

SECOND-YEAR REPORT

**2H 2023**

OTELLO CORPORATION ASA

otello™

# HIGHLIGHTS

- Total equity \$109.0 million as of the end December 2023, equal to 1,24 USD per share (approximately 13kr per share)
- 2 898 298 shares were bought back during the half for \$2.4 million (bringing the total bought back to 3 180 027 shares at a cost of \$2.6 million)
- Cash and cash equivalents as of the end of December 2023 was \$14.6 million.

\*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)	2H23	2H22	YTD 2023	YTD 2022
Revenue	0.0	0.1	0.0	0.2
Adj. EBITDA	(2.0)	(1.5)	(3.7)	(3.4)
EBIT	(10.0)	7.1	3.1	2.6
Net income	(8.7)	11.3	7.5	16.0
EPS (USD)	(0.10)	0.12	0.08	0.17

## GROUP PERFORMANCE

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

### Development during the half

Total operating expenses increased 8% percent vs 2H22, or 0.1 million, due to an increase in employee benefits expense and other operating expenses.

Employee benefits expense was USD 1.2 million in the 2H23, versus USD 1.0 million in 1H23, up 17 percent from the corresponding period last year due to severance payments in the current period as part of the company's continued focus on cost control.

Depreciation and amortization expenses were USD 0.1 million in 1H23 (USD 0.3 million), down 75% versus the corresponding period last year with a reduction in overall depreciation and amortization from intangible assets.

Other operating expenses were USD 0.9 million in 2H23 (USD 0.6 million), up 40 percent from the corresponding period last year, due to the timing of some expenses.

### Adjusted EBITDA and EBITDA

#### Adjusted EBITDA

Adjusted EBITDA was USD (2.0) million in 2H23, compared to USD (1.5) million in the corresponding period in 2022, a decrease due to higher employee benefits expense and other operating expenses in 2H23 vs 2H22.

#### EBITDA

EBITDA was USD (2.0) million in 2H23, a decrease from USD (1.5) million in the corresponding period in 2022. The reduced EBITDA is primarily due to higher employee benefits expense and other operating expenses.

#### Impairment and restructuring expenses

The fair value of the investment in Bemobi Mobile Tech S.A. has been reassessed based on the share price of that business as of December 31, 2023. With a price per share of 14.00 Brazilian real as of that date, the carrying value of the investment has been written down by USD 7.9 million in 2H23.

#### Net financial items

Otello recognized a gain from net financial items in 2H23 of USD 1.3 million, compared to a gain of USD 4.2 million in the corresponding period last year. The 2H23 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 December 31, 2023: 4.8525

For the December period 2023: 4.8980

For the September period 2023: 4.9435

#### *USD:NOK*

As of December 31, 2023: 10.1771

For the December period 2023: 10.5266

For the September period 2023: 10.7254

### Net income

2H23 net income was USD (8.7) million compared to USD 11.3 million in the corresponding period last year. The 2H23 numbers are negatively impacted by an unfavorable impairment of our holding in Bemobi. EPS and fully diluted EPS were USD (0.10) and USD (0.10), respectively, in 2H23, compared to USD 0.12 and USD 0.12, respectively, in 1H23.

### Financial position and cash flow

Otello's net cash flow from operating activities was USD (1.4) million in 2H23, compared to USD (0.4) million in 2H22, down due to lower FX gains.

Cash flow from investment activities amounted to USD 0.0 million, vs USD 1.0 million from the corresponding half last year, driven the prior period's receipt of the final reconciliation of entitlements from the AdColony disposal and a settlement related to the Vewd investment.

## **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 37.607% ownership. Otello also holds the chairmanship of Bemobi with Otello's former CEO, and now Board and CEO Advisor, Lars Boilesen.

### **Bemobi results**

Bemobi has not yet reported its 4Q23 results, but reported its 3Q23 on November 9, 2023 (<https://ri.bemobi.com.br/en/>) with these key highlights:

- This quarter kept the trend seen in the first half of 2023. Results are still affected, mostly by the Oi Mobile unit sale and by FX pressure on international operations.
- The Payments vertical was the main positive highlight, driven by

Cash flow from financing activities was USD (2.5) million in 2H23, compared to USD (196.9) million in 2H22. Use of cash in the second half of 2023 relates primarily to share buybacks and partly to finance lease payments.

Cash and cash equivalents at the end of 2H23 were USD 14.6 million compared to USD 18.4 million in 2H22.

The company's equity was USD 109.0 million at the end of 2H23, corresponding to an equity ratio of 98.9%.

