

HALF-YEAR REPORT

1H 2023

OTELLO CORPORATION ASA

HIGHLIGHTS

- Total Equity \$114.4 million as of end June 2023, equal to 1,26 USD per share (approximately 13kr per share)
- Net Income of \$16.2 million in 1H23 linked to the appreciation of our stock holding in Bemobi
- In 1H23 Otello announced a Share Buyback Program of up to 4 554 986 shares (5% of total outstanding shares)

*For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 8 of the interim condensed financial statements

Key figures (USD million)	1H23	1H22	YTD 2023	YTD 2022
Revenue	0.0	0.1	0.0	0.1
Adj. EBITDA	(1.7)	(1.9)	(1.7)	(1.9)
EBIT	12.9	(4.4)	12.9	(4.4)
Net income	16.2	4.7	16.2	4.7
EPS (USD)	0.18	0.05	0.18	0.05

GROUP PERFORMANCE

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

Development during the half

Total operating expenses decreased 13 percent vs 1H22, due to high focus on cost control.

Employee benefits expenses, were USD 1.0 million in the 1H23, versus USD 1.2 million in 1H22, down 16 percent from the corresponding period last year due to a reduction in the corporate workforce as a result of the successful completion of Bemobi IPO and AdColony sale.

Depreciation and amortization expenses were USD 0.3 million in 1H23 (USD 0.4 million), down 10% versus the corresponding period last year with a reduction in overall depreciation and amortization from intangible assets.

Other operating expenses were USD 0.7 million in 1H23 (USD 0.8 million), down 10 percent from the corresponding period last year, due to lower headcount and tight cost control.

Adjusted EBITDA and EBITDA

Adjusted EBITDA

Adjusted EBITDA was USD (1.7) million in 1H23, compared to USD (1.9) million in the corresponding period in 2022, an improvement due to lower cost in 1H23 vs 1H22.

EBITDA

EBITDA was USD (1.7) million in 1H23, an improvement from USD (1.9) million in the corresponding period in 2022. The improved EBITDA is primarily due to lower payroll costs.

Impairment and restructuring expenses

The fair value of the investment in Bemobi Mobile Tech S.A. has been reassessed based on the share price of that business as of June 30, 2023. With a price per share of 14.19 Brazilian real as of that date, the carrying value of the investment has led to a reversal of a previously recorded impairment of USD 1.9 million in 1H23.

Net financial items

Otello recognized a gain from net financial items in 1H23 of USD 3.0 million, compared to a gain of USD 11.3 million in the corresponding period last year. The 1H23 gain is driven by our share of profit of 1.4 million from our ownership in Bemobi and interest returns on our cash position of USD 0.4 million.

The key FX rates used during the half were:

USD:BRL

As of June 30, 2023: 4.8305

For the June period 2023: 4.8578

For the March period 2023: 5.1259

USD:NOK

As of June 30, 2023: 10.7527

For the June period 2023: 10.7978

For the March period 2023: 10.5353

Net income

1H23 net income was USD 16.2 million compared to USD 6.9 million in the corresponding period last year. The 1H23 numbers are positively impacted by a favorable revaluation for our holding in Bemobi and net financial items. EPS and fully diluted EPS for USD 0.18 and USD 0.18, respectively, in 1H23, compared to USD 0.05 and USD 0.05, respectively, in 1H22.

Financial position and cash flow

Otello's net cash flow from operating activities was USD (0.5) million in 1H23, compared to USD 9.2 million in 1H22, down due to lower FX gains.

Cash flow from investment activities amounted to USD 1.5 million, vs USD 178.1 million from the corresponding half last year, driven the prior period's final receipt from

disposal of the AdColony business and settlement of the deferred tax in Brazil.

Cash flow from financing activities was USD (0.3) million in 1H23, compared to USD (31.3) million in 1H22. Use of cash in the first half of 2023 relates primarily to share buybacks and partly to finance lease payments.

Cash and cash equivalents at the end of 1H23 were USD 17.6 million compared to USD 211.6 million in 1H22.

The company's equity was USD 114.4 million at the end of 1H23, corresponding to an equity ratio of 98.1%.

Organization

At the end of the 1H23, Otello had 5,5 full-time employees and equivalents.

BUSINESS OVERVIEW

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

Bemobi results

Bemobi reported its 2Q23 numbers on August 11th 2022 (<https://ri.bemobi.com.br/en/>) with these key highlights:

As expected, the quarter was still affected by the sale of Oi Mobile unit and this is expected to continue to impact Bemobi's numbers throughout 2023. This quarter Digital Subscription was the largest affected, not only due to the Oi migration, but also due to mild growth on international subscribers' base along with great pressure from FX variation, which is expected to continue to weigh on 3Q23 results.

