent company, Bemobi has its services integrated to 88 mobile phone carriers around the world and we started to expand our partnerships to other segments such as fintech, marketplaces and wallets. We are already present in 42 countries, addressing a market of more than 2.5 billion potential users.

We work on a B2B2C (Business-To-Business-To-Consumer) white-label model, as we offer our services to a company that in turn offers them to end customers maintaining the visual identity of its brands, which guarantees our accelerated and sustainable growth as observed in recent years.

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 Paolo, Brazil, under the ticker "BMOB3". Otello's ownership in Bemobi post the IPO is 32,719,588 shares, equivalent to 35.99% of the company.

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.

Bemobi ownership

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.

The fair value of the investment in Bemobi Brazil has been reassessed based on the share price of that businesses as of December 31, 2021. With a price per share of 15.23 Brazilian real as of that date, the carrying value of the investment has been written down by USD 41.0 million vs 1H21.

Based on the Bemobi share price 31.12.2021, Otello's ownership mark-to-market (fair value) was calculated to USD 89.4 million. Based on the fair value of the shares and this tax cost base, a deferred tax liability of USD 10.2 million has been accrued. Thus, the net value for Otello was 79.2 million at the end of 2H21.

As of this report, Bemobi had not yet reported its Q4 results. Otello has recognized USD 1.4 million as the share of profit net of amortization in 2H21 related to its ownership in Bemobi based on Bemobi's Q3 reported numbers.

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 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 favour 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 Holdings Limited 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 USD paid out over 12 months and be entitled to 2% of any net proceeds arising from a change of control or ownership, liquidation, dissolution, or wind up of Reorganized Vewd, provided such net proceeds are over $140 million USD. Additionally, pursuant to the Settlement, Otello has an option to participate in the issuance of up to $9 million USD 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 Limited after the Chapter 11 proceeding, and the value of its shares in Last Lion has accordingly been written down to zero.

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. Otello continues, however, to pursue all of its entitlements. See notes 5 and 6 for more information.

Events after the end of the quarter

Otello received as agreed the final payment from Digital Turbine for the sale of AdColony on the 15th January 2022. The net amount received post transaction expenses and employee bonuses related to the sale was USD 191.7 million.

As of January 31, 2022, Otello holds net cash of USD 270.5 million of which USD 201.1 million are held in USD, USD 69.3 million are held in NOK and USD 0.1 million are held in EUR. Otello plan to gradually convert its USD holding into NOK as cash is returned to shareholders as part of share buyback, dividends, or a combination of the two.

Otello is in the process of cancelling the 11,200,000 shares purchased in the buyback conducted in December 2021. After that cancellation, Otello will have 101,099,727 shares on issue.

OUTLOOK

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

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

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

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. Otello continues, however, to pursue all of its entitlements. See notes 5 and 6 for more information.

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 our remaining assets and aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

Oslo, February 16, 2022
The Board of Directors
Otello Corporation ASA

Andre Christensen Chairman (sign.)	Lars Boilesen CEO (sign.)

