4Q 2017

OTELLO CORPORATION ASA

Agenda

- **Executive Summary**
- Financial Review
- Operations Review
- AdColony (Mobile Advertising)
- Closing Comments

Executive Summary

Quarterly highlights

Financial metric	4Q17 ($m)	4Q16 ($m)
Total revenue	**99.2**	142.5
Adj. EBITDA*	**2.9**	17.7

- Revenue down due to AdColony, partly offset by growth in Bemobi
- Profit (Adj. EBITDA) down vs 4Q16 due to AdColony
- Positive Adj. EBITDA despite lower revenue due to significant cost cuts in AdColony and Skyfire
- Additional cost initiatives in AdColony with significant effect from 1Q18
- *For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 9 of the interim condensed financial statements

Quarterly highlights

Otello Corporation ASA

AdColony

- AdColony Performance business still impacted by delayed product launches
- AdColony Brand revenue impacted by reorganizations in non-core markets and products
- Turn around continues and enter 2018 as a lean and focused organization

Bemobi

- 10% revenue growth
- FX had 4% negative impact on revenue vs 3Q17 (LATAM)
- Strong growth of International subscribers and revenue
- Investment in user acquisition reduces short term profitability

skyfire

- 2H 2017 profitable
- Significantly lower cost base

Financial Review

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Otello Corporation 4Q17

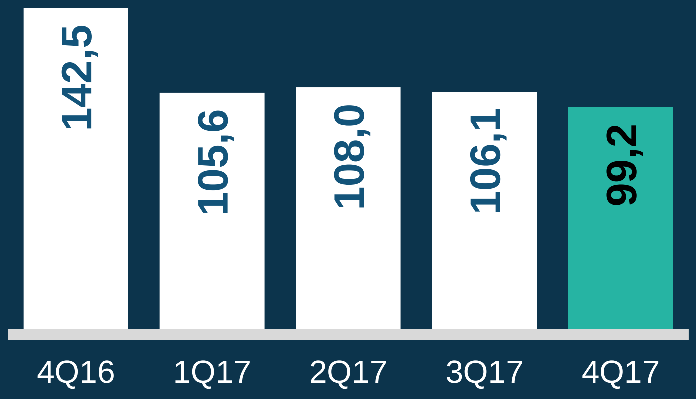
Continued operations	Note	4Q 2017	4Q 2016
Revenue		**99.2**	142.5
Publisher and revenue share cost		**(59.3)**	(83.5)
Payroll and related expenses		**(19.3)**	(25.2)
Stock-based compensation expenses		**(1.5)**	(2.3)
Depreciation and amortization		**(9.3)**	(12.6)
Other operating expenses		**(17.7)**	(16.0)
Total operating expenses		**(107.1)**	(139.8)
Adj. EBITDA		**2.9**	17.7
Restructuring and impairment cost	**1**	**(4.9)**	(19.8)
Net financial items (loss)	**2**	**13.8**	(10.0)
Profit (loss) before income tax		**1.0**	(27.1)
Provision for taxes	**3**	**(16.4)**	(3.1)
Profit (loss)		**(15.4)**	(30.3)
Discontinued operations			
Profit (loss) from discontinuing operations	**4**	**30.9**	517.6

Note

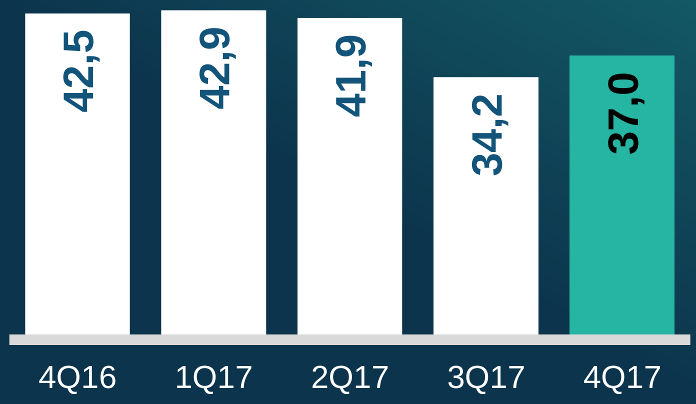
1. AdColony cost savings program expected to save $30m annually
2. Impacted positively by stronger USD vs NOK
3. Impacted negatively by lower US tax rates => reduces value of tax assets
4. Profit from sale of SurfEasy

