

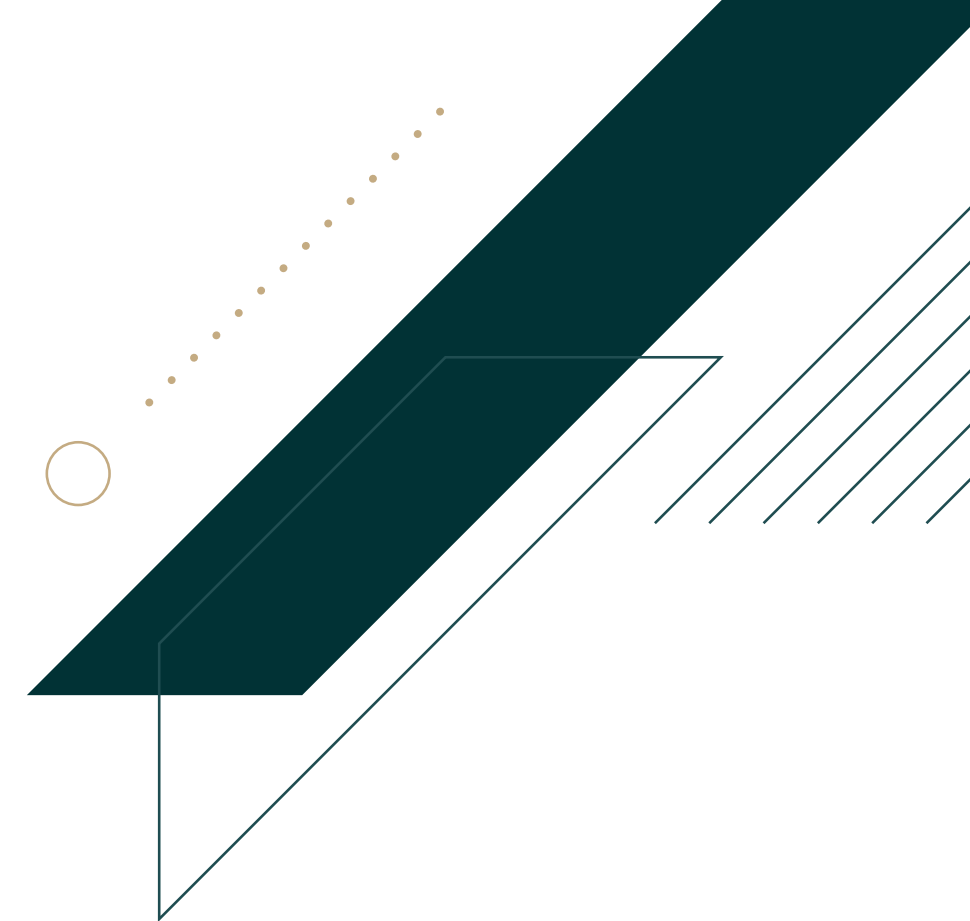
CREATING VALUE FOR THE FUTURE

2022
**Annual
Report**

Otello Corporation ASA - Annual Report 2022

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CEO Letter

In 2022, Otello returned a significant amount of cash to its shareholders and is positioned to maximize the value of its remaining asset.

FINANCIAL OVERVIEW

Due to the sale of AdColony, Otello treated that business as discontinued operations from 2021. The separate listing of Bemobi in 2021 resulted in Otello's ownership falling below 50% and Otello no longer consolidating Bemobi into the Otello P&L. In 2022, Otello continued reducing its expenses which were down 54% in 2022 vs 2021.

At the end of January 2022, Otello got paid the final earn-out payment from Digital Turbine relating to the sale of AdColony, which bolstered the cash position to over \$270m and a balance sheet without any meaningful liabilities or debts.

RETURNING CASH TO SHAREHOLDERS

The Company's remaining goal is to maximize the value of its remaining asset, its stake in Bemobi, and return cash to its shareholders. On July 28, 2022, the board resolved to pay a dividend payment of NOK 21 per share, NOK 1 913 094 309 in total. The payment was made on August 18, 2022.

FUTURE

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

In Bemobi, Otello remains the biggest shareholder and is positive about the prospects of the business. Otello will have an opportunistic view on its financial investment in the company. Otello has, as a result of the transactions above and proceeds received, already repaid all our debt, launched and completed a share buyback program accessible to all shareholders of over USD 100 million, and paid in 2022 nearly USD 200 million in dividend to our shareholders. Going forward, the goal is to maximize the value of all our remaining assets and continue to aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

Lars Boilesen

Investor Relations

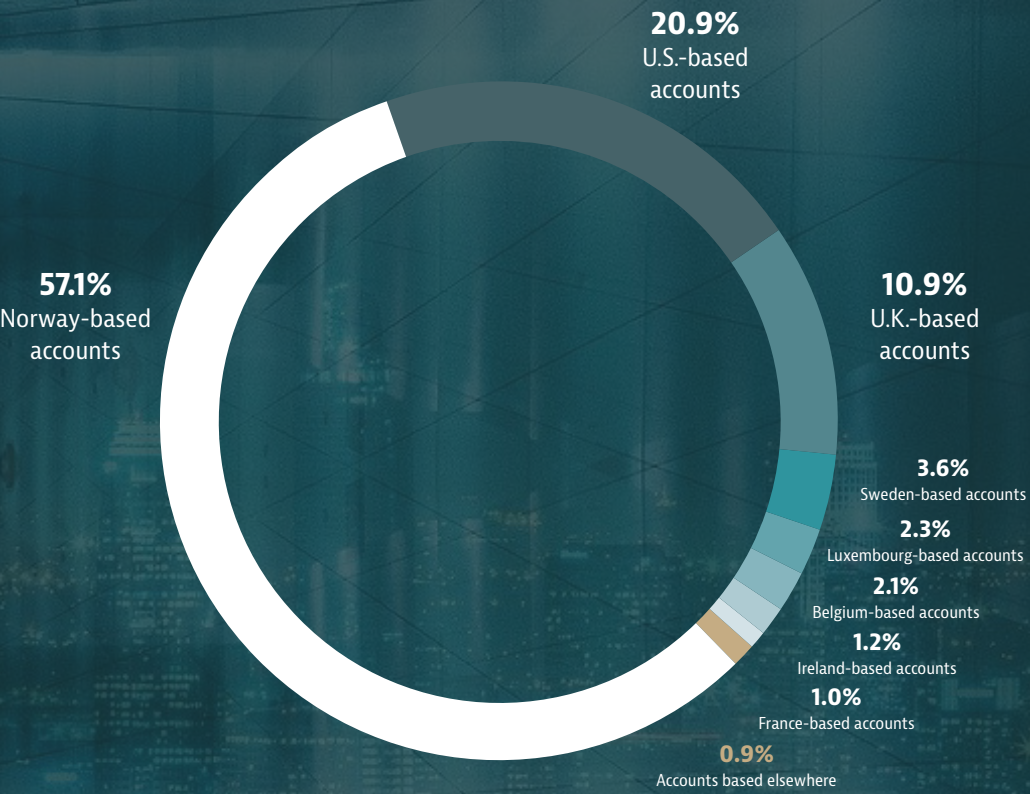
KPI [2018-2022]	2018	2019	2020	2021	2022
Revenue (\$ million)	275.4	240.7	259.0	0.1	0.2
Adjusted EBITDA (\$ million)	9.4	19.4	23.4	(6.3)	(3.4)
Operating cash flow (\$ million)	(0.2)	(0.2)	19.1	4.8	8.8

Adjusted EBITDA represents EBITDA excluding stock-based compensation expenses, impairment and restructuring expenses

INVESTOR RELATIONS POLICY

Communication with shareholders, investors, and analysts, both in Norway and abroad, is a high priority for Otello. The company’s objective is to ensure that the financial markets have sufficient information about the company in order to be able to make informed decisions about the company’s underlying value. Otello arranges regular presentations in a range of jurisdictions and holds frequent meetings with investors and analysts.

LARGEST SHAREHOLDERS at December 31, 2022	Shares
SAND GROVE OPPORTUNITIES AS	31.3 %
BANK OF AMERICA, N.A.	20.6 %
VERDIPAPIRFONDET DNB TEKNOLOGI	7.0 %
AREPO AS	5.7 %
GOLDMAN SACHS INTERNATIONAL	4.8 %
THE BANK OF NEW YORK MELLON SA/NV	2.9 %
VERDIPAPIRFONDET NORDEA NORGE VERD	2.2 %
PICTET & CIE (EUROPE) S.A.	2.1 %
SKANDINAVISKA ENSKILDA BANKEN AB	2.1 %
THE BANK OF NEW YORK MELLON SA/NV	2.0 %



2021	Country breakdown shareholders:	2022
33.9 %	Norway-based accounts	57.1 %
7.5 %	U.S.-based accounts	20.9 %
32.3 %	U.K.-based accounts	10.9 %
8.5 %	Sweden-based account	3.6 %
5.1 %	Luxembourg-based accounts	2.3 %
7.4 %	Belgium-based accounts	2.1 %
1.9 %	Ireland-based accounts	1.2 %
2.9 %	France-based accounts	1.0 %
0.6 %	Accounts based elsewhere	0.9 %

Executive Team

Otello Corporation ASA



Lars Boilesen
Chief Executive Officer

Lars Boilesen is the Chief Executive Officer at Otello Corporation ASA, a position he has held since 2010. Lars has extensive experience in the software and tech industry and has held executive positions in various corporations prior to joining Otello. He was Executive Vice President of Sales & Distribution at Opera Software ASA from 2000 to 2005 and served on the Board of Directors of Opera Software ASA from 2007 to 2009.

From 2005-2008 he was Chief Executive Officer for the Nordic and Baltic Region at Alcatel-Lucent. Lars started his career in the LEGO Group as Sales and Marketing Manager for Eastern Europe. After that, he headed the Northern Europe and Asia Pacific markets for Tandberg Data. He currently serves as the Chairman of the Board of Directors of Bemobi Mobile Tech S.A and as a Director for Norwegian Air Shuttle ASA, Napatech AS and Airthings ASA.

Lars holds a Bachelor's Degree in Business Economics from Aarhus Business School, and postgraduate diploma from Kolding Business School.



Petter Lade
Chief Financial Officer

Petter Lade was appointed Chief Financial Officer in January 2017. He is responsible for the financial management of the Group and oversees financial planning and analysis, treasury, M&A and investor relations. Petter comes from the position as Director, IR & Corporate Development and has held several key roles within controlling, M&A and IR since joining Otello in 2006.

Before joining Otello, Petter was Finance & Commercial Consultant at Dell EMEA and responsible for the financial and commercial element for pan-EMEA or Global Dell Managed Services (DMS) deals. Prior to that, Petter worked as Business Controller/Bid Analyst for Dell Norway. He began his career with Verdens Gang (Schibsted) as a controller.

Petter obtained a Siviløkonom degree (four year program in economics and business administration consisting of three years at bachelor level and one year at master level) from BI Norwegian Business School.

The Board of Directors

Otello Corporation ASA

André Christensen [Chairman](#)

André Christensen has a 25-year track record in the Media, Internet, and High Tech industries, having gained strategic and operational experience across Europe, North America, and Asia. He currently serves as the Chief Executive Officer and Founder of Quickplay, a global Sports and Entertainment technology platform provider headquartered in Toronto. Before founding Quickplay, Mr. Christensen led Product Development for the AT&T/DirecTV Entertainment Group, held the position of SVP Business Operations and Strategy at Yahoo worldwide, and spent 12 years as a partner at McKinsey & Company. In addition to his executive roles, he occupies a board position as Chairman of LINK Mobility, and as a Board Director of Intermedia. Mr. Christensen holds an MSc/DiplKfm degree from the University of Mannheim.

Maria Borge Andreassen [Board Member](#)

Maria Borge Andreassen is Commercial Director in Jernia AS, a specialist retailer chain in Norway with approximately 130 stores. She is leading the departments responsible for marketing, ecommerce, category management, strategic sourcing and analysis. Before that, Maria was part of the Executive Team in Europris, the largest discount variety retailer in Norway and listed on the Oslo Stock Exchange. In her position as the Director of Strategy and Business Development, Maria was responsible for the overall strategy, including project portfolio, new growth initiatives, OMNI channel strategy, digital roadmap and sustainability. Prior to joining Europris, Maria served as Marketing and Innovation Director and as

Corporate Business Advisor to the President and CEO of Orkla ASA, the leading Nordic based branded consumer goods company. She held internal board positions and lead many new growth initiatives. Maria started her career as a consultant in McKinsey & Company, Inc., where she worked with strategy and organizational topics, and served clients in many industries in Scandinavia, UK and South Africa. Maria holds an MBA from INSEAD and a Bachelor in Business Administration from the University of Strathclyde.

Magdalena Kadziolka [Board Member](#)

Maggie Kadziolka is the Chief Compliance Officer at Sand Grove Capital Management where she is responsible for U.S. and global regulatory compliance. In addition, she serves as a Board member of Sand Grove Special Purpose Fund I Ltd and Sand Grove (Cayman) GP Ltd. Before joining Sand Grove in January 2019, Maggie was the Chief Compliance Officer and General Counsel at Ivory Investment Management, LLC ("Ivory"), where she was responsible for legal and regulatory support concerning U.S. and foreign matters. Prior to this, Maggie worked in Cordium's (since acquired by ACA Compliance) compliance consulting division from April 2013 until 2016, where she managed global regulatory matters for a client base of investment advisers of hedge funds, private equity funds and fund of funds. She began her career as an attorney at a law firm founded by former SEC attorneys where her practice included SEC defense and investment adviser regulation. Maggie received a B.A. in Political Science and French (Cum Laude and with Honors), from New



ANDRÉ CHRISTENSEN [CHAIRMAN](#)



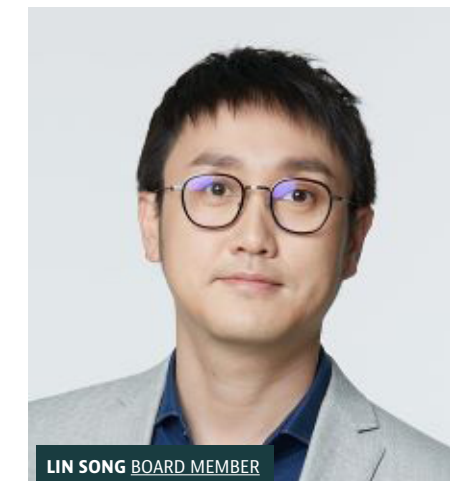
MARIA BORGE ANDREASSEN [BOARD MEMBER](#)



MAGDALENA KADZIOLKA [BOARD MEMBER](#)



KARIN FLØISTAD [BOARD MEMBER](#)



LIN SONG [BOARD MEMBER](#)

York University in 2006. In 2009, Maggie obtained her J.D. (Magna Cum Laude), from New York Law School, where she was also a member of the Law Review.

Karin Fløistad [Board Member](#)

Karin Fløistad is presently partner in one of Norway's largest corporate lawfirms, Simonsen Vogt Wiig AS and head of the of the independent Appeals Body for Competition Cases in Norway. She has extensive experience litigating cases in the CJEU and in the EFTA Court and has also given advice in a number of years to both governmental and private clients as a practicing lawyer. She is also qualified to plead before the Supreme Court in Norway and she provides on a regular basis academic services for the law faculty at the University of Oslo.

Lin Song [Board Member](#)

Lin Song is the Co-CEO at Opera Limited, a NASDAQ listed company, and a former employee of Otello from its' former days as Opera Software ASA, beginning at the company in 2002. Lin Song has been responsible for various high-profile projects at Opera, including holding the position of Director of Delivery and Engineering in APAC. Prior to Opera's browser and consumer business being privatized and later listed on the NASDAQ, Lin Song served as its COO responsible for business operations, and since the listing has become the Co-CEO of the company. He graduated in 2004 from the University of International Business and Economics in Beijing, China.



Report from the **Board of Directors**

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

In Bemobi, Otello remains the biggest shareholder and is positive about the prospects of the business. Otello will have an opportunistic view on its financial investment in the company. Otello has, as a result of the transactions above and proceeds received, already repaid all our debt, and launched and completed a share buyback program accessible to all shareholders of over USD 100 million and paid in 2022 nearly USD 200 million in dividend to our shareholders. Going forward, the goal is to maximize the value of all our remaining assets and continue to aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

COMPANY OVERVIEW

Otello Corporation ASA, the parent company of the Group, is domiciled in Norway. The Company's principal offices are located at Gjerdrums vei 19, Oslo, Norway. The company is a public limited company that is listed on the Oslo Stock Exchange under the ticker OTEC.

Corporate Costs

Corporate costs comprise primarily i) costs related to personnel working in functions that serve the Group as a whole, including CEO, Board of Directors, corporate finance and accounting, legal, HR and IT, and ii)

certain costs related to business combinations and restructuring processes.

FINANCIAL SUMMARY

Income statement (Continuing operations)

Due to the sale of AdColony, Otello is treating that business as discontinued operations for 2022 (as was also the case in 2021). The separate listing of Bemobi in 2021 resulted in Otello's ownership falling below 50%. Thus, Otello is no longer consolidating Bemobi into the Otello P&L and is rather using the equity method.

Otello's operating revenues were \$0.2 million in 2022 (2021: \$0.1 million). Operating expenses, excluding impairment and restructuring expenses, decreased by 54% to \$4.3 million (2021: \$9.3 million), with significant decreases in both employee benefits expense and other operating expenses. Otello delivered Adj EBITDA (excluding impairment and restructuring expenses) of -\$3.4 million (2021: -\$6.3 million).

A profit before income taxes (including impairment gain and restructuring expenses) of \$17.9 million was recognized in 2022 (2021: -\$58.7 million). Taxes resulted in an expense of \$2.2 million in 2022 (2021: -\$7.5 million). The result after tax for 2022 was \$15.7 million (2021: -\$51.2 million). Basic and diluted earnings per share were both \$0.17 (2021: -\$1.35).

Cash flow

Net cash flow from operating activities in 2022 totaled \$8.8 million (2021: \$4.8 million). Cash flow from investing activities amounted to \$179.1 million in 2022, vs \$207.1

million in 2021, positively impacted by net proceeds from the final installment from Digital Turbine's acquisition of AdColony and dividend received from Bemobi Mobile Tech S.A, partly offset by \$13.9 million related to tax paid on changing the investment regime for our shares in Bemobi Mobile Tech S.A. Cash flow from financing activities was -\$228.1 million in 2022, compared to -\$169.7 million in 2021. Use of cash for financing activities was mainly related to dividends paid of \$196.8 million and share buybacks of \$31.2 million.

As of December 31, 2022, the Group had a cash balance of \$18.4 million (2021: \$79.0 million), and no interest-bearing debt (2021: nil).