On the other hand, the Payments vertical registered solid performance, on both TPV and revenues, driven by Telco industry and Utilities, which starts to gain some traction. Digital Payments solution became the company's largest business in % of total revenue.

Profitability expansion, with Gross Margin up 300bps vs 2Q22, to 73.5%, and Adjusted EBITDA Margin at 32.7% (+10bps YoY). Adjusted EBITDA of R\$43.4 million

Net income excluding the swap effect hit R\$20 million, a 25% YoY decline basically from the exchange rate variation – excluding this effect it would have declined by 2%.

Operating cash generation reached R\$31 million with a cash conversion above 70%. Cash position of R\$544m impacted by one-off disbursements of R\$51m, such as dividends (R\$20m) and profit sharing (R\$21m), as well as, acquisitions (R\$8m) and share buyback (R\$1m).

Approved the cancellation of 100% of the shares held in treasury, i.e. 3.9M shares, and the launch of a new buyback program of up to 8.0M shares. We are highly convinced that this is a great opportunity for an attractive capital allocation.

In 1H23 Otello initiated a share buyback program of up to 5% of the total outstanding shares. The Board of Directors (the "Board") of Otello Corporation ASA (the "Company") strongly believes that the Company's shares are trading at a substantial discount to the Net Assets Values of the Company. Consequently, and in order to return capital to shareholders, the Board has decided to initiate a share buyback program by utilizing the authorization as granted by the 2023 Annual General Meeting (AGM). Transactions will be carried out by market purchases in accordance with applicable laws and be executed based on the market price on the Oslo Stock Exchange. The maximum consideration to be paid for shares acquired under the buyback program is NOK 15 per share and the maximum number of shares that can be purchased is 4 554 986 shares (5% of total outstanding shares). The program will be initiated as from today and expire no later than at the 2024 AGM.

OUTLOOK

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

In Bemobi, Otello remains the biggest shareholder and is positive about the prospects of the business. Bemobi has signed three acquisitions since the IPO which have contributed to strong revenue growth and solid profit. Otello will have an opportunistic view on its financial investment in the company.

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

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

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

Oslo, August 17, 2023
The Board of Directors
Otello Corporation ASA

Andre
Christensen
Chairman
(sign.)

Lars
Boilesen
CEO
(sign.)

Interim condensed financial statements

Consolidated statement of comprehensive income

	Note	1H 2023	1H 2022	% change	YTD 2023	YTD 2022	% change
USD million, except per share amounts							
Revenue		-	0.1	100 %	-	0.1	100 %
Total operating revenue		0.0	0.1	0 %	0.0	0.1	0 %
Employee benefits expense		(1.0)	(1.2)	-16 %	(1.0)	(1.2)	-16 %
Depreciation and amortization expenses		(0.3)	(0.4)	-10 %	(0.3)	(0.4)	-10 %
Other operating expenses		(0.7)	(0.8)	-10 %	(0.7)	(0.8)	-10 %
Total operating expenses		(2.0)	(2.3)	-13 %	(2.0)	(2.3)	-13 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses		(2.0)	(2.2)		(2.0)	(2.2)	
Impairment gains (losses) and restructuring expenses	4	15.1	(2.2)		15.1	(2.2)	
Operating profit (loss), (EBIT)		13.1	(4.4)		13.1	(4.4)	
Share of profit (loss) from associated companies	5	1.4	0.9		1.4	0.9	
Other net financial items	5	1.7	10.4		1.7	10.4	
Profit (loss) before income tax		16.2	6.9		16.2	6.9	
Tax expense ¹⁾		0.0	(2.2)		0.0	(2.2)	
Profit (loss)		16.2	4.7		16.2	4.7	
Items that may or will be transferred to profit (loss)							
Foreign currency translation differences		2.6	0.8		2.6	0.8	
Items that will not be transferred to profit (loss)							
Foreign currency translation differences		(11.6)	(37.3)		(11.6)	(37.3)	
Total comprehensive income (loss)		7.2	(31.9)		7.2	(31.9)	
Earnings (loss) per share:							
Basic earnings (loss) per share (USD)		0.18	0.05		0.18	0.05	
Diluted earnings (loss) per share (USD)		0.18	0.05		0.18	0.05	
Shares used in earnings per share calculation		91,093,301	96,072,105		91,093,301	96,072,105	
Shares used in earnings per share calculation, fully diluted		91,093,301	96,072,105		91,093,301	96,072,105	