Otello Corporation 4Q17

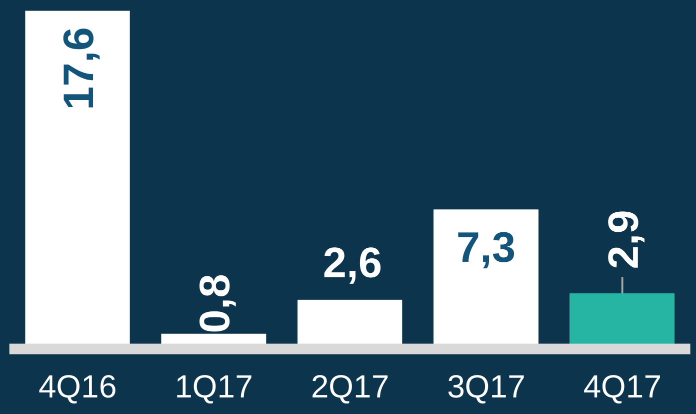
Revenue



OPEX



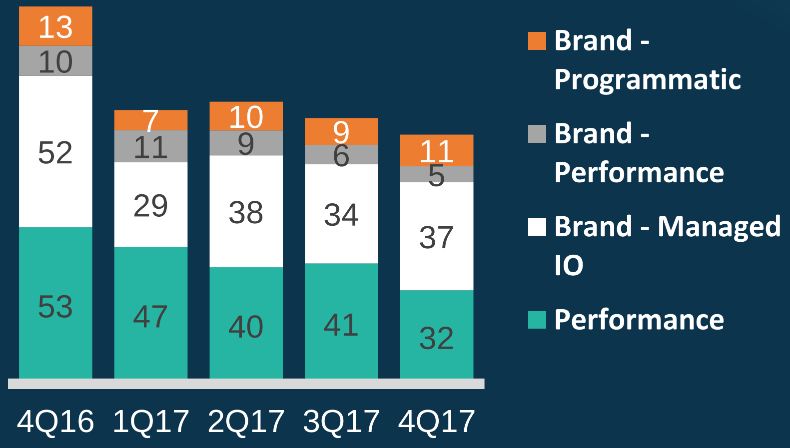
Adj. EBITDA



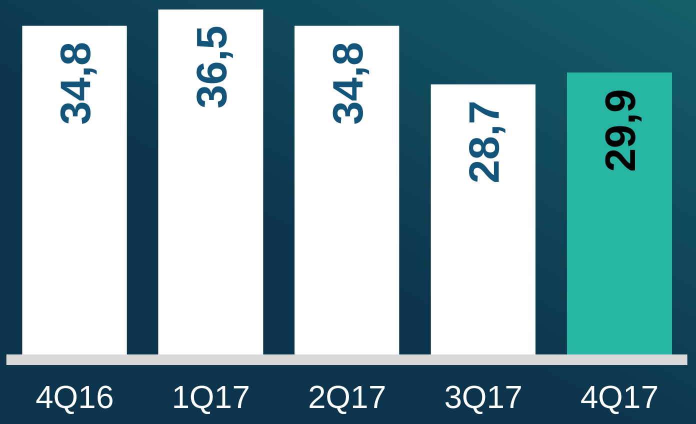
- Revenue down in 4Q17 vs 4Q16 due to AdColony, growth in Bemobi
- OPEX down YoY due to cost cuts in AdColony and Skyfire, with continued investments in Bemobi's international business
- Adj. EBITDA down mainly due to AdColony