Balance sheet

As of 31 December 2022, the Group had total assets of \$109.8 million (2021: \$365.0 million). Non-current assets represented \$89.9 million of this total and primarily consisted of other investments (mainly our 36% ownership in Bemobi) of \$88.6 million. Current assets such as cash and receivables represented \$19.9 million of total assets, of which \$18.4 million was cash and cash equivalents.

The Group had total liabilities of \$2.4 million as of 31.12.2022 (2021: \$13.7 million), of which \$2.3 million were current liabilities. Shareholders' equity was \$107.4 million at the end of 2022, compared with \$351.3 million at the end of the previous year. Otello's equity ratio at year-end was 97.8% (2021: 96.2%).

BUSINESS OVERVIEW

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

CORPORATE OVERVIEW

Organization

At the close of 2022, the Otello group had 6 full-time employees and equivalents; the same number of full-time employees and equivalents as at the end of 2021.

Board of Directors composition

At the Annual General Meeting on June 2, 2022, André Christensen was re-elected as the chairman of the Board of Directors, Maria Borge Andreassen and Song Lin were re-elected to the Board of Directors, and Magdalena Kadziolka and Karin Fløistad were elected to the Board of Directors.

Corporate governance

The Company's guidelines for corporate governance are in accordance with the Norwegian Code of Practice for Corporate Governance, dated October 14, 2021, as required by all listed companies on the Oslo Stock Exchange. Furthermore, the guidelines meet the disclosure requirements of the Norwegian Accounting Act and the Securities Trading Act. The guidelines are included separately in the annual report. Please see the section entitled "Principles of corporate governance" for further information.

Shareholders and equity-related issues

As of December 31, 2022, Otello Corporation ASA had 91,099,729 outstanding shares. As of December 31, 2022, the Group's equity was \$107.4 million (parent company: \$26.2 million).

Share Buyback Program

During 2022, Otello purchased 10,000,000 (2021: 36,500,470) treasury shares for \$31.2 million (2021: \$132.6 million) and sold 0 (2021: 3,272) treasury shares.

Shareholders

The Company had 3,039 (2021: 3,316) shareholders at year-end. At that time, 57.1% (2021: 33.9%) of the shares were held in Norway-based accounts, 20.9% (2021: 7.5%) in US-based accounts, 10.9% (2021: 32.5%) of the shares were held in U.K.-based accounts, 3.6% (2021: 8.5%) in Sweden-based accounts, 2.3% (2021: 5.1%) in Luxembourg-based accounts, and 5.1% (2021: 12.7%) in accounts based elsewhere.

Allocation of the annual profit / coverage of loss

The total comprehensive result for the period for the parent company, Otello Corporation ASA, was a loss of \$3.8 million (2021: loss of \$27.2 million). The Board of Directors recommends that no dividend be paid for the 2022 financial year. The Board proposes that of the 2022 total comprehensive income, \$20.5 million is transferred to other equity, and -\$24.3 million is transferred to the translation reserve.

Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on the going concern principle.

Events after the reporting period

For further information on subsequent events, see note 24 of the "Consolidated financial statements".

For further information, please see the announcements published on the Oslo Stock Exchange website (www.oslobors.no).





CORPORATE SOCIAL RESPONSIBILITY

Creating a responsible and sustainable business is an integral part of everything we do at Otello. We are committed to the highest standard of social responsibility and believe that transparency and openness are key elements in obtaining a sustainable and responsible operation.

In this part of the Board of Directors report, we describe Otello's efforts and results related to corporate social responsibility (CSR). Our CSR work is focused on the following areas: Our employees, anti-corruption and the environment.

Our employees

Otello's success and innovation springs from the minds and teamwork of its employees. Our employees are our most valuable resource, and we are committed to interacting with our employees in the same way as we strive to interact with our customers, following the highest ethical standards and respect for individuality.

Otello strongly condemns discrimination. We believe that people should be treated with respect and insist on fair, non-discriminative treatment, regardless of irrelevant factors such as nationality, political views, religion, sexual orientation and gender.

We promote cultural diversity and we are proud to have 4 nationalities represented within the Group. We pride ourselves on being an international organization, where innovation and teamwork take place across borders and time zones.

We continually work to improve the gender balance in the company. At the end of 2022, 17% of the Group's staff members were women. In addition, 3 of the 5 Board of Directors of the Group are female.

The principles of equal opportunities and non-discrimination are present throughout the organization and in all company activities. When recruiting, we use assessment methods such as programming tests and test cases to give equal opportunities to all qualified applicants. Similar approaches are exercised when promoting, offering training opportunities, etc.

Labor rights at Otello

Otello respects and observes the fundamental labor rights set out in international conventions, such as the conventions of the International Labor Organization and the United Nations.

Health and safety

At Otello, we strive to offer our staff members a safe, healthy and inspiring workplace. We have a highly international workforce, where we combine the responsive-

ness of a flat structure with an extreme focus on results and innovation. All employees are expected to comply with safety and health regulations that apply to our business activities.

Discrimination on the bases of sickness or disability shall not occur at Otello. We work hard to meet all our employees' needs. We offer shorter working hours and other services to accommodate our employees with disabilities or other particular needs.

Otello had an average rate of absence due to sick leave of 0.0% in the parent company in 2022 (2021: 0.3%), and an estimated rate of 0.0% for the Group as a whole (2021: 1.4%).

Anti-corruption

Otello abstains from and works actively to combat corruption and bribery. Corruption distorts economic decision-making, deters investment, undermines competitiveness and, ultimately, weakens economic growth. There is no single, comprehensive, universally accepted definition of corruption. Therefore, each Otello employee must adhere to the existing laws and regulations in their country of operation. As a minimum, Otello's internal regulations apply to all employees. Controls are made to ensure that the rules are followed. Otello has put in place internal guidelines to help employees in their day-to-day operations. The following is an extract of these guidelines.

Bribery

No person acting on behalf of Otello shall attempt to influence someone in the conduct of their post, office or commission by offering an improper advantage. Nor shall improper advantage be offered to anyone for the purpose of influencing third parties in the conduct of their post, office, or commission. This includes all forms of facilitation payments.

Correspondingly, no person acting on behalf of Otello shall request, accept or receive an improper advantage in connection with his/ her position or assignment or for the purpose of influencing a third party. Improper advantage can take different forms, including but not limited to money, objects, credits, discounts, travel, accommodation and other services.

Gifts

It is a normal part of business life to exchange business courtesies, such as meals, transportation, recreation, facilities or small gifts. Such an exchange of business courtesies must always follow local laws and regulations and not put any Otello employee in the position of a sense of obligation to return the favor, compromise professional judgment, or create the appearance of compromise or corruption. Otello employees should always check with their manager or the HR department, if in doubt, and

consider whether the exchange of business courtesy would be acceptable if it should become publicly known.

No person acting on behalf of Otello is allowed to accept any amount of cash or cash equivalents (such as gift certificates or market securities and similar), regardless of the sum. Correspondingly, cash or cash equivalents may never be offered by Otello employees as a business courtesy, regardless of the sum.

Whistleblowing

Otello encourages freedom of speech and blowing the whistle on malpractice, fraud, illegality, or breaches of rules, regulations, and procedures or raising health and safety issues. Any Otello staff member making a whistleblowing report is protected from any repercussions, such as dismissal and other forms of reprisal. To secure an effective procedure, staff members may blow the whistle either in person or anonymously to the Work Environment Committee.

To improve communication and ensure that issues do not escalate to the point where they become a whistleblowing case, Otello focuses on the following practices:

- Communicate the Company's norms, values, and rules and regulations regarding ethical conduct.
- Create an open atmosphere by making sure that staff members have the opportunity and possibility to meet and discuss issues in formal and informal settings.
- Discuss and put questions regarding freedom of speech and whistleblowing on the agenda in internal communications.

The Environment

Otello understands the importance of supporting the environment and seeks to prevent any negative environmental impact our activities might have. Otello has incorporated its environmental policy as a part of the Ethical Code of Conduct.

Otello is committed to using environmentally safe products in the workplace, to evaluating the consumption of energy and other resources to ensure efficient use, and to ensuring the development of environmentally protective procedures.

Otello has implemented the following guidelines and reporting schemes to ensure a high ethical standard throughout the organization. The Ethical Code of Conduct is created to help employees, clients and business partners understand Otello's values and standards. Otello's reputation is created by the conduct of each individual staff member. Therefore, all staff members are obliged to familiarize themselves with the Ethical Code of Conduct when joining the company.

The Ethical Code of Conduct focuses on the following key areas: the rights and obligations of our employees; a healthy and safe working environment; anti-corruption; and the external environment.

A violation of the Ethical Code of Conduct may result in disciplinary action, up to and including termination of employment. Several of the guidelines concern actions that are also punishable offenses. The Human Resources department is responsible for following up on any possible breaches.

Transparency Act

Otello will publish a Transparency Act report on its website at <https://www.otellocorp.com>

RISK FACTORS

Otello has operations across multiple markets and is therefore exposed to a range of risks that may affect its business. Some key risk areas are discussed and described below.

Financial risk

Otello will have very limited financial risk going forward as we have no operations which are consolidated into our P&L, nor do we have any interest-bearing debt.

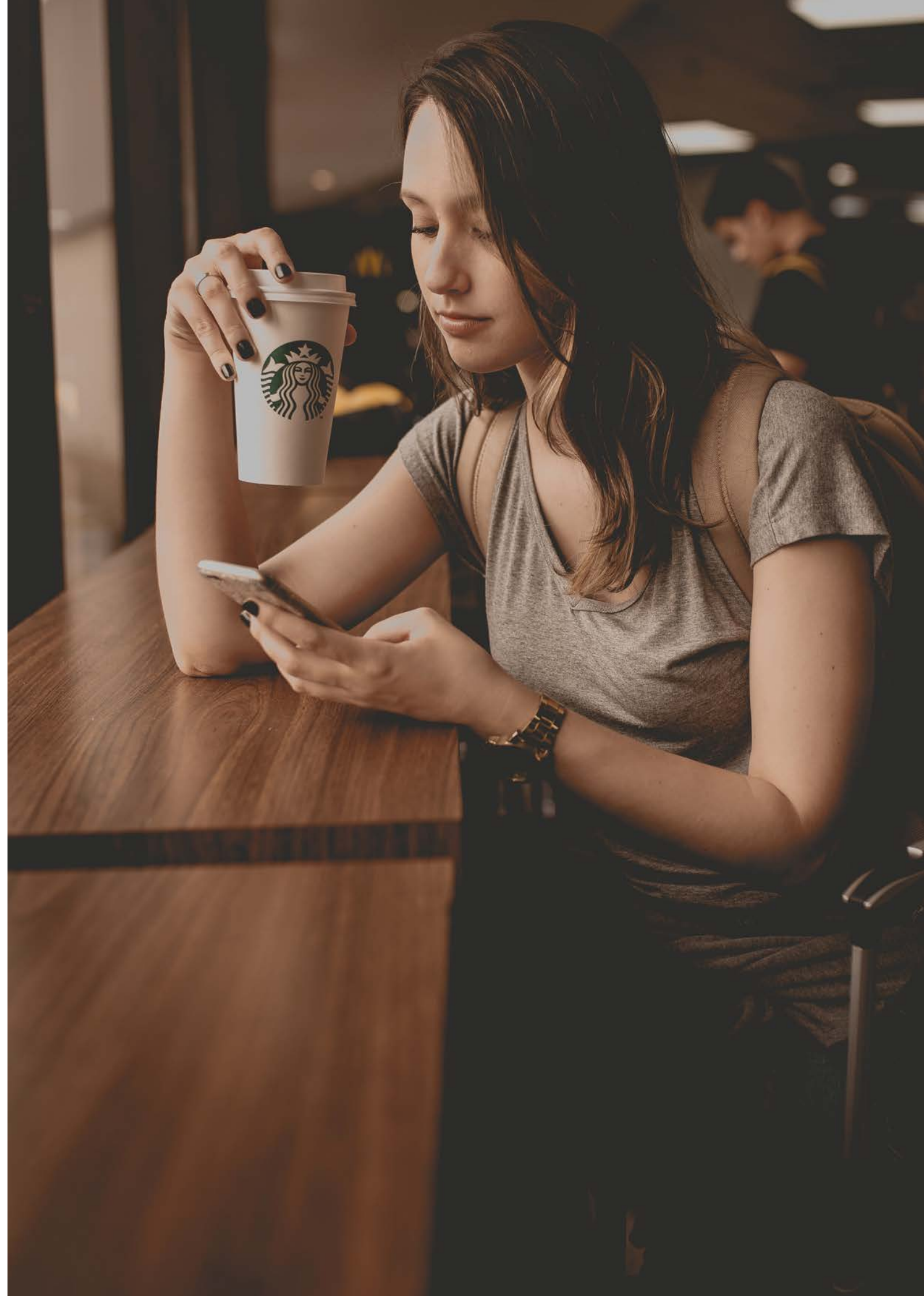
Risk management in the Group is carried out by management and approved by the Board of Directors. Potential risks are evaluated regularly and management determines appropriate strategies related to how these risks are to be handled within the Group under the approved policies. The Group is exposed to market (currency) risk, credit risk, and liquidity risk to varying degrees.

Currency risk

The majority of the financial risk that the Group is exposed to relates to currency risk due to exchange rate fluctuations. Both revenue and operating expenses are exposed to foreign exchange rate fluctuations.

The majority of the Group's operating expenses are denominated in Norwegian kroner (NOK) or United States dollars (USD). The Group maintains cash deposits in both currencies, and no capital controls are limiting the Group's ability to exchange between these currencies if required.

The Group's largest asset, its investment in the shares of Bemobi Mobile Tech S.A, is denominated in Brazilian reais (BRL). Accordingly, fluctuations in the exchange rate between the BRL and the Group's reporting currency, USD, can impact both the reported profit or loss and the carrying value of that investment. A small number of BRL-denominated expenses are also incurred by the Group in Brazil related to this investment.





During 2022 and 2021, the Group did not use forward exchange contracts to hedge its currency risk, and Otello had not entered into any foreign exchange contracts as of December 31, 2022.

Credit risk

Credit risk is the risk of losses that the Group would suffer if a counterparty fails to perform its financial obligations. The Group's exposure to credit risk is mainly related to external receivables. Credit risk is assessed for each specific customer. The Group's revenue from continuing operations is immaterial and the large majority of outstanding receivables at the end of 2021 related to the final payment due from Digital Turbine, Inc. related to the sale of the AdColony business. That receivable was received in early 2022. With the low remaining level of receivables, credit risk is not considered significant.

The Group has limited exposure in terms of credit risk related to loans and receivables.

Liquidity risk

As of December 31, the Group had bank deposits well in

excess of the recognized liabilities. Accordingly, liquidity risk is not considered significant.

Cash and cash equivalents at the end of 2022 were \$18.4 million. As of December 31, 2022, Otello has no outstanding loans payable.

The company's equity was \$107.4 million at the end of 2022, corresponding to an equity ratio of 97.8%.

Although Otello does invest its money conservatively, all our investments are subject to risk. For example, Otello's cash and other investments placed in Norwegian financial institutions are not guaranteed by the government above NOK 2 million per institution. If the financial institution were to go bankrupt, a portion of Otello's cash or investment could be lost.

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, which is a supplier to Grindr. Should AdColony be liable to pay

any fines as a result of the complaint, Otello may have to carry some or all of that liability pursuant to the terms of the sale of AdColony. However, Otello has not recognized any contingent liabilities in the interim financial statements related to this matter.

Operational risk

Otello will have limited operational risk going forward as we have no operations which are consolidated into our P&L. The operational risk is limited to corporate functions as well as the management of our partly owned assets and in particular Bemobi.

Directors and Officers Liability Insurance

Otello Corporation ASA and its subsidiaries are covered by Directors and Officers liability insurance. The insurance indemnifies directors and officers for defense costs and potential legal liability arising out of claims made against them while serving on a board of directors and or as an officer. The insurance renews annually and the sum insured was USD 25 million as of December 31, 2022.

OUTLOOK

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

In Bemobi, Otello remains the biggest shareholder and is positive about the prospects of the business. Otello will have an opportunistic view on its financial investment in the company. Otello has, as a result of the transactions above and proceeds received, already repaid all our debt, and launched and completed a share buyback program accessible to all shareholders of over USD 100 million and paid in 2022 nearly USD 200 million in dividend to our shareholders. Going forward, the goal is to maximize the value of all our remaining assets and continue to aggressively return cash to shareholders, most likely through a combination of share buybacks and dividends.

Report from the Board of Directors

— Parent company information only

Below, please find financial information and commentary on Otello Corporation ASA, the parent company ("Company") of the Otello Group ("Group"). Please note that the numbers and comments below are only applicable to the Company and not for the Group. However, the information described above for the Group is also applicable for the Company.

FINANCIAL SUMMARY

The Company's main activities are to serve the Group as a whole, through the following functions and services: CEO, Board of Directors, corporate finance and accounting, legal, HR and IT. The Company charges some of the costs related to these functions to subsidiaries. There was limited operational activity in both 2022 and 2021. The Company had 6 full-time employees and equivalents in 2022 (2021: 11).

Operating expenses decreased by 51% in 2022. This is primarily due to a decrease in employment-related costs and legal/audit fees from decreased corporate activity. The Company's operating loss excluding impairment gains of \$3.7 million (2021: loss of \$7.9 million) is in line with operating expenses due to the limited amount of revenues.

The Company reported a profit before income taxes of \$20.5 million (2021: loss \$15.2 million). The current year's profit included a gain of \$22.8 million from a reversal of prior impairment losses, primarily resulting from the increase in the share price in Bemobi Mobile Tech S.A (being the main investment of the Company's wholly-owned subsidiary, Otello Technology Investment AS).

Net cash flow from operating activities in 2022 totaled \$7.1 million (2021: \$-6.3 million). The Company's cash balance was positively impacted in 2022 by the cash received from the sale of the AdColony business of \$192.0 million. This inflow and other cash reserves were used to pay a dividend to shareholders of \$196.8 million and to buy back shares from investors of \$31.2 million. The cash balance decreased by \$43.1 million in 2022. As of December 31, 2022, the Company had a cash balance of \$15.0 million (2021: \$78.1 million).

The Company has \$81.2 million in interest-bearing debt at year-end (all owed to subsidiaries) and the Company's equity ratio was 24% (2021: 73%).

It is the Board's opinion that the annual accounts provide a true and fair view of the Company's activities in 2022.

Oslo, April 20, 2023



Andre Christensen
Chairman of the Board



Karin Fløistad



Song Lin



Maria Borge Andreassen



Magdalena Kadziolka



Lars Boilesen
CEO

Statement by the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer (CEO) have reviewed and approved the Board of Directors' report and the financial statements for Otello Group and Otello Corporation ASA as of December 31, 2022, (Annual Report for 2022).