Interim condensed financial statements

Consolidated statement of comprehensive income

(USD million, except earnings per share)	Note	2H 2021	2H 2020 Re-presented	% change	YTD 2021	YTD 2020 Re-presented	% change
Continuing operations							
Revenue	3	**0.0**	0.1	-85 %	**0.1**	0.1	-36 %
Total operating revenue		**0.0**	0.1	-85 %	**0.1**	0.1	-36 %
Publisher and revenue share cost	3	**0.0**	0.2	-99 %	**0.0**	0.3	-100 %
Payroll and related expenses	3	**(1.9)**	(2.3)	-19 %	**(4.5)**	(3.9)	16 %
Stock-based compensation expenses	3	**(0.0)**	(8.6)	-100 %	**(2.2)**	(9.0)	-75 %
Depreciation and amortization expenses	3	**(0.4)**	(0.5)	-22 %	**(0.8)**	(1.0)	-27 %
Other operating expenses	3	**(0.8)**	(0.8)	6 %	**(1.9)**	(1.7)	12 %
Total operating expenses		**(3.1)**	(12.1)	-74 %	**(9.3)**	(15.2)	-39 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses		**(3.1)**	(12.0)		**(9.2)**	(15.1)	
Impairment and restructuring expenses	7	**(51.2)**	(0.4)		**(59.5)**	(0.5)	
Operating profit (loss), (EBIT)		**(54.3)**	(12.4)		**(68.8)**	(15.6)	
Net financial items	8	**7.3**	(14.3)		**10.0**	(4.7)	
Profit (loss) before income tax		**(46.9)**	(26.7)		**(58.8)**	(20.4)	
Tax expense [1]		**8.5**	(1.0)		**7.5**	(3.5)	
Profit (loss) from continuing operations		**(38.5)**	(27.7)		**(51.2)**	(23.9)	
Discontinued operations							
Profit (loss) from discontinued operations, net of tax	4	**189.9**	3.6		**216.1**	0.6	
Profit (loss) from discontinued operations		**189.9**	3.6		**216.1**	0.6	
Profit (loss)		**151.5**	(24.1)		**164.9**	(23.3)	
Items that may or will be transferred to profit (loss)							
Foreign currency translation differences		**(6.5)**	25.2		**(4.8)**	9.4	
Discontinued operations - reclassified to profit (loss)		**0.0**	(6.8)		**0.0**	(28.0)	
Reclassification of foreign currency translation reserve		**0.0**	0.0		**30.2**	0.0	
Total comprehensive income (loss)		**145.0**	(5.7)		**190.3**	(41.9)	
Earnings (loss) per share:							
Basic earnings (loss) per share (USD)		**1.31**	(0.18)		**1.32**	(0.17)	
Diluted earnings (loss) per share (USD)		**1.31**	(0.18)		**1.32**	(0.17)	
Shares used in earnings per share calculation		**115,493,282**	137,582,612		**124,603,099**	137,731,882	
Shares used in earnings per share calculation, fully diluted		**115,493,282**	137,582,612		**124,603,099**	137,731,882	
Earnings per share (continuing operations):							
Basic earnings (loss) per share (USD)		**(0.33)**	(0.20)		**(0.41)**	(0.17)	
Diluted earnings (loss) per share (USD)		**(0.33)**	(0.20)		**(0.41)**	(0.17)	
Shares used in earnings per share calculation		**115,493,282**	137,582,612		**124,603,099**	137,731,882	
Shares used in earnings per share calculation, fully diluted		**115,493,282**	137,582,612		**124,603,099**	137,731,882	

[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	12/31/2021	12/31/2020 (Audited)
Assets			
Deferred tax assets		-	26.1
Goodwill		-	219.7
Intangible assets		-	12.8
Property, plant and equipment		**1.0**	6.0
Right of use assets	12	**0.3**	3.0
Lease receivables	12	-	0.0
Other investments	6	**90.3**	18.7
Other non-current assets		**0.6**	0.3
Total non-current assets		**92.2**	286.6
Accounts receivable	10	**0.1**	89.5
Lease receivables	12	-	0.9
Other receivables	10	**193.7**	6.4
Cash and cash equivalents	9	**79.0**	41.9
Total current assets		**272.8**	138.7
Total assets		**365.0**	425.3

(USD million)	Note	12/31/2021	12/31/2020 (Audited)
Shareholders' equity and liabilities			
Equity attributable to owners of the company		**351.3**	306.8
Non-controlling interests	4	-	(0.4)
Total equity		**351.3**	306.4
Liabilities			
Deferred tax liability	6	**10.2**	0.0
Lease liabilities	12	**0.2**	1.2
Loans and borrowings	9	-	-
Other non-current liabilities		**0.6**	1.6
Contingent consideration, non-current		-	-
Total non-current liabilities		**11.0**	2.8
Loans and borrowings	9	-	35.0
Lease liabilities	12	**0.1**	2.8
Accounts payable		**0.2**	25.7
Taxes payable		-	2.0
Public duties payable		**0.2**	1.3
Deferred revenue		-	1.8
Stock-based compensation liabilities		**0.6**	0.0
Other current liabilities		**1.5**	47.3
Contingent consideration, current		-	0.2
Total current liabilities		**2.7**	116.1
Total liabilities		**13.7**	118.9
Total equity and liabilities		**365.0**	425.3