AdColony

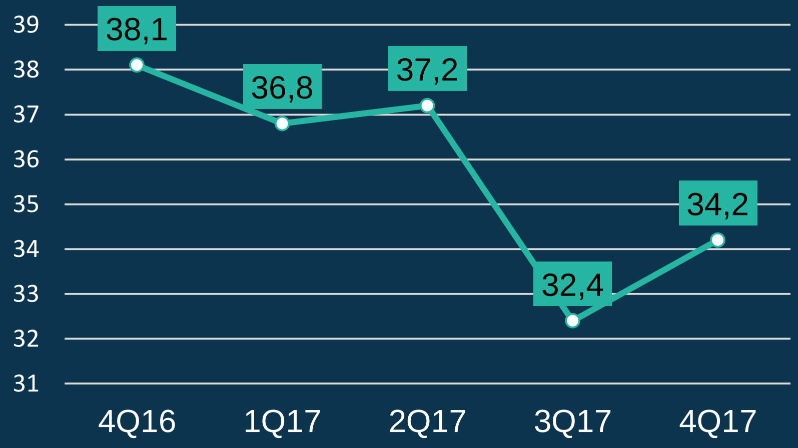
Revenue



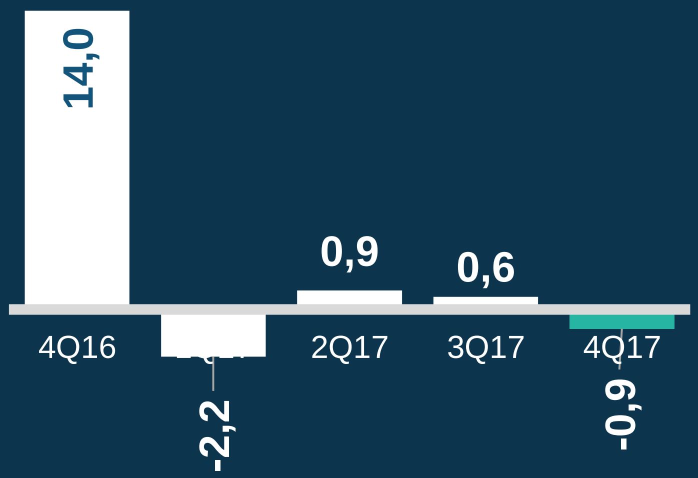
OPEX



Gross Margin %

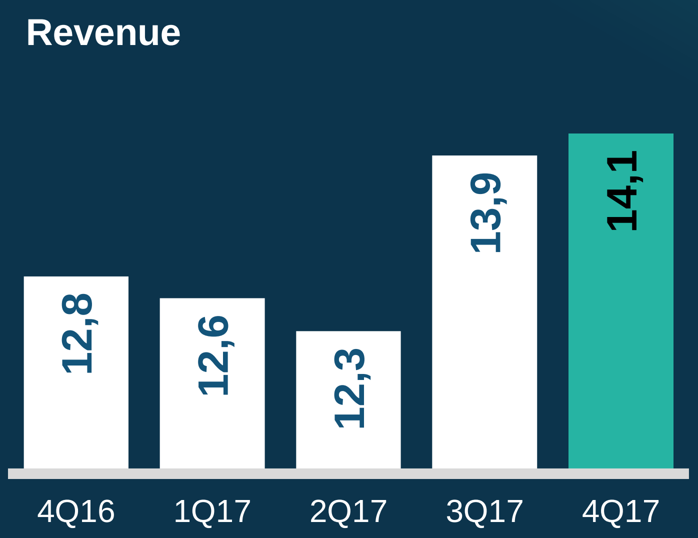


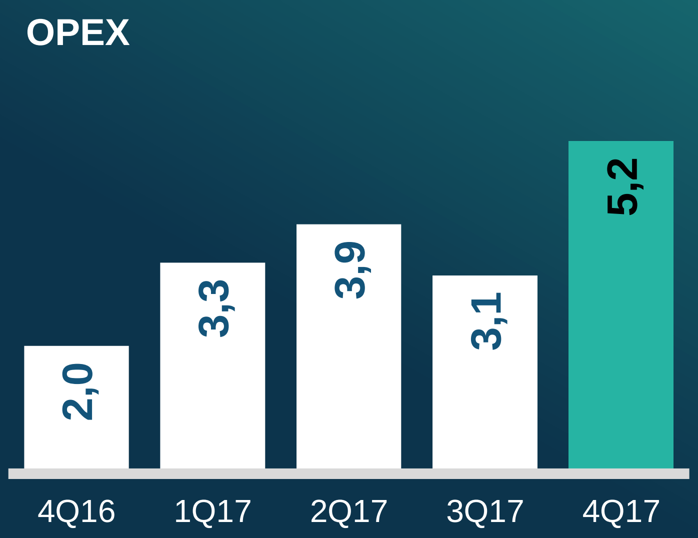
Adj. EBITDA

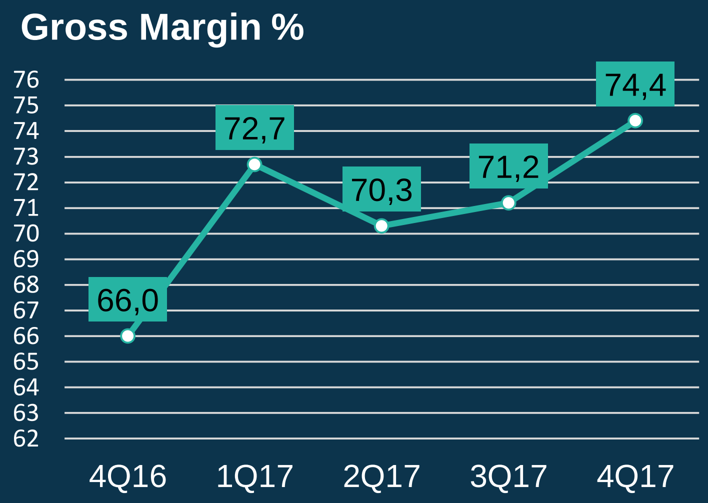


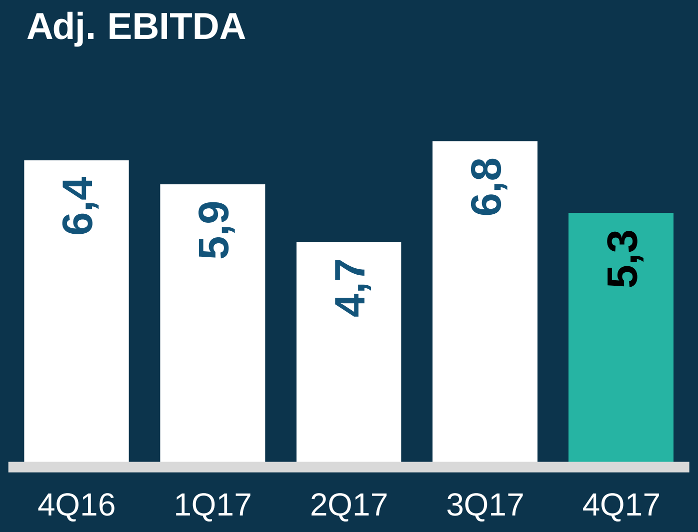
- Brand revenue negatively impacted by shift to programmatic and ramp down of non-core and non-profitable products and markets
- Performance revenue negatively revenue impacted by lack of competitive products
- Solid upswing in Gross margins QoQ
- Opex down YoY due to strict cost control and 2Q17 cost program
- Significant cost program executed in 4Q17, targets Opex run-rate of $22.5 per quarter