The consolidated financial statements and the financial statements for the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and accompanying interpretations. The consolidated financial statements and the financial statements for the parent company also include certain disclosures in order to comply with certain regulations and paragraphs in the Norwegian Accounting Act and the Securities Trading Act.

To the best of our knowledge:

- The consolidated financial statements and the financial statements for the parent company for 2022 have been prepared in accordance with applicable accounting standards.
- The consolidated financial statements and the financial statements for the parent company give a true and fair view of the assets, liabilities, financial position and profits as a whole as of December 31, 2022, for the Group and the parent company.
- The Board of Directors' report for the group and the parent company includes a true and fair review of:
 - The development and performance of the business and the position of the Group and the parent company
 - The principal risks and uncertainties the Group and the parent company face

Oslo, April 20, 2023



Andre Christensen
Chairman of the Board



Karin Fløistad



Song Lin



Maria Borge Andreassen



Magdalena Kadziolka



Lars Boilesen
CEO

Consolidated Group Financial Statements 2022

Otello Corporation ASA

Consolidated statement of Comprehensive Income

USD million, except per share amounts

	Note	2022	2021
<i>Continuing operations</i>			
Revenue		0.2	0.1
Total operating revenue		0.2	0.1
Employee benefits expense	4	(2.2)	(6.7)
Depreciation and amortization expenses	5	(0.7)	(0.8)
Other operating expenses	6	(1.4)	(1.9)
Total operating expenses		(4.3)	(9.3)
Operating profit (loss), excluding impairment and restructuring expenses		(4.0)	(9.2)
Impairment gains (losses) and restructuring expenses	7	6.7	(59.9)
Operating profit (loss)		2.6	(69.1)
Share of profit (loss) from associated companies	8	4.1	3.1
Other net financial items	8	11.1	7.3
Profit (loss) before income tax		17.9	(58.7)
Tax expense	9	(2.2)	7.5
Profit (loss) from continuing operations		15.7	(51.2)
<i>Discontinued operations</i>			
Profit (loss) from discontinued operations, net of tax	10	0.3	220.1
Profit (loss) from discontinued operations		0.3	220.1
Profit (loss)		16.0	168.9
Other comprehensive income:			
Items that may or will be transferred to profit (loss)			
Foreign currency translation differences		2.3	(7.4)
Reclassification of foreign currency translation reserve		0.0	30.2
Items that will not be transferred to profit (loss)			
Foreign currency translation differences		(34.2)	0.0
Total comprehensive income (loss)		(15.9)	191.7
Profit (loss) attributable to:			
Owners of Otello Corporation ASA		16.0	168.9
Total comprehensive income (loss) attributable to:			
Owners of Otello Corporation ASA		(15.9)	191.7
Earnings (loss) per share:			
Basic earnings per share (USD)	11	0.17	1.35
Diluted earnings per share (USD)	11	0.17	1.35
Earnings (loss) per share (continuing operations):			
Basic earnings per share (USD)	11	0.17	(0.41)
Diluted earnings per share (USD)	11	0.17	(0.41)

Consolidated statement of Financial Position

USD million	Note	12/31/2022	12/31/2021
Assets			
Property, plant and equipment	14	0.3	1.0
Right of use assets	15	0.2	0.3
Investments	16	89.4	90.3
Other non-current assets		0.0	0.6
Total non-current assets		89.9	92.2
Accounts receivable		0.1	0.1
Other receivables		1.4	193.7
Cash and cash equivalents		18.4	79.0
Total current assets		19.9	272.8
Total assets		109.8	365.0

Consolidated statement of Financial Position

USD million	Note	12/31/2022	12/31/2021
Shareholders' equity and liabilities			
Equity attributable to owners of the company		107.4	351.3
Total equity		107.4	351.3
Liabilities			
Deferred tax liabilities	9	-	10.2
Lease liabilities	15	0.1	0.2
Other non-current liabilities	18	-	0.6
Total non-current liabilities		0.1	11.0
Lease liabilities	15	0.1	0.1
Accounts payable		0.2	0.2
Other current liabilities	18	2.1	2.4
Total current liabilities		2.3	2.7
Total liabilities		2.4	13.7
Total equity and liabilities		109.8	365.0

Oslo, April 20, 2023



Andre Christensen
Chairman of the Board



Karin Fløistad



Song Lin



Maria Borge Andreassen



Magdalena Kadziolka



Lars Boilesen
CEO

Consolidated statement of Cash Flows

<i>USD million</i>	Note	2022	2021
Reconciliation of profit (loss) before taxes			
Profit (loss) before income taxes		17.9	(58.7)
Profit (loss) from discontinued operations, net of tax		0.3	220.1
Tax expense, discontinued operations		0.0	3.8
Profit (loss) before taxes, as presented in the statement of cash flows below		18.2	165.2
Cash flow from operating activities			
Profit (loss) before taxes		18.2	165.2
Income taxes paid	9	0.0	(0.0)
Depreciation and amortization expense	5	0.7	7.0
Impairment (gains) losses recognized in profit (loss)	7	(6.7)	59.8
Changes in accounts receivable		(0.0)	17.6
Changes in accounts payable		(0.0)	(9.0)
Other adjustments for which cash effects are investing or financing cash flow	10	0.4	(215.7)
Other adjustments for non-cash items		0.7	(5.7)
Share of net income (loss) from associated companies	8	(4.1)	(3.0)
Share-based remuneration	4	-	(14.1)
FX differences related to changes in balance sheet items		(0.4)	2.7
Net cash flow from operating activities		8.8	4.8
Cash flow from investing activities			
Purchases of property, plant and equipment (PP&E) and intangible assets	14	-	(0.1)
Capitalized development costs		-	(2.8)
Cash flows from losing control of subsidiaries	10	191.6	179.3
Dividends received	10, 16	1.4	30.8
Income taxes paid	9	(13.9)	0.0
Other cash payments to acquire equity or debt instruments of other entities	16	(0.0)	(0.1)
Net cash flow from investing activities		179.1	207.1
Cash flow from financing activities			
Payments of other equity instruments	23	-	(0.1)
Payments to acquire entity's shares	23	(31.2)	(132.6)
Repayments of loans and borrowings		-	(35.5)
Payment of finance lease liabilities, net	15	(0.1)	(1.5)
Payments of dividends to equity holders of Otello Corporation ASA	23	(196.8)	-
Net cash flow from financing activities		(228.1)	(169.7)
Net change in cash and cash equivalents		(40.2)	42.2
Cash and cash equivalents (beginning of period)		79.0	41.9
Effects of exchange rate changes on cash and cash equivalents		(20.4)	(5.1)
Cash and cash equivalents ¹⁾		18.4	79.0

¹⁾ Of which \$0.1 million (2021: \$0.1 million) is restricted cash as of December 31, 2022.

Consolidated statement of Changes in Equity

<i>USD million (except number of shares)</i>	Number of shares out- standing (million)	Issued capital	Share premium	Treasury shares	Trans- lation reserve	Other equity	Non-con- trolling interests	Total equity
Balance as of 12/31/2021	101.1	0.3	145.9	(0.0)	(2.8)	207.9	0.0	351.3
Comprehensive income for the period								
Profit (loss)						16.0		16.0
Other comprehensive income								
Recycling of foreign currency translation difference to profit (loss)								0.0
Foreign currency translation differences					2.3	(34.2)		(31.9)
Total comprehensive income for the period		-	-	-	2.3	(18.2)	0.0	(15.9)
Dividends paid						(196.8)		(196.8)
Issue of share capital								0.0
Capital decrease		(0.0)	(31.2)	31.2				0.0
Treasury shares purchased	(10.0)			(31.2)				(31.2)
Treasury shares sold	0.0							0.0
Share-based payment transactions						0.0		0.0
Divestment of a subsidiary								0.0
Balance as of 12/31/2022	91.1	0.2	114.8	0.0	(0.5)	(7.1)	0.0	107.4

Non-controlling interests

During 2021, Otello Corporation ASA's ownership in Bemobi was reduced to 36%. Please see Note 16 for further information.

Share capital decrease

Reference is made to the resolution by the extraordinary general meeting on September 30, 2021, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by the cancellation of 11,200,000 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises, and the new registered share capital of the parent company was NOK 2,021,994.54, and the total share count was 101,099,727.

Reference is made to the resolution by the extraordinary general meeting on January 27, 2022, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by the cancellation of 9,999,998 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises, and the new registered share capital of the parent company is NOK 1,821,994.58, and the total share count was 91,099,729.

Treasury shares and ordinary share

During 2022, Otello purchased 10,000,000 treasury shares for \$31.2 million, and sold 0 treasury shares for \$0.0 million.

During 2022, Otello issued 0 ordinary shares related to the incentive program, 0 ordinary shares related to business combinations, and 0 ordinary shares related to an equity increase. As of December 31, 2022, Otello owned 0 treasury shares.

Face value of the shares

The face value of the shares is NOK 0.02.

Reserve for treasury shares

The reserve for the Company's own shares comprises the face value cost and excess value of own shares held by the Company.

Translation reserve

The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of group companies with a functional currency that is not USD.

Other equity

Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period.

Consolidated statement of Changes in Equity

<i>USD million (except number of shares)</i>	Number of shares out- standing (million)	Issued capital	Share premium	Treasury shares	Trans- lation reserve	Other equity	Non-con- trolling interests	Total equity
Balance as of 12/31/2020	137.6	0.3	347.8	(69.3)	(30.2)	58.3	(0.4)	306.4
Comprehensive income for the period								
Profit (loss)						168.9		168.9
Other comprehensive income								
Recycling of foreign currency translation difference to profit (loss)					30.2			30.2
Foreign currency translation differences					(2.8)	(4.6)		(7.4)
Total comprehensive income for the period		-	-	-	27.5	164.3	-	191.7
Dividends paid								0.0
Issue of share capital								0.0
Capital decrease		(0.1)	(201.9)	201.9				0.0
Treasury shares purchased	(36.5)			(132.6)				(132.6)
Treasury shares sold	0.0			0.0				0.0
Share-based payment transactions						(14.1)		(14.1)
Divestment of a subsidiary						(0.4)	0.4	0.0
Balance as of 12/31/2021	101.1	0.3	145.9	(0.0)	(2.8)	207.9	0.0	351.3

Note 1

General information

Otello Corporation ASA (the “Company”) is a public limited company domiciled in Norway. The Company’s principal offices are located at Gjerdrums vei 19, Oslo, Norway. The Company is listed on the Oslo Stock Exchange under the ticker OTELLO.

The consolidated financial statements of the Group for the year ended December 31, 2022, comprise the Company and its subsidiaries.

These consolidated financial statements have been approved and issued by the Board of Directors on April 20, 2023 for approval by the Annual General Meeting on June 2, 2023.

Note 2

Summary of significant accounting policies

Statement of compliance and basis of the consolidated financial statements
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and accompanying interpretations. The consolidated financial statements also include certain disclosures in order to comply with certain regulations and paragraphs in the Norwegian Accounting Act and the Securities Trading Act.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, and are presented in US dollars (USD), rounded to the nearest hundred thousand, unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

Receivables and debts are assumed to have a market value equal to the carrying amount.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group entities.

Consolidation principles

Subsidiaries – consolidated financial statements:

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in associates – associates:

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognized initially at cost (except for investments in associates arising from the loss of control of a subsidiary).

Foreign currency

Foreign currency transactions:

Transactions in foreign currencies are translated at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate prevailing on that date. Foreign exchange differences arising from translation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are recognized at fair value are translated to USD at foreign exchange rates prevailing on the date the fair value was determined. The functional currency for the Group is USD.

Financial instruments

Cash and cash equivalents:

Cash and cash equivalents comprise cash balances and call deposits.

Impairment

Non-financial assets:

The carrying amounts of the Group’s assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset, its cash-generating unit or a group of units exceeds its recoverable amount. The cash-generating unit is considered to be the acquired companies. Please see note 13 for further information. Impairment losses are recognized in the statement of comprehensive income.

Calculation of recoverable amount:

The recoverable amount of the Group’s assets is the greater of their fair value less the cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment:

With respect to assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount do not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Dividends

Dividends on shares are recognized as a liability in the period in which they are declared.

Provisions

A provision is recognized in the statement of financial position when the Group has a currently existing legal or constructive obligation as a result of a past event, and it is probable that a future outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent consideration

Contingent consideration is measured at fair value using the expected payment amounts and their associated probabilities (i.e., probability-weighted). Please see note 3 for further information.

Trade and other payables

Trade and other payables are recognized at amortized cost.

Net financing costs

Other finance income and costs comprise primarily foreign exchange gains and losses and interest income. Interest income is recognized using the effective interest method. Dividend income is recognized on the date upon which the entity’s right to receive payment is established.

Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Income tax is recognized in profit or loss or other comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Please see note 9 for further information.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include share options granted to employees.

Operating and segment information

Throughout the year ended December 31, 2022, the Group has been comprised of a single Corporate segment.

The Group’s principal activities now involve its investment in the shares of Bemobi Mobile Tech S.A. Following the successful IPO of Bemobi on Bovespa in Brazil, the Group retained a non-controlling ownership of 36.0%.

The group also retains rights to its Rocket Optimizer™ technology via its Skyfire business and owns some minor investments in other companies.

Following the successful IPO of the Bemobi business in February 2021 and the sale of the AdColony business in April 2021, those businesses no longer form part of the consolidated Group and are considered discontinued operations.

See note 10 for further information regarding discontinued operations.

Note 3

Critical accounting estimates and significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected within the next financial year.

Estimates and judgments are evaluated on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Significant judgments

Significant judgements in applying the entity's accounting policies are specified below.

Contingent considerations

The Group has previously entered into earnout agreements in connection with acquisitions. An analysis is given in Note 21 of how the provisions related to contingent considerations have been calculated.

Note 4

Employee benefits expense

Payroll expenses [USD million]	2022	2021
Salaries and bonuses	(1.6)	(2.8)
Social security cost	(0.3)	(1.2)
Pension cost	(0.1)	(0.2)
Insurance and other employee benefits	(0.0)	(0.1)
Payments to long-term contractual staff	(0.2)	(0.1)
Stock-based compensation expense, including social security cost	0.0	(2.2)
Total	(2.2)	(6.7)
Average number of full time equivalents	6	10

The Norwegian companies in the Group are obligated to follow the Mandatory Occupational Pensions Act and these companies' pension schemes follow the requirements as set in the Act.

Compensation to the CEO and Chairman of the Board

The CEO has waived his rights under Section 15-16 of the Norwegian Working Environment Act of 2005 relating to employees' protection, termination of employment contracts, etc.

As compensation, the CEO is entitled to receive a termination amount of two years' base salary if the employment contract is terminated by the Company.

As of December 31, 2022, there was no existing severance agreement between Otello and the Chairman of the Board.

The Group has not given any loans or security deposits to the CEO, the Chairman of the Board or their related parties.

A bonus program exists for the senior executive team at Otello. For each individual executive, a limit is set for the amount of bonus that can be achieved. The size of the bonus payment is dependent on actual company performance compared to a set of predefined targets. The bonus program and predefined targets are approved by the Remuneration Committee and the Board of Directors.

An accrual for all 2022 bonuses for senior executives has been recognized in the consolidated financial statements. Bonuses will be paid in 2023.

Refer to the remuneration report for further information, available on Otello's website: <https://otellocorp.com/>

Share compensation program

Otello used to have two equity-based incentives: ordinary stock options and Restricted Stock Units ("RSU").

As of December 31, 2022, there are no options outstanding for current Otello employees.

Combined, the IPO of the Bemobi business and the sale of the AdColony business in 2021 was deemed to constitute a change of control under the terms of the outstanding options agreements for shares in Otello. This led to the mandatory exercise of those options.

Following the successful IPO of the Bemobi business in 2021, responsibility for the original Bemobi option plan transferred to Bemobi Mobile Tech S.A, and accordingly Otello Corporation was released from all obligations related to this option plan. This transfer of responsibility was recognised in the financial statements through a reversing of the previous cost that had been recognised.

As of December 31, 2022, the only outstanding options within the Group relate to the RSU Award replacement for Pedro Ripper for shares in Bemobi Mobile Tech S.A.

There are no unvested RSUs left for Otello employees as of December 31, 2022. The RSUs granted in 2020 were granted to Pedro Ripper and were recognized, in accordance with IFRS 2, in the statement of comprehensive income. However, that RSU Award has been terminated and was replaced in 2021. Please see Note 21 for more information.

Compensation to executive management in 2022

[USD thousands]	Remu- neration	Salary	Bonus	Other com- pensation	Pension comp- ensation	Benefit exercised options/ RSUs	Total com- pensation
Executive Management							
Lars Boilesen, CEO	-	451.67	228.92	29.19	70.41	-	780.19
Petter Lade, CFO	-	200.22	57.23	2.27	18.76	-	278.47
The Board of Directors							
Andre Christensen, Chairman	62.95	-	-	-	-	-	62.95
Magdalena Kadziolka, Board Member from 2 June 2022	-	-	-	-	-	-	-
Anooj Unarket, Board Member to 2 June 2022	-	-	-	-	-	-	-
Karin Fløistad, Board Member from 2 June 2022	18.51	-	-	-	-	-	18.51
Birgit Midtbust, Board Member to 2 June 2022	10.58	-	-	-	-	-	10.58
Maria Borge Andreassen, Board Member	30.91	-	-	-	-	-	30.91
Song Lin, Board Member	26.23	-	-	-	-	-	26.23
The Nomination Committee							
Simon Davies, Chairman	-	-	-	-	-	-	-
Jakob Iqbal, Member	3.12	-	-	-	-	-	3.12
Kari Stautland, Member	3.12	-	-	-	-	-	3.12
Total	155.43	651.89	286.15	31.47	89.16	-	1,214.09

Presented above are the bonuses earned in 2021 and paid in 2022, which are based on the 2021 results.

Members of Executive Management are included in the Company's employee pension scheme, which is a defined contribution plan.

There has been no compensation or other economic benefit provided in 2021 or 2022 to any member of the Executive Team or Board of Directors from the Company or any business owned by the Company, except that mentioned above. In 2021 and 2022, there has been no significant additional compensation given to directors with regard to special services performed outside of their normal function.