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

Consolidated statement of financial position

(USD million)	Note	06/30/2023	06/30/2022	12/31/2022 (Audited)
Assets				
Property, plant and equipment		0.0	0.6	0.3
Right of use assets	6	0.2	0.3	0.2
Investments	7	96.9	76.0	89.4
Other non-current assets		-	1.0	-
Total non-current assets		97.1	77.9	89.9
Accounts receivable		0.0	0.1	0.1
Other receivables		1.9	2.0	1.4
Cash and cash equivalents		17.6	211.6	18.4
Total current assets		19.5	213.6	19.9
Total assets		116.6	291.5	109.8

(USD million)	Note	06/30/2023	06/30/2022	12/31/2022 (Audited)
Shareholders' equity and liabilities				
Equity attributable to owners of the company		114.4	288.2	107.4
Total equity		114.4	288.2	107.4
Liabilities				
Lease liabilities	7	0.0	0.1	0.1
Other non-current liabilities		-	1.0	-
Total non-current liabilities		0.0	1.1	0.1
Lease liabilities	7	0.1	0.1	0.1
Accounts payable		0.1	0.2	0.2
Other current liabilities		2.0	1.9	2.1
Total current liabilities		2.2	2.1	2.3
Total liabilities		2.2	3.3	2.4
Total equity and liabilities		116.6	291.5	109.8

Consolidated statement of cash flows

(USD million)	Note	1H 2023	1H 2022	YTD 2023	YTD 2022
Cash flow from operating activities					
Profit (loss) before taxes		16.2	6.9	16.2	6.9
Depreciation and amortization expense		0.3	0.4	0.3	0.4
Impairment (gain) loss recognized in profit (loss)	4	(15.1)	2.2	(15.1)	2.2
Changes in accounts receivable		0.0	(0.0)	0.0	(0.0)
Changes in accounts payable		(0.1)	(0.0)	(0.1)	(0.0)
Other adjustments for which cash effects are investing or financing cash flow		0.0	0.7	0.0	0.7
Other adjustments for non-cash items		(0.6)	0.2	(0.6)	0.2
Share of net income (loss) from associated companies	5	(1.4)	(0.9)	(1.4)	(0.9)
FX differences related to changes in balance sheet items		0.2	(0.2)	0.2	(0.2)
Net cash flow from operating activities		(0.5)	9.2	(0.5)	9.2
Cash flow from investing activities					
Cash flows from losing control of subsidiaries		-	190.6	-	190.6
Dividends received		1.5	1.4	1.5	1.4
Income taxes paid		-	(13.9)	-	(13.9)
Other cash payments to acquire equity or debt instruments of other entities		(0.0)	(0.0)	(0.0)	(0.0)
Net cash flow from investing activities		1.5	178.1	1.5	178.1
Cash flow from financing activities					
Payments to acquire entity's shares		(0.2)	(31.2)	(0.2)	(31.2)
Payment of finance lease liabilities, net	6	(0.1)	(0.1)	(0.1)	(0.1)
Net cash flow from financing activities		(0.3)	(31.3)	(0.3)	(31.3)
Net change in cash and cash equivalents		0.7	156.0	0.7	156.0
Cash and cash equivalents (beginning of period)		18.4	79.0	18.4	79.0
Effects of exchange rate changes on cash and cash equivalents		(1.5)	(23.5)	(1.5)	(23.5)
Cash and cash equivalents ¹⁾		17.6	211.6	17.6	211.6
- of which included in cash and cash equivalents in the balance sheet		17.6	211.6	17.6	211.6

¹⁾ Of which \$0.2 (06/30/22: \$0.2) million is restricted cash and cash equivalents as of June 30, 2023.