### **Organization**

At the end of the 2H23, Otello had 4,4 full-time employees and equivalents.

partnerships in Utilities that are scaling well and by the recovery of Telcos transactions, leading to a record-high TPV of R\$1.7 billion at Bemobi. Revenue continued to expand, increasing its share of total revenue.

- We are deepening our strategy of combining platforms in SaaS Customer Engagement with Payment Solutions, through the entry in two new segments: broadband ISPs and private education via the acquisitions of 7AZ and AgendaEdu (the latter still at due diligence final process and pending binding agreement).
- Gross Margin, despite a 40bps YoY decrease vs 3Q22, expanded 190bps in the 9M23 vs 9M22, result of efficiency gains throughout the year. Adjusted EBITDA Margin expanding 40bps YoY to 32.5%.
- Net income ex-swap effect totaled R\$27 million, a slight drop of 3% compared to 3Q22 while Net Margin expanded and reached ~20% - excluding also FX effect, bottom line would have expanded by 16% YoY.

- Operating cash generation reached R\$34 million with a solid cash conversion rate exceeding 77%. We ended the quarter with R\$535M cash position, affected by one-off disbursements of R\$16M related to share buybacks, swap rollover adjustments and M&A expenses.

### Events after the end of the half

On December 31, 2023, it was announced that Lars Boilesen had, in an agreement with the Board of Directors, decided to transition into an advisor role in Otello, effective from that date.

On the same date, Jason Hoida was announced as the new CEO for Otello.

On January 2, 2024, Otello announced Scott Kerrison as new CFO.

## 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.

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 paid a dividend of NOK 21 per share, paying out over 90% of our total cash position. On June 20, 2023, Otello announced a new share buyback program for up to 5% of the total outstanding shares. As of December 31, 2023, Otello had acquired 3,180,027 shares under this program, comprising almost 70% of the total 4,554,986 that can be acquired.

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

Oslo, February 15, 2024  
The Board of Directors  
Otello Corporation ASA

Andre  
Christensen  
Chairman  
(sign.)

Jason  
Hoida  
CEO  
(sign.)

## Interim condensed financial statements

### Consolidated statement of comprehensive income

	Note	2H 2023	2H 2022	% change	YTD 2023	YTD 2022	% change
USD million, except per share amounts							
Revenue		-	0.1	100 %	-	0.2	100 %
<b>Total operating revenue</b>		<b>0.0</b>	<b>0.1</b>	<b>0 %</b>	<b>0.0</b>	<b>0.2</b>	<b>0 %</b>
Employee benefits expense		(1.2)	(1.0)	17 %	(2.1)	(2.2)	-1 %
Depreciation and amortization expenses		(0.1)	(0.3)	-75 %	(0.4)	(0.7)	-41 %
Other operating expenses		(0.9)	(0.6)	40 %	(1.6)	(1.4)	12 %
<b>Total operating expenses</b>		<b>(2.1)</b>	<b>(2.0)</b>	<b>8 %</b>	<b>(4.1)</b>	<b>(4.3)</b>	<b>-3 %</b>
<b>Operating profit (loss), (EBIT), excluding impairment and restructuring expenses</b>		<b>(2.1)</b>	<b>(1.8)</b>		<b>(4.1)</b>	<b>(4.0)</b>	
Impairment gains (losses) and restructuring expenses	4	(7.9)	8.9		7.3	6.7	
<b>Operating profit (loss), (EBIT)</b>		<b>(10.0)</b>	<b>7.1</b>		<b>3.1</b>	<b>2.6</b>	
Share of profit (loss) from associated companies	5	1.4	3.2		2.8	4.1	
Other net financial items	5	(0.1)	1.0		1.6	11.4	
<b>Profit (loss) before income tax</b>		<b>(8.7)</b>	<b>11.3</b>		<b>7.5</b>	<b>18.2</b>	
Tax expense <sup>1)</sup>		(0.0)	0.0		0.0	(2.2)	
<b>Profit (loss)</b>		<b>(8.7)</b>	<b>11.3</b>		<b>7.5</b>	<b>16.0</b>	
<b>Items that may or will be transferred to profit (loss)</b>							
Foreign currency translation differences		1.2	1.6		3.9	2.3	
<b>Items that will not be transferred to profit (loss)</b>							
Foreign currency translation differences		4.5	3.1		(7.1)	(34.2)	
<b>Total comprehensive income (loss)</b>		<b>(3.0)</b>	<b>16.0</b>		<b>4.2</b>	<b>(15.9)</b>	
<b>Earnings (loss) per share:</b>							
Basic earnings (loss) per share (USD)		(0.10)	0.12		0.08	0.17	
Diluted earnings (loss) per share (USD)		(0.10)	0.12		0.08	0.17	
Shares used in earnings per share calculation		88,678,201	91,099,729		89,875,826	93,565,482	
Shares used in earnings per share calculation, fully diluted		88,678,201	91,099,729		89,875,826	93,565,482	