Compensation to executive management in 2021

<i>[USD thousands]</i>	Remu- neration	Salary	Bonus	Other com- pensation	Pension com- pensation	Benefit exercised options/ RSUs	Total com- pensation
Executive Management							
Lars Boilesen, CEO	-	615.09	639.66	34.28	79.87	3 670.35	5 039.26
Petter Lade, CFO	-	233.21	159.91	2.25	22.40	652.51	1 070.27
The Board of Directors							
Andre Christensen, Chairman	76.76	-	-	-	-	-	76.76
Anooj Unarket, Board Member	-	-	-	-	-	-	-
Birgit Midtbust, Board Member	35.47	-	-	-	-	-	35.47
Maria Borge Andreassen, Board Member	35.47	-	-	-	-	-	35.47
Song Lin, Board Member	31.98	-	-	-	-	-	31.98
The Nomination Committee							
Simon Davies, Chairman from 15 January 2021	-	-	-	-	-	-	-
Nils Foldal, Chairman to 15 January 2021	0.29	-	-	-	-	-	0.29
Jakob Iqbal, Member	3.49	-	-	-	-	-	3.49
Kari Stautland, Member	3.49	-	-	-	-	-	3.49
Total	186.95	848.30	799.57	36.53	102.27	4 322.86	6 296.48

Presented above are the bonuses earned in 2020 and paid in both 2020 and 2021, which are based on the 2020 results.

Shares, options, RSUs owned by members of the Board and the Chief Executive Officer as of December 31, 2022

[In thousands of shares, options and RSUs]

Name	Commission	Shares	Total
Andre Christensen	Chairman	42	42
Karin Fløistad	Board Member	-	-
Maria Borge Andreassen	Board Member	11	11
Magdalena Kadziolka	Board Member	-	-
Song Lin	Board Member	0	0
Lars Boilesen	CEO	261	261
		314	314

On December 20, 2021, Lars Boilesen sold 260 613 shares in Otello Corporation ASA to his fully owned company HST INVEST AS at an average price of 8,35kr per share.

After this transaction, Lars Boilesen holds 0 shares in Otello Corporation and HST INVEST AS holds 260 613 shares in the company.

Shares, options and RSUs owned by other members of Executive Management as of December 31, 2022

[In thousands of shares, options and RSUs]

	Title	Shares	Total
Petter Lade	CFO	0	0
		0	0

On December 21, 2021, Petter Lade sold 66 888 shares in Otello Corporation ASA at an average price of 8,13kr per share and subsequently entered into a forward contract for 66 888 shares expiring 21.03.2023 and forward price of 8,2406kr per share. After this transaction Petter Lade holds 0 shares in Otello Corporation and 66 888 shares through a forward contract.

Shares, options, RSUs owned by members of the Board and the Chief Executive Officer as of December 31, 2021

[In thousands of shares, options and RSUs]

Name	Commission	Shares	Total
Andre Christensen	Chairman	42	42
Frode Jacobsen	Board Member	-	-
Birgit Midtbust	Board Member	11	11
Maria Borge Andreassen	Board Member	-	-
Anooj Unarket	Board Member	0	0
Lars Boilesen	CEO	261	261
		314	314

Shares, options and RSUs owned by other members of Executive Management as of December 31, 2021

[In thousands of shares, options and RSUs]

Name	Title	Shares	Total
Petter Lade	CFO	67	67
		67	67

Note 5

Depreciation and amortization expenses

Depreciation and amortization expenses <i>[USD million]</i>	Note	2022	2021
Property, plant and equipment	14	(0.6)	(0.7)
Right of use assets	15	(0.1)	(0.1)
Total		(0.7)	(0.8)

Note 6

Other operating expenses

Other operating expenses [USD million]	2022	2021
Audit, legal and other advisory services	(0.7)	(1.2)
Purchase of equipment, not capitalized	(0.2)	(0.2)
Rent and other office expenses	0.0	(0.0)
Hosting expenses, excl. depreciation cost	(0.1)	(0.1)
Other expenses	(0.4)	(0.4)
Total	(1.4)	(1.9)

Auditor remuneration

The following table shows audit fees for the current and prior year. For all categories the reported fee is the recognized expense in other operating expenses for the year to the external auditor, PwC.

Audit fees [USD million]	2022	2021
Statutory audit	(0.2)	(0.3)
Assurance services	-	(0.0)
Tax advisory services	(0.0)	-
Other services	(0.0)	(0.1)
Total	(0.2)	(0.3)

Note 7

Impairment gains (losses) and restructuring expenses

Following the successful IPO of the Bemobi business on Bovespa in Brazil in 2021, the Group is now a major shareholder in Bemobi Mobile Tech S.A with an ownership of 36.0%. The investment in Bemobi Mobile Tech S.A is recognized using the equity method, and the fair value of the investment has been reassessed based on the share price of that business as of December 31, 2022.

See Note 16 for further information regarding the Bemobi Mobile Tech S.A investment.

During 2021, Otello recognized impairment expenses in connection with its loan and investment in the Vewd Group, based on the uncertainty of recovery and the commencement of a Chapter 11 bankruptcy proceeding. The value of both the loan and the investment was written down to zero.

During 2021, Otello recognized restructuring expenses in connection with a strategic cost reduction that will better align costs with revenues. The restructuring expenses recognized this year relate mainly to the reduction in corporate staffing levels following the IPO of the Bemobi businesses and the sale of the AdColony business.

Impairment gains (losses) and restructuring expenses [USD million]	2022	2021
Impairment gains (losses)	6.7	(59.8)
Salary restructuring expense	-	(0.1)
Impairment gains (losses) [USD million]	Note	2022
Bemobi Mobile Tech S.A shares	16	6.7
Vewd Software AS loan	-	(8.3)
Last Lion Holdings Ltd shares	-	(10.1)
Total	6.7	(59.8)

Note 8

Net financial items

[USD million]	Note	2022	2021
Share of profit (loss) from associated companies	16	4.1	3.1
Other net financial items			
Interest income		1.1	0.3
Interest expenses		(0.0)	(0.4)
Net FX gains (losses)		10.7	7.8
Other net financial income (expense)		(0.1)	(0.0)
Profit (loss) sale of shares		(0.7)	(0.3)
Total other net financial items		11.1	7.3
Total net financial items		15.2	10.4

Note 9

Taxes

<i>[USD million]</i>	2022	2021
Income tax expense recognized in the statement of comprehensive income:		
Current tax	(0.0)	(0.1)
Tax paid for change of investment regime in Brazil	(13.9)	0.0
Impact of changes in foreign exchange rate	1.5	0.0
Changes in deferred taxes	10.2	7.6
Income tax expense	(2.2)	7.5

During the year ended December 31, 2022, the Group elected to change the investment regime for its holding of Bemobi shares in Brazil. This resulted in the previously recognized deferred tax liability of USD 10.2 million becoming a current tax liability. The increase in the share price of the Bemobi shares since the previous reporting date also resulted in an increase in the total income tax expense, resulting in a final tax payment equivalent to USD 13.9 million to change the investment regime. Movements in the foreign exchange rate between the initial provision for deferred tax and the final tax payment had an impact on the tax expense of USD 1.5 million.

Recognized deferred tax assets and liabilities:

Deferred tax balances presented in the statement of financial position comprise the following:

<i>[USD million]</i>	2022	2021
Deferred tax liabilities related to temporary differences	-	(10.2)
Net deferred assets (liabilities)	0.0	(10.2)

Otello recognizes deferred tax assets related to tax losses in the statement of financial position when it is considered probable that taxable profit will be generated in future periods against which these tax loss carry forwards can be utilized. Management does not believe that sufficient future taxable profits will be generated in future periods against which these tax loss carry forwards can be utilized, and accordingly they are not recognized in the statement of financial position as of December 31, 2022.

Deferred tax assets (liabilities) and changes during the year

	Balance 1/1/22	Posted to statement of compre- hensive income	Posted directly to the equity	Disposals to discon- tinued operations	Balance 12/31/22
2022 <i>[USD million]</i>					
Accrual of tax on capital gain in Brazil	(10.2)	10.2	-	-	0.0
Total related to temporary differences	(10.2)	10.2	-	-	0.0
Deferred tax liabilities related to amortizable excess value from business combinations	0.0	-	-	-	0.0
Tax loss carryforwards recognized in the statement of financial position	0.0	-	-	-	0.0
Net deferred tax assets (liabilities) recognized in the statement of financial position	(10.2)	10.2	-	-	0.0

	Balance 1/1/21	Posted to statement of compre- hensive income	Posted directly to the equity	Disposals to discon- tinued operations	Balance 12/31/21
2021 <i>[USD million]</i>					
Property, plant and equipment	0.6	-	-	(0.6)	0.0
Intangible assets	2.5	-	-	(2.5)	0.0
Accounts receivable	0.1	-	-	(0.1)	0.0
Payroll tax on share options	(0.6)	-	-	0.6	0.0
Provisions and accruals	0.3	-	-	(0.3)	0.0
Other	3.7	-	-	(3.7)	0.0
Accrual of tax on capital gain in Brazil	0.0	7.5	-	(17.7)	(10.2)
Total related to temporary differences	6.6	7.5	-	(24.3)	(10.2)
Deferred tax liabilities related to amortizable excess value from business combinations	(1.2)	-	-	1.2	0.0
Tax loss carryforwards	38.2	-	-	(38.2)	0.0
Set off of tax (valuation allowance)	(5.4)	-	-	5.4	0.0
Tax loss carryforwards not recognized in the statement of financial position	(12.1)	-	-	12.1	0.0
Tax loss carryforwards recognized in the statement of financial position	20.7	-	-	(20.7)	0.0
Net deferred tax assets (liabilities) recognized in the statement of financial position	26.1	7.5	-	-	(10.2)

The Group's gross tax loss carryforwards expire as follows:

<i>[USD million]</i>	United States	Norway	Ireland	Total
No expiration deadline	0.0	14.4	4.6	19.0
Total	0.0	14.4	4.6	19.0

Reconciliation of effective tax rate <i>[USD million]</i>	2022	2021
Profit (loss) before tax	17.9	(58.7)
Income tax using the corporate income tax rate in Norway (22% in 2022 / 22% in 2021)	(3.9)	12.9
Effect of changes in tax rates	0.0	0.0
Effect of tax rates outside Norway different from 22% / 22%	2.1	0.5
Effect of non-taxable and non-deductible items	(3.8)	(5.7)
Deferred tax assets from previously unrecognized tax losses	0.0	0.0
Effect of non-recognition of certain deferred tax assets	(0.6)	(0.1)
Use of prior tax losses	4.1	0.0
Other effects	(0.0)	(0.2)
Total tax expense for the year	(2.2)	7.5
Effective tax rate	12.3 %	12.8 %

The effective tax rate in 2022 of 12.3% differs from the statutory rate of 22.0% due to the following key items:

- The Group elected to change the investment regime for its holding of Bemobi shares in Brazil. This change required the Group to pay tax in Brazil based on the difference between the share market price of the Bemobi shares on March 31, 2022 and the tax cost basis.
- The contribution of the share of profit (loss) from associated companies and the partial reversal of the prior impairment of the investment in Bemobi shares are considered as permanent differences and are non-taxable for income tax purposes in Norway.
- The Group expects that it will utilize some of the tax loss carryforwards available to reduce the income tax that would otherwise be payable on the taxable profits for the year.

Permanent differences

Permanent differences comprise changes in the fair value of contingent considerations, amortization of acquired intangibles assets, impairment losses, share-based remuneration costs and other non-deductible costs.

Note 10

Discontinued operations

Sale of AdColony to Digital Turbine

During the year ended December 31, 2022, Otello recognised as income an amount of \$0.3m related to the settlement of the exact cost of employer taxes on the bonuses paid by AdColony to employees as a result of the sale transaction. This amount was received in full during 2022.

The cash for the earnout amount payable by Digital Turbine, previously recognised as a receivable of \$191.7m, was received by Otello in early 2022.

To assist AdColony in paying bonus obligations tied to the sale of the business, Otello had provided a short-term loan of \$850,000 to AdColony. Repayment of this was settled in full at the same time as the earnout payment.

As of December 31, 2022, there are no remaining items recognized as receivables or payables related to the sale of AdColony to Digital Turbine.

Material Indemnification-Related Post-Earnout Obligations

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

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

Indemnification Obligations of Otello

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

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

GDPR complaint filed with the Norwegian Data Protection Authority (DPA)

Please refer to Note 21 for information on this matter.

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).

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 16 for more information about the equity method accounting.

Note 11 Earnings per share

Earnings per share	2022	2021
Earnings (loss) per share:		
Basic earnings (loss) per share (USD)	0.17	1.35
Diluted earnings (loss) per share (USD)	0.17	1.35
Shares used in earnings per share calculation	93 565 482	124 603 099
Shares used in earnings per share calculation, fully diluted	93 565 482	124 603 099
Earnings (loss) per share (continuing operations):		
Basic earnings (loss) per share (USD)	0.17	(0.41)
Diluted earnings (loss) per share (USD)	0.17	(0.41)
Shares used in earnings per share calculation	93 565 482	124 603 099
Shares used in earnings per share calculation, fully diluted	93 565 482	124 603 099
Earnings (loss) per share (discontinued operations):		
Basic earnings (loss) per share (USD)	0.00	1.77
Diluted earnings (loss) per share (USD)	0.00	1.77
Shares used in earnings per share calculation	93 565 482	124 603 099
Shares used in earnings per share calculation, fully diluted	93 565 482	124 603 099

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted ordinary shares on issue during the period.

In periods with negative net income, the dilutive instruments will have an anti-dilutive effect when calculating diluted earnings per share. For this reason, there is no difference between earnings per share and diluted earnings per share for these periods.

Note 12 Alternative performance measures

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.

See below for reconciliations from Operating profit to EBITDA and Adjusted EBITDA for all periods presented.

The table below presents a reconciliation of profit (loss) to Adjusted EBITDA.

Reconciliation of gross profit <i>[USD million]</i>	2022	2021
Total operating revenue	0.2	0.1
Publisher and revenue share cost	0.0	0.0
Gross profit	0.2	0.1
Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA <i>[USD million]</i>	2022	2021
Operating profit (loss), (EBIT)	2.6	(69.1)
Depreciation and amortization expenses	0.7	0.8
Impairment gains (losses)	(6.7)	59.8
EBITDA	(3.4)	(8.6)
Restructuring expenses	0.0	0.1
Stock-based compensation expenses	0.0	2.2
Adjusted EBITDA	(3.4)	(6.3)

Note 13

Impairment testing

Otello has carried out impairment testing as of December 31, 2022, according to IAS 36. As of December 31, 2021, all previously recognized good-will and intangible assets were derecognized following the loss of control of both the AdColony and Bemobi businesses.

As a result of the testing, Otello has recorded adjustments to the impairment of one asset in the current year.

Investment in Bemobi Mobile Tech S.A

The fair value of the investment in Bemobi Brazil has been reassessed based on the share price of that business as of December 31, 2022.

With a price per share of 14.31 Brazilian real as of that date, a gain of USD 6.7 million has been recognized by reducing part of the previously-recognized impairment.

See Note 16 for further information regarding Otello's investment in Bemobi Mobile Tech S.A

There is otherwise no indication of impairment of other assets that would require impairment tests to be conducted upon those.

Note 14

Property, plant and equipment

<i>[USD million]</i>	2022	2021
Acquisition cost		
Acquisition cost as of 1/1	7.1	29.3
Additions	0.0	(0.1)
Translation differences	(0.6)	(0.6)
Derecognized upon loss of control of business	0.0	(21.6)
Acquisition cost as of 12/31	6.5	7.1
Accumulated depreciation and impairment losses		
Depreciation and impairment losses as of 1/1	(6.1)	(23.3)
Depreciation	(0.6)	(1.0)
Translation differences	0.5	0.3
Derecognized upon loss of control of business	0.0	17.9
Accumulated depreciation and impairment losses as of 12/31	(6.2)	(6.1)
Net book value as of 12/31	0.3	1.0
Depreciation for the year	(0.6)	(1.0)
Continuing operations	(0.6)	(0.7)
Discontinued operations	-	(0.3)
Impairment losses for the year	-	-
Useful life	Up to 10 years	
Depreciation plan	Linear	

Note 15

Right-of-use assets and lease liabilities

The remaining lease liability and right of use asset relate to the Group's office in Oslo, Norway.

Lease liabilities <i>(USD million)</i>	2022	2021
Balance as of 1/1	0.3	4.0
Additions	0.0	1.8
Translation differences	(0.0)	(0.1)
Lease payments	(0.1)	(2.0)
Interest expense on lease liabilities	0.0	0.1
Derecognized upon loss of control of business	-	(3.5)
Lease liabilities as of 12/31	0.2	0.3
Of which:		
Current lease liabilities (less than 1 year)	0.1	0.1
Non-current lease liabilities (more than 1 year)	0.1	0.2
Balance as of 12/31	0.2	0.3

Right of use assets <i>(USD million)</i>	2022	2021
Balance as of 1/1	0.3	3.0
Additions	0.0	1.8
Depreciation	(0.1)	(1.9)
Adjustment for depreciation related to Lease receivables	-	0.5
Derecognized upon loss of control of business	-	(3.0)
Right of use assets as of 12/31	0.2	0.3
Depreciation for the year	(0.1)	(1.9)
Continuing operations	(0.1)	(0.1)
Discontinued operations	-	(1.8)

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of each leased asset. The estimated useful life is considered to be the term of the contract for each leased asset.

IFRS 16 effects on the consolidated statement of comprehensive income for the year <i>(USD million)</i>	2022	2021
Operating lease expenses recognized under operating expenses decreased	(0.1)	(0.1)
Depreciation expense increased as a result of depreciation of ROU assets	0.1	0.1
Net interest expense increased as a result of recognition of the lease liability	0.0	0.0
Translation differences	(0.0)	0.0
Net effect	(0.0)	(0.0)

Future lease payments

The future minimum lease payments under non-cancellable lease contracts are as follows:

Payments for leased premises:	2022	2021
Less than one year	0.1	0.1
Between one to five years	0.1	0.2
More than five years	-	-
Total	0.2	0.3

Note 16

Investments

The table below gives a breakdown of the total amount of other investments recognized.

<i>[USD million]</i>	2022	2021
Investment in Bemobi Mobile Tech S.A (associate)	88.6	89.4
Investments in other shares	0.8	0.9
Total	89.4	90.3

Investment in Bemobi Mobile Tech S.A

Following the successful IPO of Bemobi on Bovespa in Brazil, the Group is now a major shareholder in Bemobi Mobile Tech S.A with an ownership of 36.0%. For more information regarding the IPO, please see Note 10.

Key financial information regarding Bemobi Mobile Tech S.A

The summary below provides key financial information for the full year 2022 as well as for the period of 2021 where Bemobi Mobile Tech S.A was accounted for as an associated company.