Bemobi



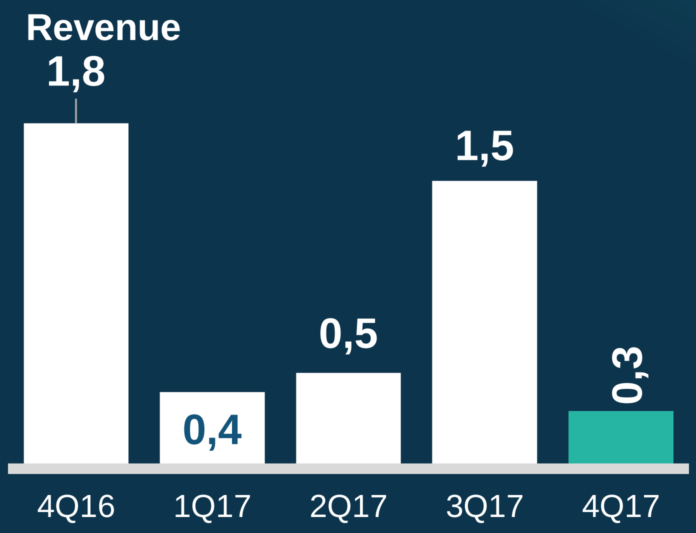


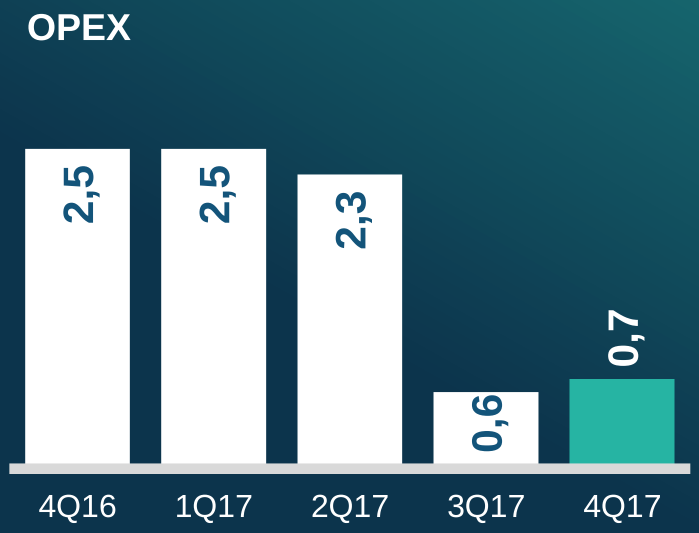


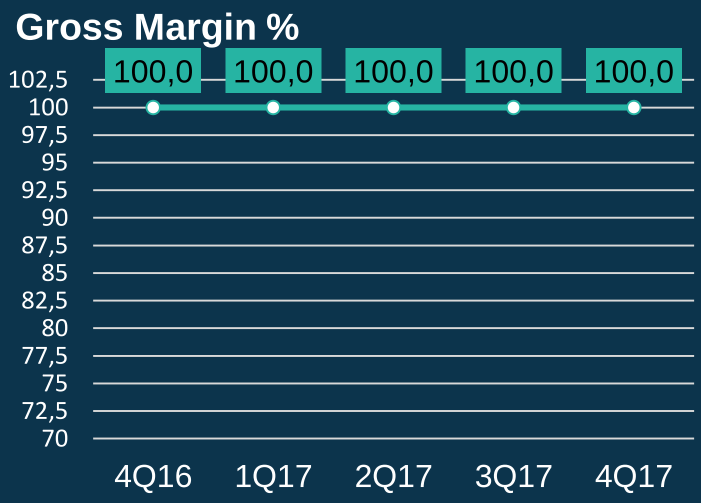


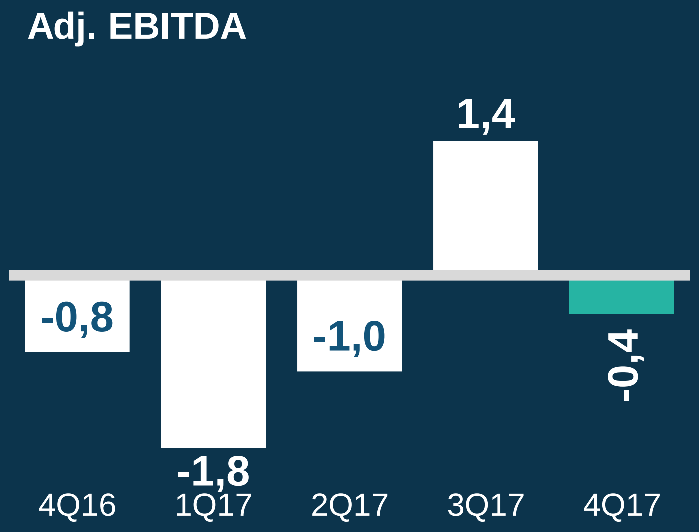
- LATAM revenue negatively impacted by weaker BRL vs USD in 4Q17
- Solid International revenue growth
- OPEX growth due to international expansion (user acqusition)
- Record high gross margin