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

## Consolidated statement of financial position

(USD million)	Note	12/31/2023	12/31/2022 (Audited)
<b>Assets</b>			
Property, plant and equipment		0.0	0.3
Right of use assets	6	0.1	0.2
Investments	7	95.2	89.4
<b>Total non-current assets</b>		<b>95.3</b>	89.9
Accounts receivable		0.0	0.1
Other receivables		0.3	1.4
Cash and cash equivalents		14.6	18.4
<b>Total current assets</b>		<b>14.9</b>	19.9
<b>Total assets</b>		<b>110.2</b>	109.8

(USD million)	Note	12/31/2023	12/31/2022 (Audited)
<b>Shareholders' equity and liabilities</b>			
Equity attributable to owners of the company		109.0	107.4
<b>Total equity</b>		<b>109.0</b>	107.4
<b>Liabilities</b>			
Lease liabilities	7	-	0.1
<b>Total non-current liabilities</b>		<b>0.0</b>	0.1
Lease liabilities	7	0.1	0.1
Accounts payable		0.0	0.2
Other current liabilities		1.1	2.1
<b>Total current liabilities</b>		<b>1.2</b>	2.3
<b>Total liabilities</b>		<b>1.2</b>	2.4
<b>Total equity and liabilities</b>		<b>110.2</b>	109.8



## Consolidated statement of cash flows

(USD million)	Note	2H 2023	2H 2022	YTD 2023	YTD 2022
<b>Cash flow from operating activities</b>					
Profit (loss) before taxes		(8.7)	11.3	7.5	18.2
Income taxes paid		-	0.0	-	0.0
Depreciation and amortization expense		0.1	0.3	0.4	0.7
Impairment (gain) loss recognized in profit (loss)	4	7.9	(8.9)	(7.3)	(6.7)
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	(0.3)	0.0	0.4
Other adjustments for non-cash items		0.3	0.5	(0.4)	0.7
Share of net income (loss) from associated companies	5	(1.4)	(3.2)	(2.8)	(4.1)
FX differences related to changes in balance sheet items		0.5	(0.2)	0.7	(0.4)
<b>Net cash flow from operating activities</b>		<b>(1.4)</b>	<b>(0.4)</b>	<b>(1.9)</b>	<b>8.8</b>
<b>Cash flow from investing activities</b>					
Cash flows from losing control of subsidiaries		-	1.0	-	191.6
Dividends received		-	0.0	1.5	1.4
Income taxes paid		-	-	-	(13.9)
Other cash payments to acquire equity or debt instruments of other entities		-	-	(0.0)	(0.0)
<b>Net cash flow from investing activities</b>		<b>0.0</b>	<b>1.0</b>	<b>1.5</b>	<b>179.1</b>
<b>Cash flow from financing activities</b>					
Payments to acquire entity's shares		(2.4)	-	(2.6)	(31.2)
Payment of finance lease liabilities, net	6	(0.1)	(0.1)	(0.1)	(0.1)
Payment of dividends to equity holders of Otello Corporation ASA		-	(196.8)	-	(196.8)
<b>Net cash flow from financing activities</b>		<b>(2.5)</b>	<b>(196.9)</b>	<b>(2.7)</b>	<b>(228.1)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3.9)</b>	<b>(196.3)</b>	<b>(3.1)</b>	<b>(40.2)</b>
Cash and cash equivalents (beginning of period)		17.6	211.6	18.4	79.0
Effects of exchange rate changes on cash and cash equivalents		0.8	3.1	(0.7)	(20.4)
<b>Cash and cash equivalents <sup>1)</sup></b>		<b>14.6</b>	<b>18.4</b>	<b>14.6</b>	<b>18.4</b>
- of which included in cash and cash equivalents in the balance sheet		14.6	18.4	14.6	18.4