<i>[BRL million]</i>	2022	2021 from February 10. 2021
Revenue	1 475.8	488.8
EBIT	98.7	87.7
Net profit (loss)	85.6	75.4
Assets	1 349.3	1 445.5
Non-current liabilities	31.7	66.3
Current liabilities	259.1	349.4
Equity	1 058.5	1 029.7
Otello's share of equity in BRL	381.0	370.6
Otello's share of equity in USD	72.1	66.5

The investment in Bemobi Mobile Tech S.A is recognized using the equity method.

<i>[USD million]</i>	2022	2021
Balance as of 1/1	89.4	0.0
Initial recognition under the equity method		133.2
<i>Movements reflected through the statement of comprehensive income</i>		
Share of the profit (loss)	6.0	4.8
Amortization of excess values	(1.8)	(1.8)
Impairment	5.6	(41.4)
<i>Other movements</i>		
Dividends received	(1.4)	0.0
FX adjustment	(9.2)	(5.4)
Balance as of 12/31	88.6	89.4

A reconciliation of the cumulative reported balance of the investment in Bemobi Mobile Tech S.A is as follows.

<i>[USD million]</i>	2022	2021
Balance as of 1/1		
Initial recognition under the equity method	133.2	133.2
Share of the profit (loss)	10.3	4.8
Amortization of excess values	(3.4)	(1.8)
Dividends received	(1.3)	0.0
FX adjustment	(18.1)	(5.4)
Impairment	(32.1)	(41.4)
Balance as of 12/31	88.6	89.4

The fair value of the investment in Bemobi Mobile Tech S.A has been assessed based on the closing share price of that business as reported by Bovespa in Brazil at the end of each reporting period. The fair value is considered a Level 1 valuation.

Fair value as of 12/31	88.6	89.4
------------------------	------	------

Share of profit (loss) from associated companies	2022	2021
Share of the profit (loss)	6.0	4.9
Amortization of excess values	(1.8)	(1.8)
Share of profit (loss) from associated companies	4.1	3.1

Investments in other shares

Otello owns 1.42% of the shares in Alliance Venture Spring AS and approximately 0.05% of the shares in Life360, Inc, which merged with Zen Labs, Inc during 2019. Otello owned shares in Zen Labs Inc prior to this merger. The recognized value of the investments in other shares is \$0.8 million. Management has not determined the fair value of these investments, as they are not material for the Group. Alliance Venture Spring is a Norwegian venture capital firm investing in early stage technology companies. Life360 provides location-based services, sharing and notifications application to consumers globally, including integrated driving safety features and tools like Crash Detection and Roadside Assistance. Investments in other shares are recognized at cost.

Note 17

Assets

Non-current assets by location <i>[USD million]</i>	2022	2021
Non-current assets located in Brazil	88.6	89.4
Non-current assets located in Norway	1.1	1.9
Non-current assets located in United States	0.3	0.3
Total	89.9	91.6

The breakdown of non-current assets above does not include financial instruments, deferred tax assets and other non-current assets.

For investments in shares in equity-accounted associates and unrelated parties, the location is based on where those companies are based, without any tracing of the underlying location of their assets.

The vast majority of the value of non-current assets is related to the investment in Bemobi Mobile Tech S.A. See Note 16 for further information.

Note 18

Other liabilities

Other non-current liabilities <i>[USD million]</i>	Note	2022	2021
Stock-based compensation liability	4	0.0	0.6
Total		0.0	0.6

Other current liabilities <i>[USD million]</i>	Note	2022	2021
Stock-based compensation liability	4	0.7	0.6
Public duties payable		0.2	0.2
Accrued bonuses, commission and other employee benefits		1.1	1.2
Accrued operating expenses		0.1	0.3
Other current liabilities		0.0	0.0
Total		2.1	2.4

Note 19

Financial risk and financial instruments

Capital management
The Company's policy has been to maintain a high equity-to-asset ratio and to maintain a solid capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial risk
Risk management in the Group is carried out by management and approved by the Board of Directors. Potential risks are evaluated on a regular basis and management determines appropriate strategies related to how these risks are to be handled within the Group under the approved policies. The Group is exposed to market (currency) risk, credit risk and liquidity risk to varying degrees.

Currency risk
The majority of the financial risk that the Group is exposed to relates to currency risk due to exchange rate fluctuations. Both revenue and operating expenses are exposed to foreign exchange rate fluctuations.

The majority of the Group's operating expenses are denominated in Norwegian kroner (NOK) or United States dollars (USD). The Group maintains cash deposits in both currencies, and there are no capital controls limiting the Group's ability to exchange between these currencies, if required.

The Group's largest asset, its investment in the shares of Bemobi Mobile Tech S.A, is denominated in Brazilian reais (BRL). Accordingly, fluctuations in the exchange rate between the BRL and the Group's reporting currency, USD, can impact both the reported profit or loss and the carrying value of that investment. A small number of BRL-denominated expenses are also incurred by the Group in Brazil related to this investment.

Foreign exchange contracts
During 2022 and 2021, the Group did not use forward exchange contracts to hedge its currency risk, and Otello had not entered into any foreign exchange contracts as of December 31, 2022.

Credit risk
Credit risk is the risk of losses that the Group would suffer if a counterparty fails to perform its financial obligations. The Group's exposure to credit risk is mainly related to external receivables. Credit risk is assessed for each specific customer. The Group's revenue from continuing operations is immaterial and the large majority of outstanding receivables at the end of 2021 related to the final payment due from Digital Turbine, Inc. related to the sale of the AdColony business. That receivable was received in early 2022. With the low remaining level of receivables, credit risk is not considered significant.

Loans and receivables
The Group has limited exposure in terms of credit risk related to loans and receivables.

Liquidity risk
As of December 31, the Group had bank deposits well in excess of the recognized liabilities. Accordingly, liquidity risk is not considered significant.

Credit facility
As at December 31, 2022, Otello has no outstanding loans payable.

Note 20

Corporate structure

Below is a list of group companies in the Otello group as at December 31, 2022:

Entity name	Location	Country	Segment	Owner and voting share
Otello Corporation ASA	Oslo	Norway	Corporate	Listed
Directly owned subsidiaries				
Otello Technology Investment AS (formerly Bemobi Holding AS)	Oslo	Norway	Corporate	100%
Privacy & Performance Ireland Ltd	Dublin	Ireland	Corporate	100%
Skyfire Labs, Inc.	San Mateo	United States	Corporate	100%
Indirectly owned subsidiaries				
None				

Note 21

Contingent liabilities

Accounting treatment of Security Holders agreements with Bemobi Mobile Tech S.A in the consolidated financial statements The RSU award agreement with Bemobi Brazil's CEO was terminated in January 2021, and contained vesting conditions tied to Pedro Ripper remaining as Bemobi CEO as of the applicable vesting date, to avoid forfeiture. A contingent consideration arrangement in which the payments are automatically forfeited if employment terminates, is according to IFRS 2 Share-based payments, to be recognized as remuneration for post combination services. The costs associated with the RSU award were therefore recognized, in accordance with IFRS 2, in the statement of comprehensive income in the 2020 consolidated financial statements.

An amendment to the Security Holders agreement made in January 2021, in which an additional portion of 4.88% of shares were granted to Bemobi Brazil CEO, Pedro Ripper, is considered to be a replacement of the terminated RSU award. This amendment should therefore be recognized as a modification of the RSU Award, and as such the costs associated with the grant are recognized, in accordance with IFRS 2, in the statement of comprehensive income in the 2021 consolidated financial statements. The impact of this amendment is recognized within the operating costs of discontinued operations.

GDPR complaint filed with the Norwegian Data Protection Authority (DPA)
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. 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 financial statements related to this matter.

Refer to Note 10 for further information on this matter, and associated and other obligations of Otello under the Share Purchase Agreement with Digital Turbine, inc. related to the sale of AdColony.

Note 22

Related parties

Bemobi
The Group holds a 36% equity interest in Bemobi Mobile Tech S.A through common shares. Please see Note 16 for further details on the status of this equity interest. The Group also continues to provide accounting and legal support to Bemobi on a transitional basis, which is priced on an arm's-length basis and all outstanding balances are settled within normal commercial terms.

Agreement with Bemobi earnout participants
Please see Note 21 for details of the transaction with the Bemobi earnout participants.

Last Lion / Vewd (Opera TV)
The Group holds a 27% equity interest in Last Lion Holdings Ltd, through preferred shares. The Group has also provided a loan to Vewd Software AS (formerly Opera TV AS). As previously reported, the Group has written down the value of the shares and the loan to zero. During the year-ended December 31, 2022, liquidators were appointed to wind up Last Lion Holdings Ltd. The Group continues to view it as unlikely that any value will be received for either its shares or loan.

Members of the Board of Directors and Executive Management
The Group has not engaged in any related party transactions with any members of the Board of Directors of Otello Corporation ASA or Otello Group executive management.

Members of the Board of Directors and Executive Management of the Group and their immediate relatives controlled 0.3% (2021: 0.3%) of the Group's voting share as per December 31, 2022.

Information regarding compensation for the Board of Directors and executive management can be found in Note 4.

Executive Management have also previously participated in the Group's stock option and RSU program (see Note 4), although there are currently no such plans operating.

Note 23

Shares and shareholder information

As of December 31, 2022, Otello had a share capital of NOK 1 821 994.58 (USD 184 987) divided into 91 099 729 ordinary shares with a nominal value of NOK 0.02 each (USD 0.002). All ordinary shares have equal voting rights and the right to receive dividends.

The annual general meeting of the Company on June 2, 2022, authorized the Board of Directors of Otello Corporation ASA (the "Company") to acquire shares in the Company. The maximum value of the shares which the Company may acquire pursuant to the authorization is a total face value of NOK 182 199. The minimum amount which may be paid for each share acquired pursuant to this power of attorney is NOK 5, and the maximum amount is NOK 200.

The shares purchased through the share buyback program may be disposed of to meet obligations under employee incentive schemes, as part of consideration payable for acquisitions made by the Company, as part of consideration for any mergers, demergers or acquisitions involving the Company, to raise funds for specific investments, for the purpose of paying down loans, or in order to strengthen the Company's capital base.

The above authorization is valid up to and including June 30, 2023.

Share capital decrease
Reference is made to the resolution by the extraordinary general meeting on March 29, 2022, where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by the cancellation of 9 999 998 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises, and the new registered share capital of the parent company is NOK 1,821,994.58, and the total share count is 91 099 729.

Treasury shares and ordinary shares
During 2022, Otello purchased 10 000 000 (2021: 36 500 470) treasury shares for \$31.2 million (2021: \$132.6 million), and sold 0 (2021: 3,272) treasury shares for \$0.0 million (2021: \$0.0 million).

As of December 31, 2022, Otello owned 0 treasury shares (December 31; 2021: 11 199 998).

Dividends
On August 18, 2022, Otello paid a dividend to shareholders of NOK 21 per share and NOK 1,913,094,309 in total.

Otello did not pay a dividend in 2021.

The Board of Directors proposes that the 2022 Annual General Meeting does not approve any dividend payment.

Ownership structure
The 20 largest shareholders of Otello Corporation ASA shares as of December 31, 2022, were as follows:

	2022	2022	2021
	Shares	Owner's and voting share %	Owner's and voting share %
<i>[In thousands of shares]</i>			
SAND GROVE OPPORTUNITIES AS	28 480	31.3 %	0.0 %
BANK OF AMERICA, N.A.	18 795	20.6 %	0.0 %
VERDIPAPIRFONDET DNB TEKNOLOGI	6 385	7.0 %	5.5 %
AREPO AS	5 199	5.7 %	4.6 %
GOLDMAN SACHS INTERNATIONAL	4 355	4.8 %	19.0 %
THE BANK OF NEW YORK MELLON SA/NV	2 600	2.9 %	4.5 %
VERDIPAPIRFONDET NORDEA NORGE VERD	2 041	2.2 %	3.1 %
PICTET & CIE (EUROPE) S.A.	1 921	2.1 %	0.0 %
SKANDINAVISKA ENSKILDA BANKEN AB	1 901	2.1 %	1.6 %
THE BANK OF NEW YORK MELLON SA/NV	1 790	2.0 %	0.0 %
J.P. MORGAN SE	1 343	1.5 %	0.0 %
SKANDINAVISKA ENSKILDA BANKEN AB	1 227	1.3 %	0.0 %
BONHEUR ASA	1 217	1.3 %	1.1 %
THE BANK OF NEW YORK MELLON SA/NV	994	1.1 %	0.0 %
SOCIETE GENERALE	856	0.9 %	2.5 %
VERDIPAPIRFONDET NORDEA AVKASTNING	795	0.9 %	0.8 %
THE NORTHERN TRUST COMP, LONDON BR	784	0.9 %	0.7 %
BÆKKELAGET HOLDING AS	505	0.6 %	0.5 %
J.P. MORGAN SECURITIES PLC	483	0.5 %	0.0 %
VERDIPAPIRFONDET NORDEA KAPITAL	476	0.5 %	0.7 %
Sum	82 147	90.2 %	44.8 %
Other shareholders	8 953	9.8 %	55.2 %
Total numbers of shares	91 100	100.0 %	100.0 %

Note 24

Events after the reporting period

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

Please see stock exchange announcements for further information on any subsequent events.

Parent Company
Financial Statements 2022
Otello Corporation ASA

Statement of
Comprehensive Income

USD million	Note	2022	2021
Revenue		0.2	0.0
Total operating revenue		0.2	0.0
Employee benefits expense	2	(2.0)	(4.3)
Depreciation and amortization expenses	3	(0.7)	(0.6)
Other operating expenses	4	(1.3)	(2.9)
Total operating expenses		(3.9)	(7.9)
Operating profit (loss), excluding impairment and restructuring expenses		(3.7)	(7.9)
Impairment gains (losses) and restructuring expenses	5	22.8	(66.4)
Operating profit (loss)		19.2	(74.3)
Net financial items	6	1.3	59.1
Profit (loss) before income taxes		20.5	(15.2)
Income taxes	7	0.0	0.0
Profit (loss)		20.5	(15.2)
Other comprehensive income:			
Items that may or will be transferred to profit (loss)			
Foreign currency translation differences		(24.3)	(12.0)
Total comprehensive income (loss)		(3.8)	(27.2)
Profit (loss) attributable to:			
Owners of Otello Corporation ASA		20.5	(15.2)
Total comprehensive income (loss) attributable to:			
Owners of Otello Corporation ASA		(3.8)	(27.2)

Statement of Financial Position

USD million	Note	12/31/2022	12/31/2021
Assets			
Property, plant and equipment	8	0.3	0.9
Right of use assets	9	0.2	0.3
Investments in subsidiaries	10	91.8	80.0
Other investments	11	0.8	0.9
Total non-current assets		93.1	82.2
Accounts receivable		0.1	0.1
Other receivables		0.4	193.1
Cash and cash equivalents		15.0	78.1
Total current assets		15.4	271.2
Total assets		108.6	353.4

Statement of Financial Position

USD million	Note	12/31/2022	12/31/2021
Shareholders' equity and liabilities			
Equity attributable to owners of the company		26.2	258.0
Total equity		26.2	258.0
Liabilities			
Lease liabilities	9	0.1	0.2
Other non-current liabilities	13	81.2	90.6
Total non-current liabilities		81.3	90.8
Lease liabilities	9	0.1	0.1
Accounts payable		0.2	0.2
Other current liabilities	12	0.8	4.3
Total current liabilities		1.1	4.6
Total liabilities		82.4	95.4
Total equity and liabilities		108.6	353.4

Oslo, April 20, 2023



Andre Christensen
Chairman of the Board



Karin Fløistad



Song Lin



Maria Borge Andreassen



Magdalena Kadziolka



Lars Boilesen
CEO

Statement of Cash Flows

<i>USD million</i>	Note	2022	2021
Cash flow from operating activities			
Profit (loss) before taxes		20.5	(15.2)
Depreciation and amortization expense	3	0.7	0.6
Impairment (gains) losses recognized in profit (loss)	5	(22.8)	66.4
Changes in accounts receivable ¹⁾	13	(0.0)	(0.1)
Changes in accounts payable ¹⁾	13	(0.0)	0.1
Other adjustments for which cash effects are investing or financing cash flow		0.4	(51.3)
Other adjustments for non-cash items		2.5	1.3
Share-based remuneration	2	0.0	(5.8)
FX differences related to changes in balance sheet items		5.9	(2.4)
Net cash flow from operating activities		7.1	(6.3)
Cash flow from investing activities			
Proceeds from sale of shares	10	192.0	185.5
Other cash payments to acquire equity or debt instruments of other entities	11	(0.0)	(0.1)
Proceeds from loans received from group companies	13	-	73.4
Repayment of loans to group companies	13	(14.8)	(2.0)
Repayment of loans to other companies	10	0.9	-
Loans given to other companies	10	-	(0.9)
Net cash flow from investing activities		177.9	256.0
Cash flow from financing activities			
Payments of other equity instruments		-	(0.1)
Payments to acquire entity's shares		(31.2)	(132.6)
Repayments of loans and borrowings		-	(35.5)
Payment of finance lease liabilities, net	9	(0.1)	(0.1)
Payments of dividends to equity holders of Otello Corporation ASA		(196.8)	0.0
Net cash flow from financing activities		(228.1)	(168.3)
Net change in cash and cash equivalents		(43.1)	81.4
Cash and cash equivalents (beginning of period)		78.1	2.7
Effects of exchange rate changes on cash and cash equivalents		(20.0)	(6.0)
Cash and cash equivalents ²⁾		15.0	78.1

¹⁾ This includes changes in intercompany balances. See Note 13 for further information.

²⁾ Of which \$0.1 million (2021: 0.1 million) is restricted cash as of December 31, 2022.

Statement of Changes in equity

<i>USD million</i>	Number of shares outstanding (million)	Issued capital	Share premium	Treasury shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2021	101.1	0.3	145.9	(0.0)	(168.8)	280.6	258.0
Comprehensive income for the period							
Profit for the period						20.5	20.5
Other comprehensive income							
Foreign currency translation differences					(24.3)		(24.3)
Total comprehensive income for the period		-	-	-	(24.3)	20.5	(3.8)
Dividends paid						(196.8)	(196.8)
Capital decrease		(0.0)	(31.2)	31.2			0.0
Treasury shares acquired	(10.0)			(31.2)			(31.2)
Treasury shares sold							0.0
Share-based payment transactions							0.0
Balance as of 12/31/2022	91.1	0.2	114.8	0.0	(193.1)	104.3	26.2

Face value of the shares

The face value of the shares is NOK 0.02.

Reserve for treasury share

The reserve for the Company's own shares comprises the face value cost and excess value of own shares held by the Company.

Translation reserve

The translation reserve consists of all foreign currency differences arising from the translation of the account balances that are not in USD.

Other equity

Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period.