Skyfire







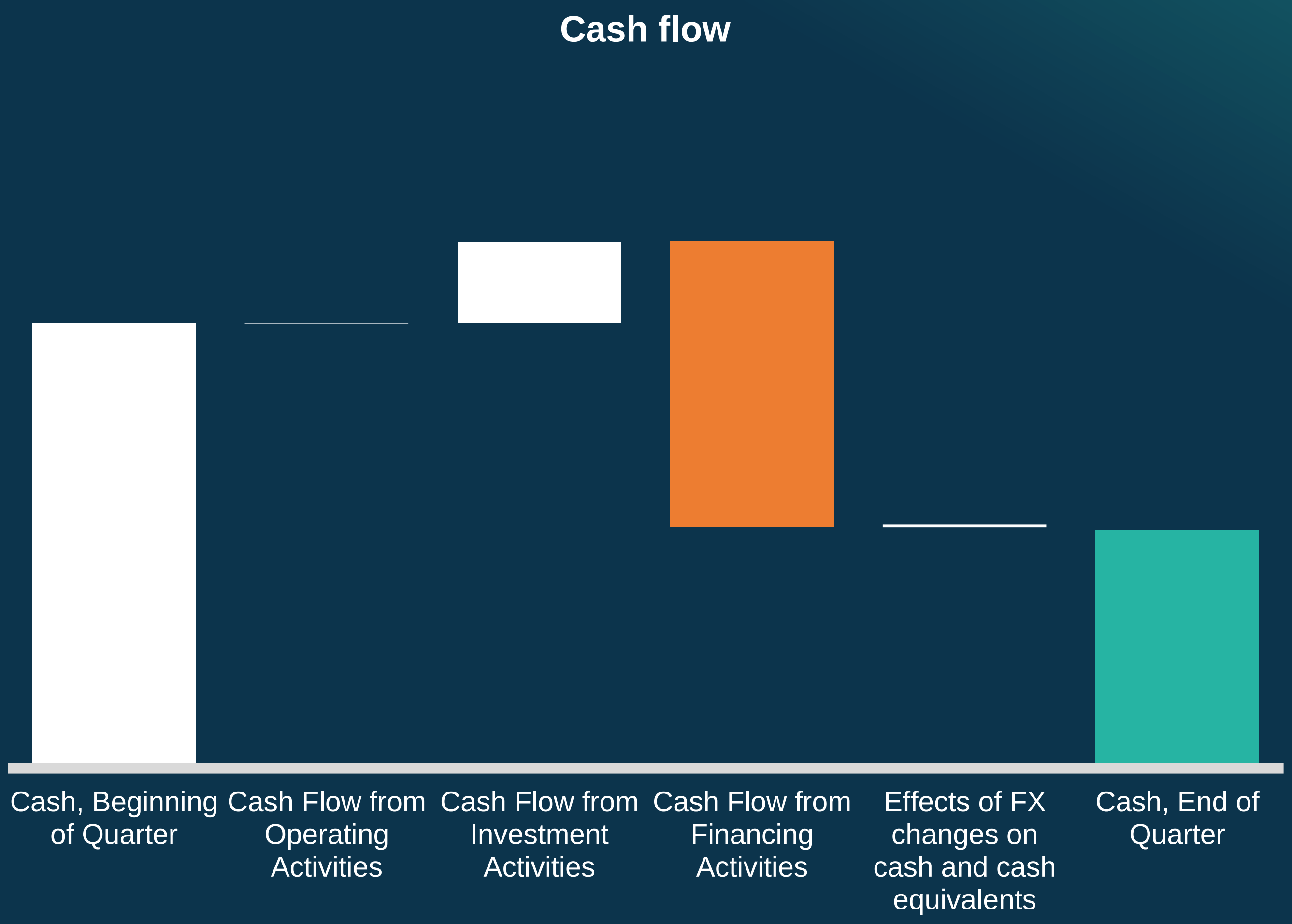


- Skyfire revenue 2x in 2H17 vs 1H17
- OPEX down significantly YoY as turnaround complete
- Adj. EBITDA positive in 2H17 $1m as committed (loss of $2.8m in 1H17)

Cost alignment in AdColony and Skyfire

	Annualized OPEX run-rate entering 2017	Annualized OPEX run-rate 2H 2017	Annualized OPEX run-rate 1H 2018
AdColony	**~$145m**	~$120million	~$90million
Skyfire	**~$7m**	~$ 1.5 million	~$ 1.5 million

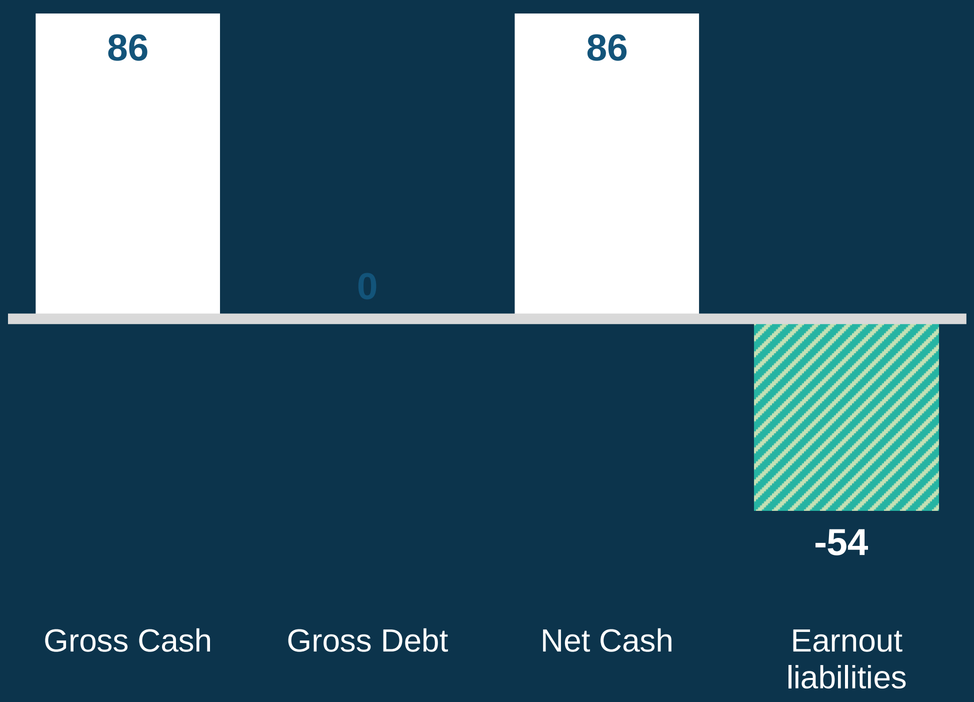
Cash position – Impacted by SurfEasy sale, loan repayment and buyback