Consolidated statement of cash flows

Reconciliation of profit (loss) before taxes		2H 2021	2H 2020	YTD 2021	YTD 2020
Profit (loss) before income taxes		**(46.9)**	(26.7)	**(58.8)**	(20.4)
Profit (loss) from discontinued operations, net of tax	4	**189.9**	3.6	**216.1**	0.6
Tax expense, discontinued operations	4	**0.0**	3.1	**3.8**	1.5
Profit (loss) before taxes, as presented in the statement of cash flows below		**143.0**	(20.1)	**161.2**	(18.3)

(USD million)	Note	2H 2021	2H 2020	YTD 2021	YTD 2020
Cash flow from operating activities					
Profit (loss) before taxes		**143.0**	(20.1)	**161.2**	(18.3)
Income taxes paid		**-**	4.8	**(0.0)**	5.3
Depreciation and amortization expense		**0.4**	10.4	**7.0**	23.4
Net (gain) loss from disposals of PP&E, and intangible assets		**-**	0.0	**0.0**	0.0
Net (gain) loss from sale of discontinued operations, net of tax	4	**(189.9)**	(0.0)	**(215.0)**	(0.0)
Impairment losses on other investments	6	**51.2**	-	**59.5**	-
Changes in inventories, trade receivables, trade and other payables		**0.1**	(8.8)	**8.6**	1.0
Other net finance items		**0.4**	0.7	**1.1**	1.6
Changes in other operating working capital		**0.6**	2.7	**(5.7)**	(5.4)
Share of net income (loss) and net (gain) loss from disposal of associated companies	6	**(1.4)**	0.0	**(2.7)**	0.0
Share-based remuneration		**(0.0)**	8.3	**(12.7)**	9.5
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**	(1.5)	**(0.0)**	(1.5)
FX differences related to changes in balance sheet items		**(2.2)**	13.0	**3.5**	3.5
Net cash flow from operating activities		**2.7**	9.5	**4.8**	19.1
- of which included in continuing operations		*2.7*	*(2.4)*	*(8.3)*	*(8.6)*
- of which included in discontinued operations		*0.0*	*11.9*	*13.2*	*27.7*
Cash flow from investing activities					
Proceeds from sale of property, plant, and equipment (PP&E) and intangible assets		**-**	(0.0)	**0.0**	(0.0)
Purchases of property, plant and equipment (PP&E) and intangible assets		**(0.2)**	(1.1)	**(0.1)**	(1.8)
Capitalized R&D costs		**-**	(5.3)	**(2.8)**	(10.3)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	4	**93.5**	-	**179.3**	-
Purchases of subsidiaries and associated companies, net of cash acquired		**-**	(0.0)	**(0.1)**	(0.3)
Net cash flow from investing activities		**93.2**	(6.4)	**176.2**	(12.4)
- of which included in continuing operations		*(0.2)*	*(2.4)*	*(0.3)*	*(2.4)*
- of which included in discontinued operations		*93.5*	*(4.0)*	*176.5*	*(10.0)*
Cash flow from financing activities					
Proceeds from exercise of treasury shares (incentive program)		**-**	(0.0)	**0.0**	0.1
Proceeds from non-controlling interests	4	**-**	-	**30.8**	-
Purchase of treasury shares		**(80.5)**	0.0	**(132.6)**	(0.4)
Proceeds from issuance of shares, net (equity increase)		**(0.0)**	0.0	**(0.1)**	(0.0)
Proceeds from loans and borrowings	9	**-**	5.0	**0.0**	15.0
Repayments of loans and borrowings	9	**-**	(0.6)	**(35.5)**	(1.3)
Payment of finance lease liabilities	12	**(0.1)**	(1.4)	**(1.5)**	(2.8)
Net cash flow from financing activities		**(80.6)**	3.0	**(138.9)**	10.5
- of which included in continuing operations		*(80.6)*	*4.4*	*(168.3)*	*13.2*
- of which included in discontinued operations		*0.0*	*(1.3)*	*29.4*	*(2.7)*
Net change in cash and cash equivalents		**15.3**	6.2	**42.2**	17.2
Cash and cash equivalents (beginning of period)		**68.0**	33.5	**41.9**	28.3
Effects of exchange rate changes on cash and cash equivalents		**(4.2)**	2.2	**(5.1)**	(3.6)
Cash and cash equivalents [1)]		**79.0**	41.9	**79.0**	41.9
- of which included in cash and cash equivalents in the balance sheet		**79.0**	41.9	**79.0**	41.9
- of which included in the assets of the disposal group (assets held for sale)		**-**	-	**-**	-