Statement of Changes in equity

<i>USD million</i>	Number of shares outstanding (million)	Issued capital	Share premium	Treasury shares	Translation reserve	Other equity	Total equity
Balance as of 12/31/2020	137.6	0.3	347.8	(69.3)	(156.8)	301.7	423.7
Comprehensive income for the period							
Profit for the period						(15.2)	(15.2)
Other comprehensive income							
Foreign currency translation differences					(12.0)		(12.0)
Total comprehensive income for the period		-	-	-	(12.0)	(15.2)	(27.2)
Dividends paid							0.0
Capital decrease		(0.1)	(201.9)	201.9			0.0
Treasury shares acquired	(36.5)			132.6			(132.6)
Treasury shares sold	0.0			0.0			0.0
Share-based payment transactions						(5.8)	(5.8)
Balance as of 12/31/2021	101.1	0.3	145.9	(0.0)	(168.8)	280.6	258.0

Note 1

General information and significant accounting principles

General information

These are the financial statements of Otello Corporation ASA, which is the holding company for the Otello Group and includes the Group Executive Management (chief operating decision-makers) and associated staff functions. See also Note 1 in the Group's consolidated financial statements.

Statement of compliance

The parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and accompanying interpretations. The parent company financial statements also include certain disclosures in order to comply with certain regulations and paragraphs in the Norwegian Accounting Act and the Securities Trading Act.

These parent company financial statements have been approved and issued by the Board of Directors on April 20, 2023 for approval by the Annual General Meeting on June 2, 2023.

The explanation of the accounting policies in the consolidated financial statements also applies to the parent company, and the notes to the consolidated financial statements will cover the parent company, except for the below.

Investments in subsidiaries – parent company

For investments in subsidiaries, associates and jointly controlled entities, the cost method is applied. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken as income. Dividends exceeding the portion of retained profit after the acquisition are reflected as a reduction in cost price. Dividend/group contributions from subsidiaries are reflected in the same year that the dividend is approved by the general meeting.

Investments in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

Company activities

The Company's main activities are to serve the Group as a whole, through the following functions and services: CEO/Board of Directors, corporate finance and accounting, legal, HR, and IT. The Company charges some of the costs related to these functions to subsidiaries.

The principal activities of the Group's business area are described in more detail under Operating and segment information in Note 2 in the Group's consolidated financial statements.

Note 2

Employee benefits expense

Payroll expenses [USD million]	2022	2021
Salaries and bonuses	(1.5)	(2.8)
Social security cost	(0.3)	(1.2)
Pension cost	(0.1)	(0.2)
Insurance and other employee benefits	(0.0)	(0.1)
Payments to long-term contractual staff	(0.0)	(0.0)
Share-based remuneration including social security cost	0.0	(0.0)
Total	(2.0)	(4.3)
Average number of employees	6	11

The Company has incorporated the requirements set out by the Mandatory Occupational Pensions Act ("Obligatorisk Tjeneste Pensjon").

Remuneration to key management personnel

Information about remuneration to key management personnel is given in the accompanying Note 4 in the consolidated financial statements.

Share-based compensation

For details of share-based compensation, including options, see Note 4 in the consolidated financial statements.

Note 3

Depreciation and amortization expenses

Depreciation and amortization expenses [USD million]	Note	2022	2021
Property, plant and equipment	8	(0.6)	(0.6)
Right of use assets	9	(0.1)	(0.1)
Total		(0.7)	(0.6)

Note 4

Other operating expenses

Other operating expenses [USD million]	2022	2021
Audit, legal and other advisory services	(0.6)	(2.0)
Purchase of equipment, not capitalized	(0.2)	(0.2)
Rent and other office expenses	0.0	(0.2)
Hosting expenses, excl. depreciation cost	(0.1)	(0.1)
Other expenses	(0.4)	(0.4)
Total	(1.3)	(2.9)

Auditor remuneration

The following table shows audit fees for the current and prior year. For all categories the reported fee is the recognized expense in other operating expenses for the year to the external auditor, PwC.

Audit fees [USD million]	2022	2021
Statutory audit	(0.2)	(0.2)
Assurance services	(0.0)	-
Other services	(0.0)	(0.1)
Total	(0.2)	(0.3)

Note 5

Impairment gains (losses) and restructuring expenses

Following the successful IPO of the Bemobi business on Bovespa in Brazil in 2021, the Group is now a major shareholder in Bemobi Mobile Tech S.A with an ownership of 36.0%. The investment in Bemobi Mobile Tech S.A is recognized using the equity method, and the fair value of the investment has been reassessed based on the share price of that business as of December 31, 2022.

As the shares in Bemobi Mobile Tech S.A are the main asset of the Company's wholly-owned subsidiary, Otello Technology Investment AS, the reassessment of the carrying value of those shares has a follow-up impact on the assessment of the fair value of Otello Technology Investment AS.

See Note 10 for further information regarding the Bemobi Mobile Tech S.A investment.

During 2022, the only customer contract which Performance & Privacy Ireland Ltd had came to an end, and its only remaining recognized assets are its bank accounts. As the value of the recognized net assets was lower than the carrying value by the Company, an impairment loss has been recognized.

During 2021, Otello recognized impairment expenses in connection with its loan and investment in the Vewd Group, based on the uncertainty of recovery and the commencement of a Chapter 11 bankruptcy proceeding. The value of both the loan and the investment has been written down to zero.

Impairment gains (losses) and restructuring expenses [USD million]	Note	2022	2021
Otello Technology Investment AS shares	10	23.0	(48.1)
Performance and Privacy Ireland Limited shares	10	(0.2)	-
Vewd Software AS loan		-	(8.2)
Last Lion Holdings Ltd shares		-	(10.1)
Total		22.8	(66.4)

Note 6

Net financial items

Other net financial items [USD million]	Note	2022	2021
Interest income, external		1.0	0.0
Interest income, intercompany	13	0.0	0.3
Interest expenses, external		(0.0)	(0.4)
Interest expenses, intercompany	13	(2.9)	(1.3)
Net FX gains (losses)		3.6	8.8
Profit (loss) sale of shares		(0.4)	51.7
Total other net financial items		1.3	59.1

Note 7

Taxes

<i>[USD million]</i>	2022	2021
Income tax expense recognized in the statement of comprehensive income:		
Current tax	0.0	-
Changes in deferred taxes	0.0	-
Total	0.0	0.0

Recognized deferred tax assets and liabilities:

Deferred tax balances presented in the statement of financial position comprise the following:

<i>[USD million]</i>	2022	2021
Deferred tax assets related to tax loss carryforwards	0.0	-
Deferred tax assets related to temporary differences	0.0	-
Net deferred assets (liabilities)	0.0	0.0

The Company recognizes deferred tax assets related to tax losses in the statement of financial position when it is considered probable that taxable profit will be generated in future periods against which these tax losses carries forwards can be utilized. Management does not believe that sufficient future taxable profits will be generated in future periods against which these tax loss carry forwards can be utilized, and accordingly they are not recognized in the statement of financial position as of December 31, 2022.

Deferred tax assets (liabilities) and changes during the year

2022	Balance	Posted to statement of comprehensive income	Posted directly to the equity	Disposals to discontinued operations	Balance
<i>[USD million]</i>	1/1/22				12/31/22
Accounts receivable	0.0	0.0	0.0	0.0	0.0
Provisions and accruals	(0.0)	0.0	0.0	0.0	(0.0)
Total	(0.0)	0.0	0.0	0.0	0.0
Temporary differences not recognized in the statement of financial position	0.0	(0.0)	0.0	0.0	(0.0)
Temporary differences recognized in the statement of financial position	(0.0)	(0.0)	0.0	0.0	(0.0)
Tax loss carryforwards	3.9	0.4	0.0	0.0	4.2
Tax loss carryforwards not recognized in the statement of financial position	(3.9)	(0.4)	0.0	0.0	(4.2)
Tax loss carryforwards recognized in the statement of financial position	0.0	0.0	0.0	0.0	0.0
Net deferred tax assets (liabilities) recognized in the statement of financial position	(0.0)	(0.0)	0.0	0.0	(0.0)

2021

<i>[USD million]</i>	Balance	Posted to statement of comprehensive income	Posted directly to the equity	Disposals to discontinued operations	Balance
	1/1/21				12/31/21
Accounts receivable	0.0	(0.0)	-	-	0.0
Provisions and accruals	0.1	(0.1)	-	-	(0.0)
Total	0.1	(0.1)	0.0	0.0	(0.0)
Temporary differences not recognized in the statement of financial position	(0.1)	0.1	0.0	0.0	0.0
Temporary differences recognized in the statement of financial position	0.0	0.0	0.0	0.0	(0.0)
Tax loss carryforwards	3.7	0.2	-	-	3.9
Tax loss carryforwards not recognized in the statement of financial position	(3.7)	(0.2)	-	-	(3.9)
Tax loss carryforwards recognized in the statement of financial position	0.0	0.0	0.0	0.0	0.0
Net deferred tax assets (liabilities) recognized in the statement of financial position	0.0	0.0	0.0	0.0	(0.0)

Reconciliation of effective tax rate <i>[USD million]</i>	2022	2021
Profit (loss) before tax	20.5	(15.2)
Income tax using the corporate income tax rate in Norway (22% in 2022 / 22% in 2021)	(4.5)	3.3
Effect of changes in tax rates	0.0	0.0
Effect of deferred tax assets not recognized	0.1	(0.1)
Effect of non-taxable and non-deductible items	4.4	(3.2)
Total tax expense for the year	0.0	0.0
Effective tax rate	0.0 %	0.0 %

The effective tax rate in 2022 of 0.0% differs from the statutory rate of 22.0% due to the following key items:

- The partial reversal of the prior impairment of the investment in subsidiaries is considered as a permanent difference and is non-taxable for income tax purposes in Norway.

Permanent differences

Permanent differences include impairment losses, dividends received, share-based remuneration, and non-deductible costs.

Note 8

Property, plant & equipment

[USD million]	2022	2021
Acquisition cost		
Acquisition cost as of 1/1	5.5	5.7
Acquisitions	-	-
Currency differences	(0.6)	(0.2)
Acquisition cost as of 12/31	4.9	5.5
Depreciation and impairment losses		
Acquisition cost as of 1/1	(4.5)	(4.0)
Depreciation for the year	(0.6)	(0.6)
Currency differences	0.5	0.1
Accumulated depreciation as of 12/31	(4.6)	(4.5)
Net book value as of 12/31	0.3	0.9
Depreciation for the year	(0.6)	(0.6)
Useful life	Up to 10 years	
Depreciation plan	Linear	

Note 9

Right-of-use assets and lease liabilities

The remaining lease liability and right of use asset relate to the Group's office in Oslo.

Lease liabilities (USD million)	2022	2021
Balance as of 1/1	0.3	0.2
Additions	0.0	0.2
Translation differences	(0.0)	0.0
Lease payments	(0.1)	(0.1)
Interest expense on lease liabilities	0.0	0.0
Lease liabilities as of 12/31	0.2	0.3
Of which:		
Current lease liabilities (less than 1 year)	0.1	0.1
Non-current lease liabilities (more than 1 year)	0.1	0.2
Balance as of 12/31	0.2	0.3
Right of use assets (USD million)	2022	2021
Balance as of 1/1	0.3	0.2
Additions	0.0	0.2
Depreciation	(0.1)	(0.1)
Right of use assets as of 12/31	0.2	0.3
Depreciation for the year	(0.1)	(0.1)

Depreciation is calculated on a straight-line basis over the estimated useful life of each lease asset. The estimated useful life is considered to be the term of the contract for each leased asset.

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

Future lease payments

The future minimum lease payments under non-cancellable lease contracts are as follows:

	2022	2021
Payments for leased premises:		
Less than one year	0.1	0.1
Between one to five years	0.1	0.2
More than five years	-	-
Total	0.2	0.3

Note 10

Investments in subsidiaries

Investments in subsidiaries

Below is an overview of the investments in subsidiaries directly held by Otello Corporation ASA as of December 31, 2022.

<i>[USD million]</i>	Otello Technology Investment AS (formerly Bemobi Holding AS)	Privacy & Performance Ireland Ltd	Skyfire Labs, Inc.
Segment (Group)	Corporate	Corporate	Corporate
Acquisition/establishment date	8/8/2016	9/14/2016	04/05/2006
Registered office	Oslo, Norway	Dublin, Ireland	San Mateo, USA
Ownership and voting share	100%	100%	100%
Equity at year end	170.9	0.0	0.3
Profit for the year	16.8	(0.3)	(0.0)

Information related to carrying value:	Otello Technology Investment AS	Privacy & Performance Ireland Ltd	Skyfire Labs, Inc.	Total
Acquisition cost	63.0	0.2	0.3	63.6
Equity increase prior to current year	64.6	-	-	64.6
Impairment gain (loss) prior to current year	(48.1)	-	-	(48.1)
Impairment gain (loss) in the current year	23.0	(0.2)	-	22.8
Translation differences	(11.1)	(0.0)	(0.0)	(11.1)
Carrying value	91.5	0.0	0.3	91.8

Impairment of investment in Otello Technology Investment AS

The Company has carried out impairment testing as of December 31, 2022. The main asset owned by Otello Technology Investment AS are the shares in the listed Bemobi Mobile Tech S.A. Based on the share price of Bemobi Mobile Tech S.A at that date and the prevailing exchange rate, the Company recognized a partial reversal of the previous impairment loss recognized. Please see Note 16 of the consolidated financial statements for more information.

Impairment of investment in Performance & Privacy Ireland Ltd

The Company has carried out impairment testing as of December 31, 2022. Performance & Privacy Ireland Ltd's only customer contract came to an end during 2022, and its only remaining recognized assets are its bank accounts. As the value of the recognized net assets of Performance & Privacy Ireland Ltd was lower than the carrying value, the Company has recognized an impairment loss.

Acquisition of Skyfire Labs, Inc.

As part of a restructuring in conjunction with the sale of the AdColony business, the Company acquired direct ownership of Skyfire Labs, Inc. from AdColony Holdings US, Inc. during 2021. Skyfire Labs, Inc. was acquired at net asset value.

Sale of AdColony to Digital Turbine

During the year ended December 31, 2021, the Company disposed of all of the shares of AdColony Holding AS to Digital Turbine. As at December 31, 2021, the final proceeds from that sale remained outstanding. The cash for this outstanding amount of \$191.7m was received by Otello in early 2022. In addition, during the year ended December 31, 2022, the Company recognized as income an amount of \$0.3m related to the settlement of the exact cost of employer taxes on the bonuses paid by AdColony to employees as a result of the sale transaction. This amount was received in full during 2022. To assist AdColony in paying bonus obligations tied to the sale of the business, Otello had provided a short-term loan of \$850,000 to AdColony. Repayment of this was settled in full at the same time as receipt of the \$191.7m.

As of December 31, 2022, there are no remaining items recognized as receivables or payables related to the sale of AdColony to Digital Turbine.

Shares in subsidiaries

There were no shares in subsidiaries owned by other group companies, and indirectly owned by the Company, as at December 31, 2022.

Note 11

Other investments

Investments in other shares

Otello owns 1.42% of the shares in Alliance Venture Spring AS and approximately 0.05% of the shares in Life360, Inc, which merged with Zen Labs, Inc during 2019. Otello owned shares in Zen Labs Inc prior to this merger. The recognized value of the investments in other shares is \$0.8 million. Management has not determined the fair value of these investments, as they are not material for the Group. Alliance Venture Spring is a Norwegian venture capital firm investing in early stage technology companies. Life360 provides location-based services, sharing and notifications application to consumers globally, including integrated driving safety features and tools like Crash Detection and Roadside Assistance. Investments in other shares are recognized at cost.

Note 12

Other liabilities

Other non-current liabilities <i>[USD million]</i>	Note	2022	2021
Non-current liabilities, intercompany	13	81.2	90.6
Total		81.2	90.6

Other current liabilities <i>[USD million]</i>	Note	2022	2021
Other current liabilities, external		0.8	1.7
Other current liabilities, intercompany	13	0.0	2.6
Total		0.8	4.3

Note 13

Receivables, payables and transactions with group companies

Receivables and payables

The table below presents a breakdown of receivables and payables with group companies. [USD million]

Other receivables (non-current)	Accounts receivables	Other receivables (current)
2022	2022	2022
2021	2021	2021
0.0	0.0	0.0
0.0	0.0	0.0
Liabilities (non-current)	Accounts payable	Other liabilities (current)
2022	2022	2022
2021	2021	2021
81.2	0.0	0.0
90.6	0.0	2.6

All outstanding balances with the related parties are priced on an arm's-length basis and are to be settled in cash within five years of the reporting date. None of the balances are secured. The balances outstanding are specified as follows:

2022			
Receivables from group companies [USD million]		Payables to group companies [USD million]	
Otello Technology Investment AS	0.0	Otello Technology Investment AS	81.2
Performance and Privacy Ireland Limited	0.0		
Total receivables	0.0	Total payables	81.2
2021			
Receivables from group companies [USD million]		Payables to group companies [USD million]	
Otello Technology Investment AS	0.0	Otello Technology Investment AS	93.2
Performance and Privacy Ireland Limited	0.0		
Total receivables	0.0	Total payables	93.2

Breakdown of intercompany receivables by currency
All outstanding amounts as of December 31, 2022 are denominated in NOK.

Breakdown of intercompany payables by currency
All outstanding amounts as of December 31, 2022 are denominated in USD.

Transactions with group companies

Transactions [USD million]	2022	2021
Interest income from related parties	0.0	0.3
Interest expense to related parties	(2.9)	(1.3)

Loans from Otello Technology Investment AS
As of December 31, 2022, the Company has five outstanding loans from Otello Technology Investment AS, totaling \$81.2m, including accrued interest. All of these loans are subject to written loan agreements, with an interest rate of 3 month LIBOR + 250 basis points being charged. Each loan, along with accumulated interest, is due for repayment at some time during the year ended December 31, 2024.

Note 14

Financial risk and financial instruments

Capital management
The Company's policy has been to maintain a high equity-to-asset ratio and to maintain a solid capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial risk
Risk management in the Company is carried out by management and approved by the Board of Directors. Potential risks are evaluated on a regular basis and management determines appropriate strategies related to how these risks are to be handled within the Company under the approved policies. The Company is exposed to market (currency) risk, credit risk and liquidity risk to varying degrees.

Currency risk
The majority of the financial risk that the Company is exposed to relates to currency risk due to exchange rate fluctuations. Both revenue and operating expenses are exposed to foreign exchange rate fluctuations.

The majority of the Company's operating expenses are denominated in Norwegian kroner (NOK) or United States dollars (USD). The Company maintains cash deposits in both currencies, and there are no capital controls limiting the Company's ability to exchange between these currencies, if required.