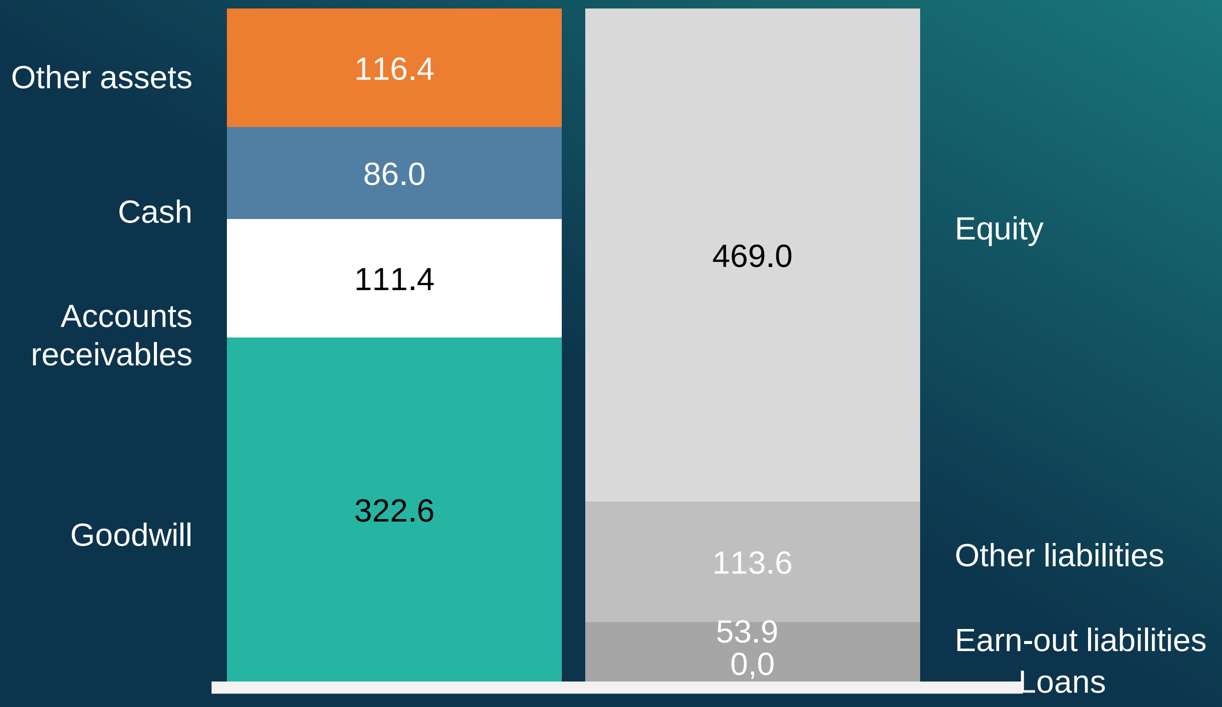
- Operating CF: USD 0.1 million
- CAPEX & capitalized R&D: USD 3.5 million
- CF from investment: USD 29.8 million, proceeds from sale of SurfEasy
- CF from financing: Repayment of USD 100m loan & USD 4 million in share repurchases
- Cash end of quarter: USD 86 million, down USD 74.6 million vs 3Q17
- Net cash up USD 25.4 million vs 3Q17

Financial position – Strong net cash position

Financial Position



Balance sheet



Outlook – 2018

Company	Goal 2018
AdColony	Profitable*
Bemobi	Higher Revenue and Profit* vs 2017
Skyfire	Profitable*

*Adj. EBITDA

Operational Review

AdColony – Turnaround continues

- **Revenue**
  - Performance business stabilizing
  - Brand business impacted by shift to programmatic and ramp down of non-core and non-profitable businesses
  - Gross margins stabilizing

- **Cost**
  - OPEX reduced by 40%
  - Headcount reduced from 700+ to 400
  - Ramp down of non-core and non-profitable businesses

AdColony – Turnaround continues

- **Organization**
  - Old management team replaced
  - Internal talent promoted

- **Strategy starting to pay of**
  - Tech team is now delivering customer focused products
  - Key KPI's are improving, eCPM, Install rates and Gross margins
  - China growth very strong (already #3 biggest Performance market)

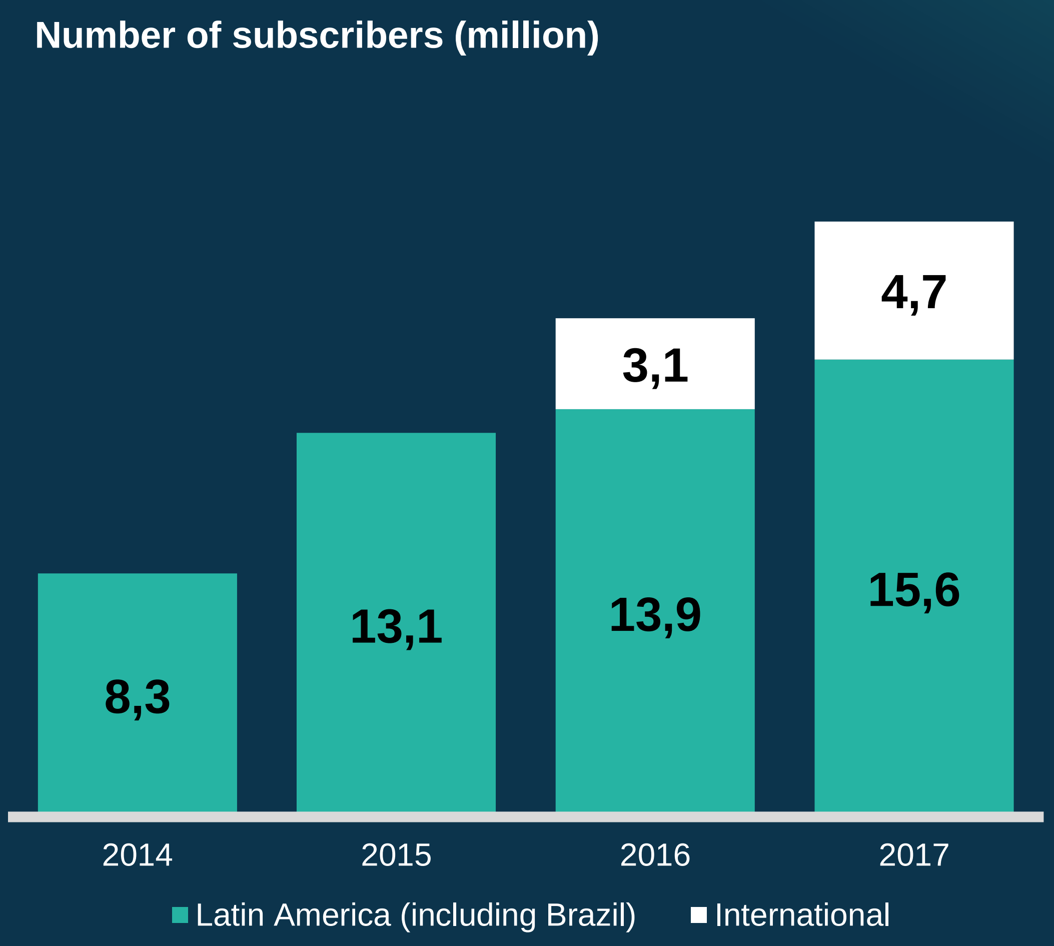
=> Continue to look at ways to optimize Revenue & Costs