[1)] *Of which $0.1 (12/31/20: $0.8) million is restricted cash and cash equivalents as of December 31, 2021.*

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)**	**306.4**
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	164.9	-	164.9
Other comprehensive income (loss)								
Recycling of foreign currency translation differences to profit (loss)		-	-	-	30.2	-	-	30.2
Foreign currency translation differences		-	-	-	(4.8)	-	-	(4.8)
Total comprehensive income (loss)		**-**	**-**	**-**	**25.4**	**164.9**	**-**	**190.3**
Contributions by and distributions to owners								
Issuance of ordinary shares related to equity increase		(0.1)	-	-	-	-	-	(0.1)
Capital decrease	**0.0**	(202.0)	-	202.0	-	-	-	0.0
Treasury shares purchased	**(36.5)**	-	-	(132.6)	-	-	-	(132.6)
Treasury shares sold		-	-	0.0	-	-	-	0.0
Share-based payment transactions		-	(12.7)	-	-	-	-	(12.7)
Total contributions by and distributions to owners	**(36.5)**	**(202.0)**	**(12.7)**	**69.3**	**-**	**-**	**-**	**(145.4)**
Other equity changes								
Divestment of a subsidiary		-	-	-	-	(0.4)	0.4	0.0
Other changes		-	-	-	-	-	-	0.0
Total other equity changes		**-**	**-**	**-**	**-**	**(0.4)**	**0.4**	**0.0**
Equity as of 12/31/2021	**101.1**	**146.1**	**51.7**	**(0.0)**	**(4.8)**	**158.3**	**0.0**	**351.3**

Non-controlling interests

During 2021, Otello Corporation ASA's ownership in Bemobi was 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 the 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 was NOK 2,494,994.54, and the total share count was 124,749,727.

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 12,450,000 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 is NOK 2,245,994.54, and the total share count was 112,299,727.

Treasury shares and ordinary share

During 2H 2021, Otello purchased 23,654,681 (YTD: 36,500,470) treasury shares for $80.5 million (YTD: $132.6 million), and sold 3,272 (YTD: 3,272) treasury shares for $0.0 million (YTD: $0.0 million).

During 2H 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 December 31, 2021, Otello owned 11,199,998 treasury shares.

(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 12/31/2019	**137.9**	**348.1**	**54.9**	**(69.0)**	**(14.1)**	**17.2**	**1.9**	**339.1**
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	(23.3)	(0.0)	(23.3)
Other comprehensive income (loss)								
Recycling of foreign currency translation differences to profit (loss)		-	-	-	-	-	-	-
Foreign currency translation differences		-	-	-	(16.2)	-	(2.4)	(18.6)
Total comprehensive income (loss)		**-**	**-**	**-**	**(16.2)**	**(23.3)**	**(2.4)**	**(41.9)**
Contributions by and distributions to owners								
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
Share-based payment transactions		-	9.5	-	-	-	-	9.5
Total contributions by and distributions to owners	**(0.3)**	**(0.0)**	**9.5**	**(0.4)**	**-**	**0.0**	**0.0**	**9.1**
Other equity changes								
Divestment of a subsidiary		-	-	-	-	-	-	0.0
Other changes		-	-	-	-	-	-	0.0
Total other equity changes		**0.0**	**0.0**	**-**	**-**	**0.0**	**-**	**0.0**
Equity as of 12/31/2020	**137.6**	**348.1**	**64.4**	**(69.3)**	**(30.2)**	**(6.2)**	**(0.4)**	**306.4**

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.