<sup>1)</sup> Of which \$0.2 (12/31/22: \$0.2) million is restricted cash and cash equivalents as of December 31, 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
<b>Equity as of 12/31/2022</b>	<b>91.1</b>	<b>0.2</b>	<b>114.8</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(7.1)</b>	<b>-</b>	<b>107.4</b>
<b>Comprehensive income (loss)</b>								
Profit (loss)		-	-	-	-	7.5	-	7.5
<b>Other comprehensive income (loss)</b>								
Foreign currency translation differences		-	-	-	2.6	(5.9)	-	(3.3)
<b>Total comprehensive income (loss)</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.6</b>	<b>1.6</b>	<b>-</b>	<b>4.2</b>
<b>Contributions by and distributions to owners</b>								
Treasury shares purchased	(3.2)	-	-	(2.6)	-	-	-	(2.6)
<b>Total contributions by and distributions to owners</b>	<b>(3.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>(2.6)</b>
<b>Equity as of 12/31/2023</b>	<b>87.9</b>	<b>0.2</b>	<b>114.8</b>	<b>(2.6)</b>	<b>2.2</b>	<b>(5.5)</b>	<b>0.0</b>	<b>109.0</b>

### Treasury shares

During 2H 2023, Otello purchased 2,898,298 (YTD: 3,180,027) treasury shares for \$2.4 million (YTD: \$2.6 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: \$0.0 million). As of December 31, 2023, Otello owned 3,180,027 treasury shares.

<b>Equity as of 12/31/2021</b>	<b>101.1</b>	<b>0.3</b>	<b>145.9</b>	<b>(0.0)</b>	<b>(2.8)</b>	<b>207.9</b>	<b>0.0</b>	<b>351.3</b>
<b>Comprehensive income (loss)</b>								
Profit (loss)		-	-	-	-	16.0	-	16.0
<b>Other comprehensive income (loss)</b>								
Foreign currency translation differences		-	-	-	2.3	(34.2)	-	(31.9)
<b>Total comprehensive income (loss)</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.3</b>	<b>(18.2)</b>	<b>0.0</b>	<b>(15.9)</b>
<b>Contributions by and distributions to owners</b>								
Dividends		-	-	-	-	(196.8)	-	(196.8)
Capital decrease		(0.0)	(31.2)	31.2	-	-	-	0.0
Treasury shares purchased	(10.0)	-	-	(31.2)	-	-	-	(31.2)
<b>Total contributions by and distributions to owners</b>	<b>(10.0)</b>	<b>(0.0)</b>	<b>(31.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(196.8)</b>	<b>0.0</b>	<b>(228.0)</b>
<b>Equity as of 12/31/2022</b>	<b>91.1</b>	<b>0.2</b>	<b>114.8</b>	<b>0.0</b>	<b>(0.5)</b>	<b>(7.1)</b>	<b>0.0</b>	<b>107.4</b>

## Notes to the condensed consolidated interim financial statements

### Note 1 - Corporate information

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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

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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

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#### 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 December 31, 2023. With a price per share of 14.00 Brazilian real as of that date, an impairment loss of USD 7.9 million has been recognised during the second half 2023.

Impairment gains (losses) and restructuring expenses USD million	2H 2023	2H 2022	YTD 2023	YTD 2022
Impairment gains (losses)	(7.9)	8.9	7.3	6.7
<b>Total impairment gains (losses) and restructuring expenses</b>	<b>(7.9)</b>	<b>8.9</b>	<b>7.3</b>	<b>6.7</b>

**Note 5 - Financial items**

Financial items USD million	2H 2023	2H 2022	YTD 2023	YTD 2022
Share of profit (loss) from associated companies	1.4	3.2	2.8	4.1
<b>Other net financial items</b>				
Other interest income (expense), net	0.4	0.6	0.8	1.1
Other FX gains (losses), net	(0.4)	0.2	0.1	10.7
Other financial income (expense), net	(0.1)	(0.0)	(0.1)	(0.1)
Profit (loss) sale of shares	-	0.3	0.7	(0.4)
<b>Total other net financial items</b>	<b>(0.1)</b>	<b>1.0</b>	<b>1.6</b>	<b>11.4</b>
<b>Total net financial items</b>	<b>1.3</b>	<b>4.2</b>	<b>4.4</b>	<b>15.5</b>

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

The lease liability and right of use asset relates to the Group's office in Oslo, Norway. The lease expires November 30, 2024.

Lease liabilities	12/31/2023	12/31/2022
USD million		
<b>Balance as of 1/1</b>	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
<b>Lease liabilities as of 12/31</b>	<b>0.1</b>	<b>0.2</b>
Of which:		
Current lease liabilities (less than 1 year)	0.1	0.1
Non-current lease liabilities (more than 1 year)	-	0.1
<b>Balance as of 12/31</b>	<b>0.1</b>	<b>0.2</b>

Right of use assets	12/31/2023	12/31/2022
USD million		
<b>Balance as of 1/1</b>	0.2	0.3
Depreciation	(0.1)	(0.1)
<b>Right of use assets as of 12/31</b>	<b>0.1</b>	<b>0.2</b>
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	2H 2023	2H 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)
<b>Net effect</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>

Profit for the period is not affected significantly.