Bemobi –
Solid revenue growth

Making premium apps available to emerging markets

Revenue	4Q 2017 ($m)	4Q 2016 ($m)	Comments
LATAM	**10.8**	11.1	Mature market, negatively impacted by FX (BRL vs USD)
International	**3.3**	1.7	Strong growth of Apps Club and NDNC revenue
Total	**14.1**	12.8	

Bemobi –
Subscriber growth driving revenue and scale



- LATAM subscribers up 12% YoY
- International subscribers base up 50% YoY

Bemobi –
Customer status and growth beyond LATAM

Apps Club
34 operators live outside LATAM:

- 13 operators in South Asia
- 11 operators in South-East Asia
- 8 operators in CIS
- 2 operators in Africa

NDNC
6 NDNC portals live in ROW:

- Vodafone Ukraine
- Banglalink Bangladesh
- MTS Belarus
- Tata India
- Grameenphone Bangladesh
- Ncell Nepal

Distribution (user base during 2017 from Jan to Dec)

- Opera Mini 42%, down from 70%
- NDNC channel has grown from 1% to 11%.
- Digital acquisitions (CPA/rev share) grew from 4% to 36%.
- Operator driven acquisitions decreased from 19% to 7%.
- App stores/Other from 6% to 4%
- International user base up from 3.1M to 4.7M

User growth driver => Continuous improvements and optimizations of conversion through different channels, launch of NDNC portals and investments into Digital acquisitions (CPA/rev share).

Revenue growth driver => optimizations of conversions, billing rates, pricing adjustments, data bundles launches and churn optimization especially introduction of additional billing cycles at almost all ROW operators.

OPEX growth (phase 1) => Subscriber growth (phase 2) => Revenue growth (phase 3)

Skyfire – Turnaround completed
Delivered on commitment to be profitable

- Asked for commitment from top 2 customers
- Guaranteed revenue secures profitability next 2 years
- Sold source code license to OEM
- Headcount reduced from 30 to 8
- Terminated office lease
- Annualized OPEX <$2.0m
- No direct sales, all sales through Huawei
- Any future cost increase only linked to guaranteed revenue

SurfEasy –Sold to Symantec in 4Q17

- The transaction values SurfEasy at an enterprise value of USD 38.5m (over 2x what we paid for it 3 years ago)
- The transaction price is approximately 5-6x revenue and 40x Adj. EBITDA Last Twelve Months
- Sale of SurfEasy marks 3rd transaction post our strategic review in 2016

AdColony Sales & Tech

-Sekip Gokalp – EVP Exchange/Brand

-Andrzej Dzius - CTO

The Perfect Storm is here – AdColony has to be on right side of history

Trend	Implications
Advertisers will get what they want – programmatic gives them what they want.	• Advertisers wanted to have control, transparency and efficiency at scale. Programmatic buying in one way or the other gives advertisers all they need. • 80% of mobile ad spend is activated programmatically in 2017. The non-programmatic segment in the market is shrinking too quickly. • AdColony's future is 100% programmatic. Today, we are 36% programmatic in the Brand and Exchange segment of our business.
Adtech is a game of scale – Facebook, Google and now Amazon capture all growth	• Facebook and Google represent >65% of US digital ad spend and continue to capture almost all of the growth. Amazon as a "new" entrant is going for the 3rd spot. • Advertisers are looking for alternatives, but they are still mostly looking to consolidate. Size and differentiation matters. • Clean, programmatic video at scale is rare. We have to be the best at it and clear leader of the vertical.
Digital platforms now a "swamp of fake news, racism, sexism and extremism." according to Unilever.	• Brand safety, ad blocking, privacy, fraud, viewability – digital advertising industry had to grow up really fast. Advertisers are asking all players to take responsibility and work on solutions. • Yet, it's early days of the clean-up - there is still risk in the space and most advertisers ultimately resort to fewer, bigger players to limit exposure • AdColony has to align itself with the market needs, provide transparency into its supply and environments.