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 would be returned to Otello subject to the achievement of certain future net revenue targets. Consideration for the acquisition would be as follows: (1) $100 million in cash paid at the Closing (the “Closing Cash Consideration Amount”); (2) $100 million to be paid on or before the 180th day following the Closing Date (the “Second Cash Consideration Amount”), less the aggregate amount of all Transaction-Related Bonuses payable on or promptly following the time of payment of the Second Cash Consideration Amount; and an amount in cash calculated based on the net revenues earned by AdColony during the earnout period (the “Earnout Payment Amount”).

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

As the amount of the Earnout Payment Amount has now been fixed, it is no longer considered a contingent asset as had previously been the case. Accordingly, the Earnout Payment Amount has now been booked as a receivable in the balance sheet and included in the calculation of the net profit on disposal of AdColony.

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

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

Second Cash Consideration Amount *(USD million)*	**October 26, 2021**
Cash Consideration Amount	**100.0**
minus: Transaction Expenses Amount	**(1.9)**
minus: Bonus Amount	**(2.7)**
minus: Bonus Employer Taxes	**(0.1)**
Second Payment	**95.3**

Future Payment Amount *(USD million)*	**Earnout Payment Amount**
Cash Consideration Amount	**204.5**
minus: Transaction Expenses Amount	**(4.1)**
minus: Bonus Amount	**(8.3)**
minus: Bonus Employer Taxes	**(0.4)**
Earnout Payment	**191.7**

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

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

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

Following the successful IPO of Bemobi on Bovespa in Brazil, Otello Corporation ASA ("Otello") is now a major shareholder in Bemobi Brazil with an ownership below 50%. Consequently, Bemobi financials are no longer consolidated into Otello's accounts but are booked according to the equity method. Please see note 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	
Net asset and liabilities	(230.0)	(35.6)	**(265.6)**
Banker fees and other fees	(24.0)	(0.3)	**(24.3)**
Consideration to earnout participants	-	(13.3)	**(13.3)**
Estimated consideration, to be satisfied in cash (incl NWC adjustment)	401.2	41.6	**442.9**
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	147.2	100.0	**247.2**
Consideration received, satisfied in cash	185.5	41.3	**226.9**
Cash and cash equivalents disposed	(24.8)	(22.8)	**(47.6)**
Net cash inflows *)	160.8	18.5	**179.3**

*)Proceeds from disposal of subsidiaries and associated companies, net of cash disposed

Proceeds from non-controlling interests	-	30.8	**30.8**
Net cash inflows *)	0.0	30.8	**30.8**

*)Proceeds from non-controlling interests (sale of shares)

The AdColony earnout amount is included in the calculation of the estimated net profit after agreeing on the final amount payable with Digital Turbine. The cash for the earnout amount was received in early 2022.

Note 4 - Discontinued operations (continued)

Results of discontinued operations *(USD million, except earnings per share)*	2H 2021	2H 2020	% change	YTD 2021	YTD 2020	% change
Revenue	**-**	149.2	0 %	**80.6**	258.9	-69 %
Operating expenses	**-**	(138.8)	0 %	**(73.3)**	(253.4)	-71 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses	**-**	10.3		**7.2**	5.4	
Impairment and restructuring expenses	**-**	(0.9)		**(1.3)**	0.2	
Operating profit (loss), (EBIT)	**-**	9.4		**5.9**	5.7	
Net financial items	**-**	(2.8)		**(1.0)**	(3.6)	
Profit (loss) before income tax	**-**	6.6		**4.9**	2.1	
Tax expense[1)]	**-**	(3.1)		**(3.8)**	(1.5)	
Profit (loss) from discontinued operations, net of tax	**-**	3.6		**1.1**	0.6	
Net gain (loss) from sale of discontinued operations, net of tax [2)]	**189.9**	0.0		**215.0**	0.0	
Profit (loss) from discontinued operations	**189.9**	3.6		**216.1**	0.6	
Earnings per share (discontinued operations):						
Basic earnings (loss) per share (USD)	**1.64**	0.03		**1.73**	0.00	
Diluted earnings (loss) per share (USD)	**1.64**	0.03		**1.73**	0.00	
Shares used in earnings per share calculation	**115,493,282**	137,582,612		**124,603,099**	137,731,882	
Shares used in earnings per share calculation, fully diluted	**115,493,282**	137,582,612		**124,603,099**	137,731,882	