Consolidated statement of changes in equity

(USD million)	Number of shares	Issued capital	Share premium	Treasury shares	Trans-lation reserve	Other equity	Non-controlling interests	Total equity
Equity as of 12/31/2022	91.1	0.2	114.8	0.0	(0.5)	(7.1)	-	107.4
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	16.2	-	16.2
Other comprehensive income (loss)								
Foreign currency translation differences		-	-	-	2.6	(11.6)	-	(9.0)
Total comprehensive income (loss)		0.0	0.0	0.0	2.6	4.6	-	7.2
Contributions by and distributions to owners								
Capital decrease		-	-	-	-	-	-	0.0
Treasury shares purchased	(0.3)	-	-	(0.2)	-	-	-	(0.2)
Total contributions by and distributions to owners	(0.3)	0.0	0.0	(0.2)	0.0	0.0	-	(0.2)
Equity as of 06/30/2023	90.8	0.2	114.8	(0.2)	2.2	(2.5)	0.0	114.4
Share capital decrease 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 During 1H 2023, Otello purchased 281,729 (YTD: 281,729) treasury shares for \$0.2 million (YTD: \$0.2 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: \$0.0 million). As of June 30, 2023, Otello owned 281,729 treasury shares.								
Equity as of 12/31/2021	101.1	0.3	145.9	(0.0)	(2.8)	207.9	0.0	351.3
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	4.7	-	4.7
Other comprehensive income (loss)								
Foreign currency translation differences		-	-	-	0.8	(37.3)	-	(36.6)
Total comprehensive income (loss)		0.0	0.0	0.0	0.8	(32.6)	0.0	(31.9)
Contributions by and distributions to owners								
Capital decrease		(0.0)	(31.2)	31.2	-	-	-	0.0
Treasury shares purchased	(10.0)	-	-	(31.2)	-	-	-	(31.2)
Total contributions by and distributions to owners	(10.0)	(0.0)	(31.2)	0.0	0.0	0.0	0.0	(31.2)
Equity as of 06/30/2022	91.1	0.2	114.8	0.0	(2.0)	175.3	0.0	288.2

Notes to the condensed consolidated interim financial statements

Note 1 - Corporate information

Otello ("the Group") consists of Otello Corporation ASA ("the Company") and its subsidiaries. The Company is a public limited company domiciled in Norway. The Company is listed on the Oslo Stock Exchange under the ticker OTELLO.

The condensed consolidated interim financial statements ("interim financial statements") comprise the Company and its subsidiaries.

Note 2 - Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and accompanying interpretations. The interim financial statements do not include all the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2022.

The interim financial statements have not been subject to audit or review.

The interim 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.

Note 3 - Accounting policies and critical accounting estimates

Accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

Critical accounting estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2022.

Note 4 - Impairment and restructuring expenses

The fair value of the investment in Bemobi Mobile Tech S.A. has been reassessed based on the share price of that business as of June 30, 2023. With a price per share of 14.19 Brazilian real as of that date, a partial reversal of previous impairment losses has resulted in a gain of USD 15.1 million during the first half 2023.

Impairment gains (losses) and restructuring expenses USD million	1H 2023	1H 2022	YTD 2023	YTD 2022
Impairment gains (losses)	15.1	(2.2)	15.1	(2.2)
Total impairment gains (losses) and restructuring expenses	15.1	(2.2)	15.1	(2.2)

Note 5 - Financial items

Financial items USD million	1H 2023	1H 2022	YTD 2023	YTD 2022
Share of profit (loss) from associated companies	1.4	0.9	1.4	0.9
Other net financial items				
Other interest income (expense), net	0.4	0.5	0.4	0.5
Other FX gains (losses), net	0.6	10.6	0.6	10.6
Other financial income (expense), net	(0.0)	(0.0)	(0.0)	(0.0)
Profit (loss) sale of shares	0.7	(0.7)	0.7	(0.7)
Total other net financial items	1.7	10.4	1.7	10.4
Total net financial items	3.0	11.3	3.0	11.3

Note 6 - Right-of-use assets and lease liabilities (IFRS 16)

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

Lease liabilities	06/30/2023	06/30/2022
USD million		
Balance as of 1/1	0.2	0.3
Translation differences	(0.0)	(0.0)
Lease payments for the principal portion of the lease liability	(0.1)	(0.1)
Interest expense on lease liabilities	0.0	0.0
Lease liabilities as of 06/30	0.1	0.2
Of which:		
Current lease liabilities (less than 1 year)	0.1	0.1
Non-current lease liabilities (more than 1 year)	0.0	0.1
Balance as of 06/30	0.1	0.2

Right of use assets	06/30/2023	06/30/2022
USD million		
Balance as of 1/1	0.2	0.3
Depreciation	(0.1)	(0.1)
Right of use assets as of 06/30	0.2	0.3

Lower of remaining lease term or economic life	0 - 3 years	0 - 3 years
Depreciation plan	Linear	Linear

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

IFRS 16 effects on the consolidated statement of comprehensive income	1H 2023	1H 2022	YTD 2023	YTD 2022
USD million				
Operating lease expenses recognized under operating expenses decreased	(0.1)	(0.1)	(0.1)	(0.1)
Depreciation expense increased as a result of depreciation of ROU assets	0.1	0.1	0.1	0.1
Net interest expense increased as a result of recognition of the lease liability	0.0	0.0	0.0	0.0
Translation differences	(0.0)	(0.0)	(0.0)	(0.0)
Net effect	(0.0)	(0.0)	(0.0)	(0.0)

Profit for the period is not affected significantly.