**Note 7 - Investments**

Investments	12/31/2023	12/31/2022
USD million		
Investments in Bemobi Mobile Tech S.A (associate)	94.4	88.6
Investments in other shares	0.8	0.8
<b>Total</b>	<b>95.2</b>	<b>89.4</b>

**Investment in Bemobi Mobile Tech S.A**

Following the successful IPO of Bemobi on Bovespa in Brazil, the Group became a major shareholder in Bemobi Mobile Tech S.A with an ownership of 36.0%. During 2023, Bemobi Mobile Tech S.A cancelled the shares that it had bought back from shareholders, leading to the Group having an ownership of 37.6% as of December 31, 2023.

Information regarding Bemobi Mobile Tech S.A	2H 2023	2H 2022	YTD 2023	YTD 2022
BRL million				
Revenue	652.1	721.6	1,287.0	1,475.8
EBIT	53.1	51.5	98.2	98.7
Net profit (loss)	29.1	59.7	60.1	85.6
Assets			1,393.5	1,349.3
Non-current liabilities			36.3	31.7
Current liabilities			277.1	259.1
Equity			1,080.2	1,058.5
Otello's share of equity in BRL			406.2	381.0
Otello's share of equity in USD			83.7	72.1

## 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)	12/31/2023	12/31/2022
USD million		
<b>Balance as of 1/1</b>	<b>88.6</b>	89.4
<i>Movements recognized through the statement of comprehensive income</i>		
Share of profit (loss) from associated companies	4.6	6.0
Amortization of excess values	(1.7)	(1.8)
Impairment	7.4	5.6
<i>Other movements</i>		
Dividends received	(1.6)	(1.4)
FX adjustment	(2.9)	(9.2)
<b>Balance as of 12/31</b>	<b>94.4</b>	88.6

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)	12/31/2023	12/31/2022
USD million		
<b>Balance as of 1/1</b>		
Initial recognition under the equity method	133.2	133.2
Share of profit (loss)	14.5	10.3
Amortization of excess values	(5.0)	(3.4)
Dividends received	(2.8)	(1.3)
FX adjustment	(21.8)	(18.1)
Impairment	(23.7)	(32.1)
<b>Balance as of 12/31</b>	<b>94.4</b>	88.6

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

<b>Fair value as of 12/31</b>	<b>94.4</b>	88.6
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Share of profit (loss) from associated companies	2H 2023	2H 2022	YTD 2023	YTD 2022
USD million				
Share of profit (loss)	2.2	4.1	4.4	6.0
Amortization of excess values	(0.8)	(0.9)	(1.7)	(1.8)
<b>Share of profit (loss) from associated companies</b>	<b>1.4</b>	3.2	<b>2.8</b>	4.1



## 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)	2H 2023	2H 2022	YTD 2023	YTD 2022
<b>Total operating revenue</b>	-	0.1	-	0.2
Publisher and revenue share cost	-	-	-	-
<b>Gross profit</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>
Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA (USD million)	2H 2023	2H 2022	YTD 2023	YTD 2022
<b>Operating profit (loss), (EBIT)</b>	<b>(10.0)</b>	<b>7.1</b>	<b>3.1</b>	<b>2.6</b>
Depreciation and amortization expenses	<b>0.1</b>	0.3	<b>0.4</b>	0.7
Impairment gains (losses)	<b>7.9</b>	(8.9)	<b>(7.3)</b>	(6.7)
<b>EBITDA</b>	<b>(2.0)</b>	<b>(1.5)</b>	<b>(3.7)</b>	<b>(3.4)</b>
Restructuring expenses	-	-	-	-
Stock-based compensation expenses	-	-	-	-
<b>Adjusted EBITDA</b>	<b>(2.0)</b>	<b>(1.5)</b>	<b>(3.7)</b>	<b>(3.4)</b>

#### Note 9 - Events after the reporting date

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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 – 2H 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 second 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 December 31, 2023, and of the results of the Group's operations and cash flows for the second 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, February 15, 2024

The Board of Directors

Otello Corporation ASA

André Alexander Christensen, Chairman

Karin Fløistad

Lin Song

Magdalena Maria Kadziolka (Giambalvo)

Jason Hoida, CEO