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

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

Cash flow information *(USD million)*	2H 2021	2H 2020	YTD 2021	YTD 2020
Cash flow from operating activities	-	11.9	13.2	27.7
Cash flow from investing activities	93.5	(4.0)	176.5	(10.0)
Cash flow from financing activities	-	(1.3)	29.4	(2.7)

Note 5 - Potential sale of Vewd minority stake

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 favour by a subsidiary of MFC for $5 million plus accrued interest at the time of purchase (currently approximately $1.4 million).

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

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

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

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

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

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

Note 6 - Investments in associated companies and other investments

Other investments *[USD million]*	12/31/2021	12/31/2020
Investments in associated companies	**89.4**	10.1
Loans to associated companies	**0.0**	7.7
Investments in other shares	**0.9**	0.8
Total	**90.3**	18.7

Investments in associated companies *[USD million]*	12/31/2021	12/31/2020
Investments in Bemobi Mobile Tech S.A	**89.4**	0.0
Investments in Last Lion Holdings Ltd	**0.0**	10.1
Total	**89.4**	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 10.2 million has been accrued.

Information regarding Bemobi Mobile Tech S.A *(BRL million)*	2H 2021	YTD 2021	YTD 2021 from 2/10/21
Revenue	**151.3**	**275.7**	**254.7**
EBIT	**50.7**	**85.5**	**92.7**
Net profit (loss)	**38.0**	**70.0**	**68.0**
Assets			**1,167.0**
Non-current liabilities			**66.9**
Current liabilities			**78.5**
Equity			**1,021.6**
Otello's share of equity in BRL			**367.7**
Otello's share of equity in USD			**66.0**

As Bemobi Mobile Tech S.A has not yet released their 4Q results as of preparing this report, the 2H and YTD results above have assumed that the 4Q outcome is as per the 3Q result. The financial position of Bemobi Mobile Tech S.A shown above is taken from their 3Q results.

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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			**(5.4)**
Share of the profit (loss)			**4.5**
Amortization of excess values			**(1.8)**
Impairment			**(41.0)**
Elimination			**0.0**
Balance as of 12/31/2021			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 performed a PPA valuation as outlined above. The additional excess value is amortized based on the remaining lifetime.

The fair value of the investment in Bemobi Brazil has been reassessed based on the share price of that business as of December 31, 2021. With a price per share of 15.23 Brazilian real as of that date, the carrying value of the investment has been written down by USD 41.0 million.

Share of profit (loss) from associated companies	2H 2021	YTD 2021
Share of the profit (loss)	**2.4**	**4.5**
Amortization of excess values	**(1.0)**	**(1.8)**
Elimination	**0.0**	**0.0**
Share of profit (loss) from associated companies	**1.4**	**2.7**

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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 was $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. Please see note 5 for more information.

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 to June 30, 2021. In addition, Otello had 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 were written off as of June 30, 2021 due to uncertainties of collectability and those uncertainties remain as at December 31, 2021. 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 investment in shares in Last Lion Holdings Ltd (totalling $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 (totalling $8.3 million) were written off as of June 30, 2021 due to the uncertainities of collectability. Otello continues, however, to pursue all of its entitlements. See notes 5 and 6 for more information.

Impairment and restructuring expenses *(USD million)*	**2H 2021**	**2H 2020**	**YTD 2021**	**YTD 2020**
Salary restructuring expenses	**-**	(0.1)	**(0.1)**	(0.1)
Impairment expenses	**(51.2)**	-	**(59.5)**	-
Legal and other costs related to business combinations and disposals	**-**	(0.3)	**-**	(0.4)
Total	**(51.2)**	(0.4)	**(59.5)**	(0.5)

Note 8 - Financial items

Financial items (USD million)	2H 2021	2H 2020	YTD 2021	YTD 2020
Other interest income (expense), net	**(0.0)**	0.5	**(0.1)**	1.7
Other FX gains (losses), net	**6.2**	(15.5)	**7.7**	(5.7)
Profit (loss) sale of shares	**(0.3)**	0.7	**(0.3)**	(0.8)
Share of profit (loss) from associated companies	**1.4**	(0.0)	**2.7**	0.0
Net financial items (loss)	**7.3**	(14.3)	**10.0**	(4.7)

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 and terminated the RCF agreement.