The Company's largest asset, its investment in the shares of its subsidiary Otello Technology Investment AS, is denominated in Norwegian krone (NOK).

Accordingly, fluctuations in the exchange rate between the NOK and the Company's reporting currency, USD, can impact both the reported profit or loss and the carrying value of that investment. Further, the largest asset of Otello Technology Investment AS, its investment in the shares of Bemobi Mobile Tech S.A, is denominated in Brazilian reais (BRL). Accordingly, fluctuations in the exchange rate with the BRL can also impact the reported figures.

Foreign exchange contracts
During 2022 and 2021, the Company did not use forward exchange contracts to hedge its currency risk, and the Company had not entered any foreign exchange contracts as of December 31, 2022.

Credit risk
Credit risk is the risk of losses that the Company would suffer if a counterparty fails to perform its financial obligations. The Company's exposure to credit risk is mainly related to external receivables. Credit risk is assessed for each specific customer. The Company's revenue from operations is immaterial and the large majority of outstanding receivables at the end of 2021 related to the final payment due from Digital Turbine, Inc. related to the sale of the AdColony business. That receivable was received in early 2022. With the low remaining level of receivables, credit risk is not considered significant.

Loans and receivables
The Company has limited exposure in terms of credit risk related to loans and receivables with non-related parties.

Liquidity risk
As of December 31, the Company had bank deposits well in excess of the recognized liabilities to non-related parties. Accordingly, liquidity risk is not considered significant.

Credit facility
As at December 31, 2022, the Company has no outstanding loans payable to non-related parties. The only outstanding loans payable relate to money borrowed from the Company's wholly-owned subsidiary, Otello Technology Investment AS.

Note 15

Contingent liabilities

GDPR complaint filed with the Norwegian Data Protection Authority (DPA)
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. 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 financial statements related to this matter.

Refer to Note 10 of the consolidated financial statements for further information on this matter, and associated and other obligations of Otello under the Share Purchase Agreement with Digital Turbine, inc. related to the sale of AdColony

Note 16

Related parties

Bemobi

Through its wholly owned subsidiary, Otello Technology Investment AS (formerly Bemobi Holding AS), the Company holds a 36% equity interest in Bemobi Mobile Tech S.A through common shares. Please see Note 16 in the consolidated financial statements for further details on the status of this equity interest. The Company also continues to provide accounting and legal support to Bemobi on a transitional basis, which is priced on an arm's-length basis and all outstanding balances are settled within normal commercial terms.

Agreement with Bemobi earnout participants

Please see Note 21 in the consolidated financial statements for details of the transaction with the Bemobi earnout participants.

Last Lion / Vewd (Opera TV)

The Group holds a 27% equity interest in Last Lion Holdings Ltd, through preferred shares. The Group has also provided a loan to Vewd Software AS (formerly Opera TV AS). As previously reported, the Group has written down the value of the shares and the loan to zero. During the year-ended December 31, 2022, liquidators were appointed to wind up Last Lion Holdings Ltd. The Group continues to view it as unlikely that any value will be received for either its shares or loan.

Apart from the above transactions, and for transactions with group companies in the normal course of business, the Company did not engage in any related party transactions, including with any members of the Board of Directors or Executive Management.

See Note 13 for information regarding transactions with group companies.

Members of the Board of Directors and Executive Management

The Group has not engaged in any related party transactions with any members of the Board of Directors of Otello Corporation ASA or Otello Group executive management.

Members of the Board of Directors and Executive Management of the Group and their immediate relatives controlled 0.3% (2021: 0.3%) of the Group's voting share as per December 31, 2022. See Note 4 in the consolidated financial statements for further information.

Information regarding compensation for the Board of Directors and executive management can be found in Note 4 in the consolidated financial statements.

Executive Management also participate in the Group's stock option and RSU program (see Note 4 in the consolidated financial statements), although there are currently no such plans operating.

Note 17

Shares and shareholder information

Information regarding shares and shareholder information can be found in Note 23 in the consolidated financial statements.

Information regarding shares, options and RSUs owned by members of the Board, the Chief Executive Officer and other members of Executive Management can be found in Note 4 in the consolidated financial statements.

Note 18

Events after the reporting period

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

Please see stock exchange announcements for further information on any subsequent events.

Auditor's report



To the General Meeting of Otello Corporation ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Otello Corporation ASA, which comprise:

- the financial statements of the parent company Otello Corporation ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Otello Corporation ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 6 years from the election by the general meeting of the shareholders on 2 June 2017 for the accounting year 2017.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate,

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they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

3 / 4



matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Otello Corporation ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "Otello Corporation ASA Annual Report 2022.zip", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 20 April 2023

PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant



Declaration of executive compensation policies

PART 1: POLICIES AND EXECUTIVE COMPENSATION EXCEPT SHARE-BASED INCENTIVES

The Board of Directors has, in accordance with the Public Limited Liability Companies Act § 6-16a, developed policies regarding compensation for the Executive Team.

The objectives of the Executive Team compensation program are, in particular, to (i) attract, motivate, retain, and reward the individuals on the Executive Team and (ii) ensure alignment of the Executive Team with the long-term interests of the shareholders. The Company's Executive Team compensation program is intended to be performance-driven and is designed to reward the Executive Team for both reaching key financial goals and strategic business objectives and enhancing shareholder value.

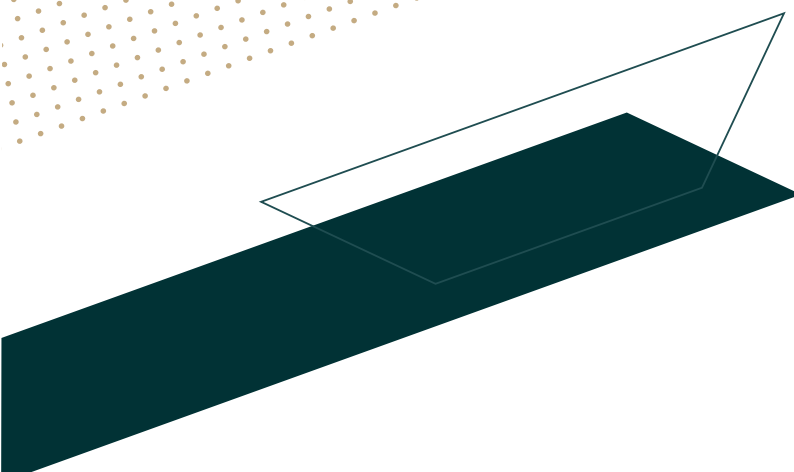
The most important components of Executive Team compensation are as follows: (i) base salary, (ii) cash-incentive bonus, and (iii) long-term, equity-based incentives. Only the statement in Part 2 "Share-based incentives", below, will be binding for the Board of Directors.

1. Base salary

Base salary is typically the primary component of Executive Team compensation and reflects the overall contribution of the executive to the Company. The determination of base salaries for the executives considers a range of factors, including (i) job scope and responsibilities, (ii) competitive pay practices, (iii) background, training, and experience of the executive, and (iv) past performance of the executive at the Company. Adjustments to base salary are ordinarily reviewed every 12 months or longer by the Board.

2. Cash incentive bonus

The Company uses a cash-incentive bonus to focus the Executive Team members on, and reward the Executive Team members for, achieving key corporate objectives, which typically involve corporate, financial, and operational performance. Cash-incentive bonuses tied to strategic business objectives, which may be individual to or shared among the Executive Team members, may also be considered as part of the cash-incentive bonus. The



determination of the total bonus that can be potentially earned by an executive in a given year is based on, among other factors, the executive's current and expected contributions to the Company's performance, his or her position within the Executive Team, and competitive compensation practices.

In October 2020, members of the Executive Team agreed on new cash bonus structures where annual, cash bonuses are based on achievement of targets, and capped at 200% payout. The Board may deviate from the 200% cap. As a starting point, the cash-incentive bonus for FY 2022 for Executive Team members was, and for FY 2023 will be, based on business-/operational targets and achievements of these targets.

After considering the above, the CEO was paid NOK 4.4 million and the CFO was paid NOK 1.1 million in cash bonus in 2022 related to the 2021 year.

3. Severance-payment arrangements

Pursuant to Section 15-16 second subsection of the Norwegian 2005 Act relating to Employees' Protection, CEO Lars Boilesen has waived his rights under Chapter 15 of the Act. As compensation, he is entitled to a severance payment of two years' base salary if his employment is terminated by the Company. If the CEO has committed a gross breach of his duty or other serious breaches of the contract of employment, the employment can be terminated with immediate effect without any right for the CEO to the mentioned severance payment.

Except for the CEO as described above, the employment agreements for the members of the Executive Team have no provisions with respect to severance payments if a member of the Executive Team should leave his or her position, whether voluntarily or involuntarily. Severance payment arrangements, if any, will thus be based on negotiations between the Company and the relevant member of the Executive Team on a case-by-case basis.

4. Pension

Members of the Executive Team participate in regular pension programs available for all employees of the Company. For members of the Executive Team based in Norway, an additional pension agreement is in place. This agreement is based on a defined contribution scheme and contributes 20% of salary over 12G.

PART 2: SHARE-BASED INCENTIVES

1. Existing programs

For members of the Executive Team, the Company currently has no ordinary stock option program or RSU program in place. The previous stock options held by the Executive Team were mandatorily exercised following the Bemobi IPO and AdColony sale.

2. Vesting criteria for existing options

N/A.

PART 3: 2022 COMPLIANCE

In 2022, the Executive Team received base salaries and cash-incentive bonuses in line with the Executive Compensation Policy as presented to the 2020 Annual General Meeting and as set out in Part I, Item 2 "Cash incentive bonus" as described above.

Total compensation earned for the Executive Team in FY 2022 is summarized in note 4 of the consolidated financial statements.

During 2022, no deviations from the existing share-based compensation programs as previously approved were made with respect to the Executive Team. No new options have been approved since the extraordinary general meeting held on 15 January 2021.





Principles of Corporate Governance at Otello Corporation ASA

General principles, implementation and reporting on corporate governance

Otello Corporation ASA ("Otello" or the "Company") strongly believes that strong corporate governance creates higher shareholder value. As a result, Otello is committed to maintaining high standards of corporate governance. Otello's principles of corporate governance have been developed in light of the Norwegian Code of Practice for corporate governance (the "Code"), dated October 14, 2021, as required for all listed companies on the Oslo Stock Exchange. The Code is available at www.nues.no. The principles are further developed and are in accordance with section 3-3b and section 3-3c of the Norwegian Accounting Act, which can be found at <https://lovdata.no/dokument/NL/lov/1998-07-17-56>. Otello views the development of high standards of corporate governance as a continuous process and will continue to focus on improving the level of corporate governance.

The Board of Directors has the overall responsibility for corporate governance at Otello and ensures that the Company implements sound corporate governance. The Board of Directors has defined Otello's basic corporate values, and the Company's ethical guidelines and guidelines on corporate social responsibility are in accordance with these values.

The Board of Directors has defined clear objectives, strategies, and risk profiles for Otello's business activities such that Otello creates value for shareholders in a sustainable manner. The Board of Directors considered financial, social and environmental considerations when they carried out this work.

The Board of Directors further will annually evaluate Otello's objectives, strategies and risk profiles.

Otello's activities

Otello holds shares in different businesses, including (i) Bemobi, a Mobile Media and Entertainment company that integrates people and mobile content through technology and offers a leading subscription-based discovery service for mobile apps in Latin America and beyond; and (ii) Skyfire which offers cloud-based network solutions for mobile operators.

Our business is based on close relationships with customers, partners, investors, employees, friends, and communities all over the world — relationships we are committed to developing by conducting our business openly and responsibly. Our corporate policies are developed in order to be true to this commitment.

Corporate Social Responsibility guidelines

The Board of Directors has adopted corporate social responsibility ("CSR") guidelines. These guidelines cover a range of topics and are focused around the following areas: our employees, human rights, anti-corruption and the environment. These general principles and guidelines apply to all employees and officers of the Group. See the Board of Directors report for further information.

Equity, capital structure and dividends

The Company's capital structure and financing is considered to be appropriate in terms of Otello's objectives, strategy and risk profile.

Otello's policy is to maintain a high equity ratio. Otello believes its needs for growth can be met while also allowing for a dividend distribution as long as the Company is reaching its targeted growth and cash generation levels. Dividend payments will be subject to approval by the shareholders at the Company's Annual General Meetings. This dividend policy is considered clear and predictable.

Authorizations granted to the Board of Directors to increase the Company's share capital will be restricted to defined purposes and will in general be limited in time to no later than the date of the next Annual General Meeting. To the extent that authorization to increase the share capital shall cover issuance of shares under employee share option schemes and other purposes, the Company will consider presenting the authorizations to the shareholders as separate items.

The Board of Directors may also be granted the authority to acquire own shares. Authorizations granted to the Board of Directors to acquire own shares will also be restricted to defined purposes. To the extent that authorization to acquire own shares shall cover several purposes, the Company will consider presenting the authorization to the shareholders as separate items. Such authority may by law apply for a maximum period of two years, and will state the maximum and minimum amount payable for the shares. Normally, the proposed authority will be for one year or to the next annual general meeting. In addition, an authorization to acquire own shares will state the highest nominal value of the shares which Otello may acquire, and the mode of acquiring and disposing of own shares. Otello may not at any time hold more than 10% of the total issued shares as own shares.

Equal treatment of shareholders

A key concept in Otello's approach to corporate governance is the equal treatment of shareholders. Otello has one class of shares and all shares are freely transferable (with possible exceptions due to foreign law restrictions on sale and offering of securities). All shares in the Company carry equal voting rights. The shareholders exercise the highest authority in the Company through the General Meeting. All shareholders are entitled to submit items to the agenda, and to meet, speak, and vote at the General Meeting.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be explained. Where the Board of Directors resolves to carry out an increase in the share capital and waive the pre-emption rights of the existing shareholders on the basis of a mandate granted to the board, an explanation will be publicly disclosed in a stock exchange announcement issued in connection with the increase of the capital.

Transactions with related parties

Any transactions, agreements or arrangements between the Company and its shareholders, members of the Board, members of the executive management team or close associates of any such parties will only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act (the "NPLCA"). The Board of Directors will arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered to be immaterial or covered by the provisions of section 3-16 of the NPLCA.

If the Company should enter into a not immaterial transaction with related parties within Otello or with companies in which a director or leading employee of Otello or close associates of these have a material direct or indirect vested interest, those concerned shall immediately notify the Board of Directors. Any such transaction must be approved by the Board of Directors, and where required also as soon as possible publicly disclosed to the market.

Insider trading

The Company has an established and closely monitored insider trading policy. Otello employees are prohibited from trading in Otello securities based on information that is material, nonpublic information; that is, the public does not yet have access to this information, and this information may be deemed interesting for an investor to use when deciding whether to buy or sell securities. This rule also applies to other companies, where Otello employees may have access to such nonpublic information. Please note that even a tip to family and friends is considered illegal, if this should be used as a basis for buying or selling securities.

Any transaction the Company carries out in its own shares will be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way.

Freely negotiable shares

Otello has no limitations on the transferability of shares and has one class of shares. Each share entitles the holder to one vote.

General Meetings

Through the General Meeting, the shareholders exercise the highest authority in the Company. General Meetings are held in accordance with the Code. All shareholders are entitled to submit items to the agenda, meet, speak, and vote at General Meetings. The Annual General Meeting is held each year before the end of June. Extraordinary General Meetings may be called by the Board of Direc-





tors at any time. The Company's auditor or shareholders representing at least five percent of the total share capital may demand that an Extraordinary General Meeting be called.

General Meetings are convened by written notice to all shareholders with known addresses no later than 21 days prior to the date of the meeting. Proposed resolutions and supporting information, including information on how to be represented at the meeting, vote by proxy and the right to propose items for the General Meeting, is generally made available to the shareholders no later than the date of the notice. According to the Company's Articles of Association, attachments to the calling notice may be posted on the Company's website and not sent to shareholders by ordinary mail. Shareholders who wish to receive the attachments may request the Company to mail such attachments free of charge. Resolutions and the supporting information are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered in the meeting.

Shareholders who are unable to be present, are encouraged to participate by proxy and a person who will be available to vote on behalf of shareholders as their proxy will be nominated. Proxy forms will allow the proxy holder to cast votes for each item separately. A final dead-

line for shareholders to give notice of their intention to attend the meeting or vote by proxy will be set in the notice for the meeting. Such deadline will be set as close as possible to the date of the General Meeting and under every circumstance, in accordance with the principles of section 5-3 of the NPLCA.

The members of the Board of Directors, Chairman of the Nomination Committee, CEO, CFO and the auditor are all required to be present at the meeting in person, unless they have valid reasons to be absent. The Board of Directors normally proposes that the General Meeting elects an independent chairman for the meeting. Notice, enclosures and protocol of meetings are available on Otello's website.

The General Meeting elects the members of the Board of Directors (excluding employee representatives), determines the remuneration of the members of the Board of Directors, approves the annual accounts and decides such other matters which by law, by separate proposal or according to the Company's Articles of Association, are to be decided by the General Meeting. Shareholders will normally be able to vote on each individual candidate nominated for election to the Board of Directors, the Nomination Committee and any other corporate bodies to which members are elected by the General Meeting.

The Board of Directors may decide to allow electronic participation in General Meetings and will consider this before each General Meeting.

The minutes from General Meetings will be posted on the Company's website within 15 days after the General Meeting has been held. Information that a General Meeting has been held will be made public as soon as possible after the end of the meeting.

Nomination Committee

The Nomination Committee is a body established pursuant to the Articles of Association and shall consist of three to five members. The members and the chairperson are elected by the General Meeting. The members of the Nomination Committee should be selected to take into account the interests of shareholders in general. Members of the Nomination Committee serve for a two-year period but may be re-elected. Following the ordinary general meeting held on 2 June 2022, the current members of the Nomination Committee are Simon Davies (Chairperson), Kari Stautland and Jakob Iqbal. The members of the Nomination Committee are independent of the Board of Directors and executive management, however it is noted that the chairperson of the Nomination Committee is a representative of a shareholder who also is represented at the Board of Directors. Pursuant to

the Articles of Association, no member of the Nomination Committee can also simultaneously be a member of the Board of Directors.

The tasks of the Nomination Committee are to propose candidates for election as shareholder-elected members of the Board of Directors and members of the Nomination Committee. The Nomination Committee is encouraged to have contact with shareholders, the Board of Directors and the Company's Chief Executive Officer as part of its work on proposing candidates for election to the Board of Directors. The Committee cannot propose its own Committee members as candidates for the Company's Board of Directors. Further, the Committee shall make recommendations regarding the remuneration of the members of the Board of Directors. Its recommendations will normally be explained, and information about proposed candidates will normally be given, no later than 21 days before the General Meeting. The tasks of the Nomination Committee are further described in the Company's Nomination Committee guidelines, as adopted by the Annual General Meeting held on June 14, 2011. Remuneration of the members of the Nomination Committee will be determined by the General Meeting. Information regarding deadlines for proposals for members to the Board of Directors and the Nomination Committee will be posted on Otello's website.