Note 7 - Investments

Investments	06/30/2023	06/30/2022
USD million		
Investments in Bemobi Mobile Tech S.A (associate)	96.1	75.2
Investments in other shares	0.8	0.8
Total	96.9	76.0

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%.

Information regarding Bemobi Mobile Tech S.A	1H 2023	1H 2022	YTD 2023	YTD 2022
BRL million				
Revenue	634.9	754.2	634.9	754.2
EBIT	45.1	47.2	45.1	47.2
Net profit (loss)	31.0	25.9	31.0	25.9
Assets			1,326.9	1,372.8
Non-current liabilities			31.9	63.1
Current liabilities			232.2	279.2
Equity			1,062.8	1,030.5
Otello's share of equity in BRL			382.5	370.9
Otello's share of equity in USD			79.2	74.6

Note 7 - Investments (continued)

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

Investments in Bemobi Mobile Tech S.A (associate) USD million	06/30/2023	06/30/2022
Balance as of 1/1	88.6	89.4
<i>Movements recognized through the statement of comprehensive income</i>		
Share of profit (loss) from associated companies	2.2	1.7
Amortization of excess values	(0.8)	(0.9)
Impairment	15.1	(4.1)
<i>Other movements</i>		
Dividends received	(1.6)	(1.4)
FX adjustment	(7.4)	(9.5)
Balance as of 06/30	96.1	75.2

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

Investments in Bemobi Mobile Tech S.A (associate) USD million	06/30/2023	06/30/2022
Balance as of 1/1		
Initial recognition under the equity method	133.2	133.2
Share of profit (loss)	11.6	6.0
Amortization of excess values	(3.9)	(2.5)
Dividends received	(2.6)	(1.3)
FX adjustment	(27.8)	(18.6)
Impairment	(14.3)	(41.7)
Balance as of 06/30	96.1	75.2

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 06/30	96.1	75.2
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Share of profit (loss) from associated companies USD million	1H 2023	1H 2022	YTD 2023	YTD 2022
Share of profit (loss)	2.2	1.9	2.2	1.9
Amortization of excess values	(0.8)	(1.0)	(0.8)	(1.0)
Share of profit (loss) from associated companies	1.4	0.9	1.4	0.9

Note 8 - Alternative performance measures

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

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

Alternative performance measures:

Gross profit:

This comprises revenues minus publisher and revenue share cost.

EBITDA:

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

Adjusted EBITDA:

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

EBIT:

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

Reconciliation of gross profit (USD million)	1H 2023	1H 2022	YTD 2023	YTD 2022
Total operating revenue	0.0	0.1	0.0	0.1
Publisher and revenue share cost	-	-	-	-
Gross profit	0.0	0.1	0.0	0.1
Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA (USD million)	1H 2023	1H 2022	YTD 2023	YTD 2022
Operating profit (loss), (EBIT)	13.1	(4.4)	13.1	(4.4)
Depreciation and amortization expenses	0.3	0.4	0.3	0.4
Impairment gains (losses)	(15.1)	2.2	(15.1)	2.2
EBITDA	(1.7)	(1.9)	(1.7)	(1.9)
Restructuring expenses	-	-	-	-
Stock-based compensation expenses	-	-	-	-
Adjusted EBITDA	(1.7)	(1.9)	(1.7)	(1.9)

Note 9 - Events after the reporting date

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

Statement by the BOD and the CEO

Unaudited – 1H 2023 report of Otello Corporation ASA

The Board of Directors and the CEO have today reviewed and approved the condensed consolidated interim financial statements ("interim report") for Otello Corporation ASA for the first half of 2023.

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

The Board of Directors and the CEO consider the accounting policies applied to be appropriate. Accordingly, to the best of their knowledge and without the benefit of an audit, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2023, and of the results of the Group's operations and cash flows for the first half of 2023.

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

Oslo, August 17, 2023

The Board of Directors

Otello Corporation ASA

André Alexander Christensen, Chairman

Karin Fløistad

Lin Song

Magdalena Maria Kadziolka (Giambalvo)

Lars Rahbæk Boilesen, CEO