As of December 31, 2021, Otello has no outstanding loans payable.

Note 10 - Accounts receivable and other receivables

Accounts receivable and other receivables (USD million)	12/31/2021	12/31/2020
Accounts receivable	**0.0**	59.9
Unbilled revenue	**0.0**	29.6
Other receivables	**193.7**	6.4
Total	**193.8**	95.9

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 million represents the locked-in earnout amount recognised from the sale of the AdColony to Digital Turbine, Inc. The cash for the earnout amount was received in early 2022. Please see Note 4 for more information about the sale.

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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 2021	2H 2020	YTD 2021	YTD 2020
Total operating revenue	**0.0**	0.1	**0.1**	0.1
Publisher and revenue share cost	**0.0**	0.2	**0.0**	0.3
Gross profit	**0.0**	0.3	**0.1**	0.4

Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA *(USD million)*	2H 2021	2H 2020	YTD 2021	YTD 2020
Operating profit (loss), (EBIT)	**(54.3)**	(12.4)	**(68.8)**	(15.6)
Depreciation and amortization expenses	**0.4**	0.5	**0.8**	1.0
Impairment expenses	**51.2**	-	**59.5**	-
EBITDA	**(2.7)**	(11.9)	**(8.6)**	(14.6)
Restructuring expenses	**(0.0)**	0.4	**0.1**	0.5
Stock-based compensation expenses	**0.0**	8.6	**2.2**	9.0
Adjusted EBITDA	**(2.7)**	(2.9)	**(6.3)**	(5.1)

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 relate 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)*	12/31/2021	12/31/2020
Balance as of 1/1	4.0	7.1
Additions	1.8	1.2
Translation differences	(0.1)	(0.3)
Lease payments for the principal portion of the lease liability	(2.0)	(4.2)
Interest expense on lease liabilities	0.1	0.2
Derecognized upon loss of control of businesses	(3.5)	-
Lease liabilities as of 12/31	**0.3**	**4.0**
Of which:		
Current lease liabilities (less than 1 year)	0.1	2.8
Non-current lease liabilities (more than 1 year)	0.2	1.2
Balance as of 12/31	**0.3**	**4.0**

Right of use assets *(USD million)*	12/31/2021	12/31/2020
Balance as of 1/1	3.0	4.6
Additions	1.8	1.2
Adjustment for lease receivables	-	-
Depreciation	(1.9)	(4.2)
Adjustment for depreciation related to lease receivables	0.5	1.4
Translation differences	-	-
Derecognized upon loss of control of businesses	(3.0)	-
Right of use assets as of 12/31	**0.3**	**3.0**
Lower of remaining lease term or economic life	0 - 3 years	0 - 3 years
Depreciation plan	Linear	Linear

Lease receivables *(USD million)*	12/31/2021	12/31/2020
Balance as of 1/1	0.9	2.4
Additions	-	-
Sublease payments	(0.5)	(1.5)
Adjustment of interest expense	0.0	0.1
Translation differences	-	-
Derecognized upon loss of control of businesses	(0.5)	-
Lease receivables as of 12/31	**0.0**	**0.9**
Of which:		
Current lease receivables (less than 1 year)	-	0.9
Non-current lease receivables (more than 1 year)	-	0.0
Balance as of 12/31	**0.0**	**0.9**

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 2021	2H 2020	YTD 2021	YTD 2020
Operating lease expenses recognized under operating expenses decreased	(0.1)	(1.4)	(0.1)	(2.8)
Depreciation expense increased as a result of depreciation of ROU assets	0.1	1.4	0.1	2.8
Net interest expense increased as a result of recognition of the lease liability	0.0	0.1	0.0	0.2
Translation differences	0.0	0.1	0.0	(0.3)
Other	-	(0.1)	-	(0.1)
Net effect	**0.0**	**0.1**	**(0.0)**	**(0.1)**

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.