
AdColony ApS

Bredgade 75, 4. sal, DK-1260 København K

Annual Report for 1 January - 31 December 2020

CVR No 33 35 28 24

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/7 2021

Thomas Bullen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of AdColony ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

I recommend that the Annual Report be adopted at the Annual General Meeting.

København, 14 July 2021

Executive Board

Thomas Bullen
Executive Officer

Independent Auditor's Report

To the Shareholder of AdColony ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AdColony ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Hellerup, 14 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorized Public Accountant
mne23327

James Liang
State Authorized Public Accountant
mne34549

Company Information

The Company

AdColony ApS
Bredgade 75, 4. sal
DK-1260 København K

CVR No: 33 35 28 24
Financial period: 1 January - 31 December
Municipality of reg. office: København K

Executive Board

Thomas Bullen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Gross profit/loss	48,634	22,676	19,206	6,358	2,312
Profit/loss before financial income and expenses	44,889	18,854	14,709	1,121	-4,609
Net financials	-3,683	674	190	27	576
Net profit/loss for the year	32,122	19,008	14,900	1,148	-4,383
Balance sheet					
Balance sheet total	136,233	79,485	44,684	12,241	8,111
Equity	68,156	36,034	17,026	2,126	-4,039
Investment in property, plant and equipment	50	15	27	10	117
Number of employees	6	5	5	6	9
Ratios					
Return on assets	33.0%	23.7%	32.9%	9.2%	-56.8%
Solvency ratio	50.0%	45.3%	38.1%	17.4%	-49.8%
Return on equity	61.7%	71.6%	155.6%	-120.0%	217.0%

Management's Review

Key activities

The company's principal activity is mobile advertising.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 32,122,195, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 68,155,775.

The past year and follow-up on development expectations from last year

The company realized a positive result before tax of DKK 41,205,680 for 2020. This is a significant improvement comparing to previous years and demonstrates consistent growth.

As the Company's main activity is mobile advertising, there is no significant adverse affect of COVID-19 at the Company's business.

However, the business is exposed to the risk of one or more customers ceasing to continue engaging the Company for advertising campaigns. The Company is also at risk that the emergence and spread of COVID-19 will have an impact on its growth depending on how clients react to the new economic uncertainty. This could also expose the Company to price risk due to forex fluctuations.

The Company's policy in respect of credit risk is to monitor payments against contractual agreements for existing customers.

The risks are managed by the ultimate parent company, Otello Corporation ASA. The Group's response to the risks is disclosed in its financial statements.

Targets and expectations for the year ahead

The Company's outlook for the future will be neutrally to positivity affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Despite the COVID-19 outbreak, Management expects a modest revenue and net profit growth in 2021 as compared to 2020. This was based on Management's assessment of quarter 1 2021 performance.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable. The gross profit is expected to be at least 10% higher in 2021 comparing to 2020.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events except for the COVID-19 pandemic.

Management's Review

Significant events after the end of the financial year

Please refer to note 1 Subsequent events.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		48,634,403	22,675,620
Staff expenses	2	-3,679,554	-3,768,479
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-65,686	-53,127
Profit/loss before financial income and expenses		44,889,163	18,854,014
Financial income	3	1,463,405	811,780
Financial expenses	4	-5,146,888	-137,535
Profit/loss before tax		41,205,680	19,528,259
Tax on profit/loss for the year	5	-9,083,485	-520,226
Net profit/loss for the year		32,122,195	19,008,033

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		37,861	53,452
Property, plant and equipment	6	37,861	53,452
Receivables from group enterprises		45,709,422	40,320,399
Deposits		54,170	54,170
Fixed asset investments	7	45,763,592	40,374,569
Fixed assets		45,801,453	40,428,021
Trade receivables		73,256,665	36,537,922
Receivables from group enterprises		948,488	1,056,485
Other receivables		104,310	0
Deferred tax asset	8	13,465	1,088,202
Prepayments	9	16,968	64,022
Receivables		74,339,896	38,746,631
Cash at bank and in hand		16,091,513	310,483
Currents assets		90,431,409	39,057,114
Assets		136,232,862	79,485,135