Corporate assembly

Otello does not have a corporate assembly as the employees have voted, and the General Meeting in 2010 approved, that the Company should not have a corporate assembly.

The Board of Directors

Appointed by Shareholders at the General Meeting, the Board of Directors is the central governing mechanism between shareholders and executive management. The members of the Board of Directors are selected in light of an evaluation of the Company's need for expertise, capacity and balanced decision-making, and with the aim of ensuring that the Board of Directors can operate independently of any special interests and function effectively as a collegial body. Members of the Board of Directors are encouraged to own shares in the Company. At least half of the members of the Board of Directors shall be independent of the Company's management and its main business connections. Members of the Board of Directors serve for a two-year period, or such shorter period as decided by the General Meeting, but directors may be re-elected. At least two of the shareholder-elected members of the Board of Directors shall be independent of the Company's main shareholder(s). The Board of Directors does not include executive personnel. The current Otello Board of Directors meets these criteria.

The annual report will provide information to illustrate the expertise of the members of the Board of Directors, information on their record for attendance at board meetings and it will identify which members are considered to be independent.

Otello's Board of Directors diligently performs its oversight function and closely monitors major developments.

The principal tasks of the Board of Directors are outlined below:

- Ensuring compliance with applicable laws
- Considering the interests of Otello's different stakeholders
- Reviewing and guiding corporate strategy, major plans of action, annual budget and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures.
- Selecting, monitoring, and, when necessary, replacing key executives and overseeing succession planning
- Reviewing key executive and Board remuneration
- Monitoring and managing potential conflicts of interest of management, Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of Otello's accounting and financial reporting systems, and that appropriate systems of control are in place.
- Monitoring the effectiveness of the governance practices under which it operates and making changes as needed
- Overseeing the process of disclosure and communications
- A more in-depth description of the Board's duties can be found in the Rules of Procedure section on the Otello website: <https://www.otellocorp.com/ir/board-of-directors/rules-of-procedure-for-the-board-of-directors-of-otello>.

The Board of Directors is entrusted with and responsible for the oversight of the assets and business affairs of

Otello in an honest, fair, diligent and ethical manner. The Board of Directors has adopted a Code of Conduct and the directors are expected to adhere to the standards of loyalty, good faith, and the avoidance of conflict of interest that follow. The Code of Conduct should be read and applied in conjunction with the Rules of Procedure as applicable at any time, and other rules and guidelines relevant to and adopted by the Board of Directors and / or the shareholders of Otello.

The Board of Directors has further established a Remuneration Committee and an Audit Committee. Currently, the Remuneration Committee and the Audit Committee each consist of two members. According to the Code, a majority of the members of each Committee should be independent from the Company. If the requirements for independence are not met, Otello will explain the reasons in our Annual Report. Currently, Maria Borge Andersen (Chairperson) and Magdalena Kadziolka members of the Audit Committee, and Andre Christensen (Chairperson), and Karin Fløistad are members of the Remuneration Committee. The requirements for independence are thus met. Further, according to the Public Limited Liability Companies Act, at least one member of the Audit Committee shall have qualifications within audit or accounting, and in the Company's view both members fulfill this requirement.

The Audit Committee's main responsibilities include following up on the financial reporting process, monitoring the systems for internal control and risk management, having continuous contact with the appointed auditor, and reviewing and monitoring the independence of the auditor. The Board of Directors maintains responsibility and decision-making in all such matters. Please see below under the section "Remuneration of the Executive Personnel" for information regarding the tasks to be performed by the Remuneration Committee.

The Board of Directors will consider carrying out self-evaluation processes, evaluating its work, performance and expertise annually. To the extent that such a process is carried out, it would normally also include an evaluation of the composition of the Board and the manner in which its members function, both individually and as a group, in relation to the objectives set out for its work. Any report will be more comprehensive if it is not intended for publication. However, any reports or relevant extracts from there should normally be made available to the nomination committee. The Board of Directors will also consider whether to use an external person to facilitate the evaluation of its own work.

In order to ensure a more independent consideration of matters of a material character in which the Chairman of the Board of Directors is, or has been, personally in-

involved, such matters will be chaired by some other member of the Board of Directors.

Risk management and internal control

The Board of Directors has overall responsibility for the management of the Company. This includes a responsibility to supervise and exercise control of the Company's activities. The Board has drawn up the rules of procedure for the Board of Directors of Otello. The purpose of these rules of procedure is to set out rules on the work and administrative procedures of the Board of Directors of Otello. The Board of Directors shall, among other things, ensure that the Company's business activities are soundly organized, supervise the Company's day-to-day management, draw up plans and budgets for the Company's activities, keep itself informed on the financial position of the Company, and be responsible for ensuring that the Company's activities, accounts, and asset management are subject to adequate control. In its supervision of the business activities of Otello, the Board of Directors will ensure that:

- The Chief Executive Officer uses proper and effective management and control systems, including systems for risk management, which continuously provide a satisfactory overview of Otello's risk exposure.
- The control functions work as intended and necessary measures are taken to reduce extraordinary risk exposure.
- There exist satisfactory routines to ensure the follow-up of principles and guidelines adopted by the Board of Directors in relation to ethical behavior, conformity to law, health, safety and working environment, and social responsibility.
- Otello has a competent finance department and accounting systems, capable of producing reliable and on-time financial reports.
- Directives from the external auditor are obeyed and that the external auditor's recommendations are given proper attention.

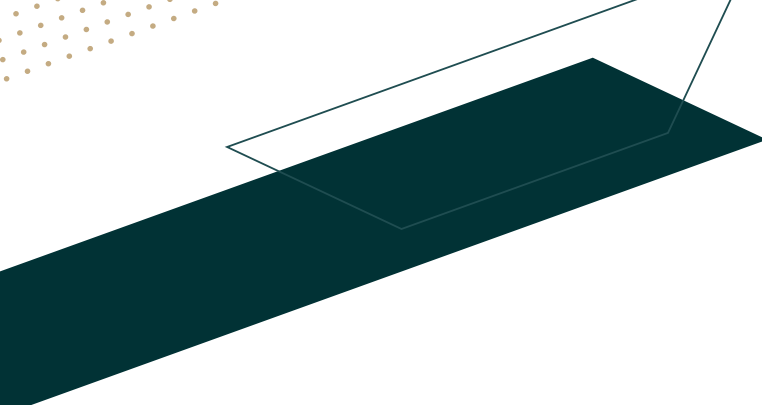
The Board of Directors carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

Executive Team

Otello's Board of Directors has drawn up instructions for the Executive Team of the Company. The purpose of these instructions is to clarify the powers and responsibilities of the members of the Executive Team and their duty of confidentiality.

The Executive Team conducts an annual strategy meeting with the Board of Directors. The strategy meeting focuses on products, sales, marketing, financial and organizational matters, and the corporate development strategy for the Group.





The Board of Directors has ensured that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The Company has performed a scoping of the financial risks in the Company and has established written control descriptions and process descriptions. The controls are executed on a monthly, quarterly or yearly basis, depending on the specific control. The internal controls and systems also encompass the Company's corporate values, ethical guidelines, and guidelines for corporate social responsibility. The Board of Directors carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. In 2022, all Board members confirmed that they had read and complied with the Code of Conduct during the term of their directorship.

The Group's CFO is responsible for the Group's control functions for risk management and internal control. Otello publishes two interim financial statements in addition to the annual report. The financials are published on the Oslo Stock Exchange. Given the importance of providing accurate financial information, a centralized corporate control function and risk management function has been established consisting of the head of accounting and a business controller. The corporate and business controller tasks are, among other things, to perform management's risk assessment and risk monitoring across the group's activities, to administer the Company's value-based management system and to coordinate planning and budgeting processes and internal controls reporting to the Board of Directors and Executive Team. The head of accounting reports to the CFO.

The finance department prepares financial reporting for the Group and ensures that reporting is in accordance with applicable laws, accounting standards, established accounting principles and the Board's guidelines. The finance department provides a set of procedures and processes detailing the requirements with which local reporting units must comply. The Group has established processes and a variety of control measures that will ensure quality assurance of financial reporting. A series of risk assessments and control measures have been established in connection with the preparation of financial statements.

The CFO and the head of accounting are responsible for (i) the ongoing financial reporting and for implementing sufficient procedures to prevent errors in the financial reporting, (ii) identifying, assessing and monitoring the risk of significant errors in the Group's financial reporting, and (iii) implementing appropriate and effective internal controls in accordance with specified group requirements and for ensuring compliance with local laws and requirements. All interim financial statements are analyzed and assessed relative to budgets, forecasts, and historical trends.

Critical issues and events that affect the future development of the business and optimal utilization of resources are identified, and action plans are put in place, if necessary.

The Audit Committee oversees the process of financial reporting and ensures that the Group's internal controls and the risk management systems are operating effectively. The Audit Committee performs a review of the half-yearly and annual financial statements, which ultimately are approved by the Board of Directors.

Other guidelines and policies

As an extension of the general principles and guidelines, Otello has drawn up additional guidelines.

Information security guidelines

Otello has guidelines and information policies covering information security roles, responsibilities, training, contingency plans, etc.

Investor relations policy

Otello is committed to reporting financial results and other relevant information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. To ensure that correct information is made public, as well as ensuring equal treatment and flow of information, the Company's Board of Directors has approved an Investor Relations policy. A primary goal of Otello's investor relations activities is to provide investors, capital-market players, and shareholders with reliable, timely and balanced information for investors, lenders and other interested parties in the securities market, to enhance their understanding of our operations.

Remuneration of the Board of Directors

Remuneration for members of the Board of Directors is a fixed annual sum proposed by the Nomination Committee and approved at the Annual General Meeting. The remuneration reflects the responsibility, qualifications, time commitment and complexity of the tasks in general. No members of the Board of Directors (or any company associated with such member) elected by the shareholders have assumed special tasks for the Company beyond what is described in this document, and no such member (or any company associated with such member) has received any compensation from Otello other than ordinary Board of Directors remuneration. The remuneration of the Board of Directors is not linked to the Company's performance. The Company currently does not grant share options to the members of the Board of Directors. All remuneration to the Board of Directors is disclosed in Note 6 to the Annual Report.

Members of the Board of Directors and/or companies with which they are associated will normally not take on specific assignments for the Company in addition to their appointment as a member of the Board of Directors. If they nonetheless do take on such assignments, this must be disclosed to the full Board of Directors. The remuneration for such additional duties shall be approved by the Board of Directors.

Remuneration of executive personnel

A Remuneration Committee has been established by the Board of Directors. The Committee shall act as a preparatory body for the Board of Directors with respect to (i) the compensation of the CEO and other members of the Executive Team and (ii) Otello's corporate governance policies and procedures, which, in each case, are matters for which the Board of Directors maintains responsibility and decision making.

Details concerning remuneration of the executive personnel, including all details regarding the CEO's remuneration, are given in Note 6 to the Annual Report. The performance-related remuneration to executive personnel is subject to an absolute limit. The Board of Directors assesses the CEO and his terms and conditions once a year. The guidelines on the salary and other remuneration for executive personnel are clear and easily

understandable, and they contribute to the Company's commercial strategy, long-term interests and financial viability. The General Meeting is informed about incentive programs for employees, and, pursuant to section 6-16 b. of the NPLCA, an annual report regarding remuneration for the Executive Team will be presented to the General Meeting.

Information and communications

Communication with shareholders, investors, and analysts is a high priority for Otello. The Company believes that objective and timely information to the market is a prerequisite for a fair valuation of the Company's shares and, in turn, the generation of shareholder value. The Company continually seeks ways to enhance our communication with the investment community. The Company's reporting of financial and other information is based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

Otello's company website (<https://www.otellocorp.com/ir>) provides the investment community with information about the Company, including a comprehensive investor relations section. This section includes the Company's investor relations policy, annual and quarterly reports, press releases and stock exchange announcements, share price and shareholder information, a financial calendar, an overview of upcoming investor events, and other relevant information.

During the announcement of half-yearly and annual financial results, there is a forum for shareholders and the investment community to ask questions of the Company's management team. Otello also arranges regular presentations in a range of jurisdictions, in addition to holding meetings with investors and analysts. Important events affecting the Company are reported immediately to the Oslo Stock Exchange in accordance with applicable legislation and posted on <https://www.otellocorp.com/ir>. All material information is disclosed to recipients equally in terms of content and timing.

The Board of Directors has further established an investor relations policy for contact with shareholders and others beyond the scope of the General Meeting.

Takeovers

The Board of Directors endorses the recommendations of the Code. Otello's Articles of Association do not contain any restrictions, limitations or defense mechanisms on acquiring the Company's shares. In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for possible takeovers.

In the event of an offer, the Board of Directors will not seek to hinder or obstruct takeover bids for Otello's activities or shares. In such situations, the Board of Directors and the Company's executive management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board of Directors has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer. Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares will only be entered into where the Board believes it is in the common interest of the Company and its shareholders. This shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should normally be limited to the costs the bidder has incurred in making the bid.

Information about agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid will be publicly disclosed no later than at the same time as the announcement of an impending bid is published.

If an offer is made for the shares of Otello, the Board of Directors will make a recommendation as to whether the shareholders should or should not accept the offer. The Board of Directors' statement on the offer will make it clear whether the views expressed are unanimous, and if this is not the case it will explain the basis on which specific members of the board have excluded themselves from the board's statement. The Board of Directors will normally arrange for a valuation from an independent expert. The valuation should include an explanation, and

will normally be made public no later than at the time of the public disclosure of the Board of Directors statement.

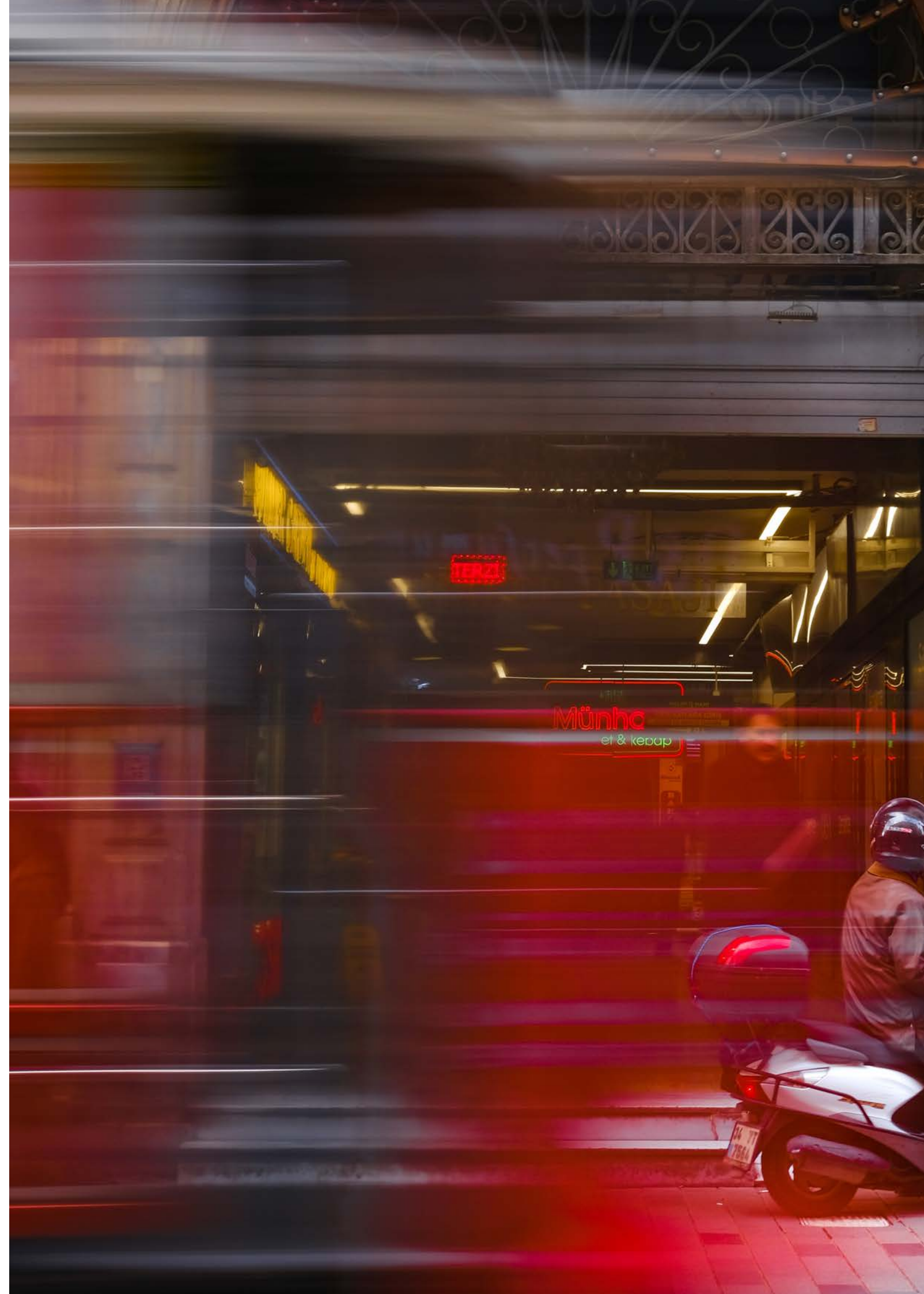
Any transaction that is in effect a full disposal of the Company's activities should be decided by a General Meeting.

Auditor

The auditor participates in meetings of the Board of Directors that deal with the annual accounts, as well as upon special request. Every year, the auditor presents to the Audit Committee a report outlining the audit activities in the previous fiscal year and highlighting the areas that caused the most attention or discussions with management, as well as a plan for the work related to the Company's audit. The Board of Directors will make sure that the auditor submits the main features of the plan for the audit of the Company to the Audit Committee annually. The auditor also reports at least annually on internal control observations during the conduct of the audit, including identified weaknesses and proposals for improvement.

The auditor will make himself available upon request for meetings with the Board of Directors during which no member of the executive management is present at least once each year, as will the Board of Directors upon the auditor's request. At meetings where the annual accounts are dealt with, the auditor shall report on any material changes in the Company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company. The General Meeting is informed about the Company's engagement and remuneration of the auditor and for fees paid to the auditor for services other than the annual audit, and details are given in Note 6 to the Annual Report.

The Board of Directors has established guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.



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