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		110,000	110,000
Retained earnings		68,045,775	35,923,580
Equity		68,155,775	36,033,580
Other payables		705,342	219,993
Long-term debt	10	705,342	219,993
Trade payables		47,873,025	29,896,923
Payables to group enterprises		4,574,464	4,593,371
Corporation tax		8,008,750	992,576
Other payables		3,882,546	4,355,000
Deferred income	11	3,032,960	3,393,692
Short-term debt		67,371,745	43,231,562
Debt		68,077,087	43,451,555
Liabilities and equity		136,232,862	79,485,135
Subsequent events	1		
Distribution of profit	12		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	110,000	35,923,580	36,033,580
Net profit/loss for the year	0	32,122,195	32,122,195
Equity at 31 December	110,000	68,045,775	68,155,775

Notes to the Financial Statements

1 Subsequent events

On an extraordinary general meeting on 26 March 2021 the board approved the transaction of selling AdColony to Digital Turbine Inc. by the end of April 2021. Otello Corporation ASA has hereby entered a definitive agreement to sell AdColony to Digital Turbine Inc. for a total estimated consideration of \$ 400 million subject to the achievement of certain net revenue targets in 2021 based upon the actual results.

Management considers the definitive agreement a subsequent event which occurred after the balance sheet date (31 December 2020), and therefore will not have any effect on the Financial Statements for 2020. At this time, it is not possible to provide a reliable estimate of the impact as this is based upon the actual results.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Staff expenses		
Wages and salaries	3,197,178	3,464,640
Pensions	442,008	272,215
Other social security expenses	<u>40,368</u>	<u>31,624</u>
	<u>3,679,554</u>	<u>3,768,479</u>
Average number of employees	<u>6</u>	<u>5</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Financial income

Interest received from group enterprises	1,181,757	791,595
Other financial income	<u>281,648</u>	<u>20,185</u>
	<u>1,463,405</u>	<u>811,780</u>

4 Financial expenses

Other financial expenses	176,286	39,058
Exchange loss	<u>4,970,602</u>	<u>98,477</u>
	<u>5,146,888</u>	<u>137,535</u>

Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
5 Tax on profit/loss for the year		
Current tax for the year	8,008,748	4,326,140
Deferred tax for the year	1,074,737	-1,088,202
Utilisation of not recognised tax asset previous year and write-down of deferred tax asset	0	-3,333,564
Adjustment of deferred tax concerning previous years	0	615,852
	<u>9,083,485</u>	<u>520,226</u>
 6 Property, plant and equipment		 Other fixtures and fittings, tools and equipment
		<u>DKK</u>
Cost at 1 January		230,085
Additions for the year		<u>50,095</u>
Cost at 31 December		<u>280,180</u>
Impairment losses and depreciation at 1 January		176,633
Depreciation for the year		<u>65,686</u>
Impairment losses and depreciation at 31 December		<u>242,319</u>
Carrying amount at 31 December		<u>37,861</u>
 7 Fixed asset investments		
	Receivables from group enterprises	Deposits
	<u>DKK</u>	<u>DKK</u>
Cost at 1 January	40,319,457	54,170
Additions for the year	<u>5,389,965</u>	<u>0</u>
Cost at 31 December	<u>45,709,422</u>	<u>54,170</u>
Carrying amount at 31 December	<u>45,709,422</u>	<u>54,170</u>

Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
8 Deferred tax asset		
Deferred tax asset at 1 January	1,088,202	0
Amounts recognised in the income statement for the year	<u>-1,074,737</u>	<u>1,088,202</u>
Deferred tax asset at 31 December	<u>13,465</u>	<u>1,088,202</u>

9 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions and interest.

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	<u>705,342</u>	<u>219,993</u>
Long-term part	705,342	219,993
Other short-term payables	<u>3,882,546</u>	<u>4,355,000</u>
	<u>4,587,888</u>	<u>4,574,993</u>

11 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

12 Distribution of profit

Retained earnings	<u>32,122,195</u>	<u>19,008,033</u>
	<u>32,122,195</u>	<u>19,008,033</u>

Notes to the Financial Statements

13 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has entered a rental lease agreement with a minimum commitment in 2021 amounting to DKK 88,540.

14 Related parties

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of Otello Corporation ASA.

The consolidated financial statements in question can be obtained on the request to the ultimate parent company.

<u>Name</u>	<u>Place of registered office</u>
Otello Corporation ASA	Gjerdrums vei 19, 0484 Oslo, Norway

Notes to the Financial Statements

15 Accounting Policies

The Annual Report of AdColony ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Otello Corporation ASA, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

15 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve the net revenue for the year, including direct and indirect costs of consumables.

Other external expenses

Other external expenses comprise cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

15 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8	years
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Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

15 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments consist of receivables from group enterprises of DKK 45m and rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Accruals, liabilities

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

15 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$