Our response: Embodying the “organic” media movement

McDonald's

“Today’s Primetime”

“Mobile advertising done right”

“Video advertising will never be the same”

WHOLE FOODS MARKET

“The Ad Quality Video Marketplace”

AdColony: The Ad Quality Video Marketplace

Positioning	**The #1 Video Marketplace for the "Organic" Media Movement.**			
Benefit Pillars	**Video Ads People Like**	**Transparent & Measurable**	**Viewable & Fraud Free**	**Always Brand Safe**
Key Benefits	• User-initiated video reaches users on their own terms • Drives high attention rates and positive mood • Fullscreen but non-invasive	• Completely transparent inventory • Highly measurable via Integrations with key ad quality measurement vendors • Enriched with advertising IDs to empower targeting and advanced campaign controls	• Industry-leading viewability rates • Extremely low IVT activity	• High propensity of gaming inventory delivers a brand safe environment every time. • No UGC or extremist content • LDA & COPPA compliant inventory available
Proof Points	• 90%+ VCR • KPCB - Rewarded Video has the highest positive user attitude (68%) • AdColony user survey - 75% of users are in a good mood during AdColony ads.	• 100% measurable PMPs available • Viewability & IVT measurement across Moat, IAS and DV • 100% IDFA & GAID enrichment	• 96.7% MOAT Human and Viewable Rate • 1.14% MOAT Invalid Traffic Rate • Proprietary fraud defense system	• 11.6M daily LDA-compliant global impressions • 102M daily COPPA-compliant global impressions

Great opportunity ahead if we can stay focused and execute well

Opportunity:

Tremendous shift to in-app video - we are the biggest source of measurable and clean in-app video and are uniquely positioned to address needs and shape habits across the biggest buyer segment in mobile Brands and Agencies.

We bring together the benefits of a scaled technology platform that aggregates 1st party supply that is scarce in the marketplace and a customer and service oriented organization that Brands need in order to navigate the nuanced world of programmatic in-app video.

Challenge:

As we work through the consequences of internal changes, market is moving. Competition with inherent advantages will start to move into the space and it will be a winner takes all game.

We need to seize the opportunity now; invest and stay focused on growth of programmatic revenue to become the true and accepted leader of this segment while it’s still relevant to do so.

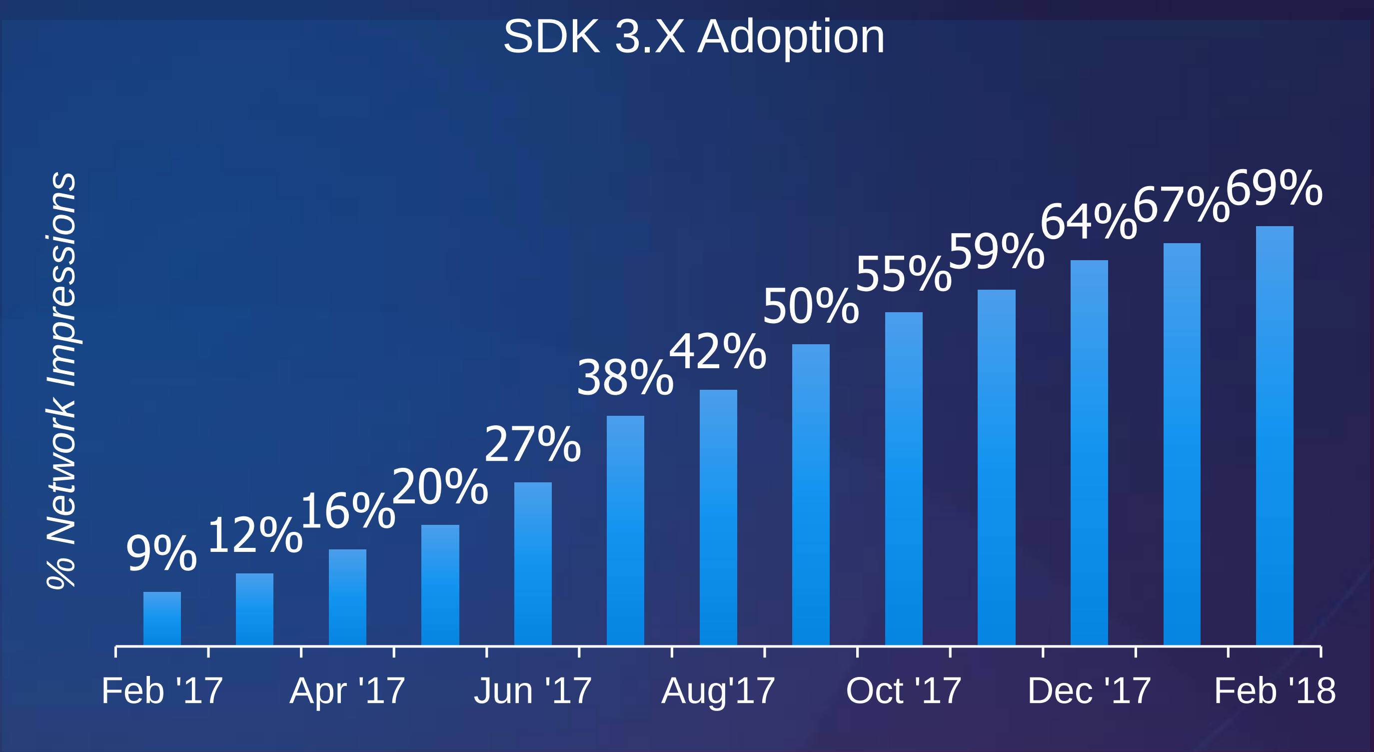
Key metrics to track progress

Revenue Source	January 2017	January 2018	YoY Change	Notes
PMP Revenue			138%	PMP revenue growth rate is the key indicator of progress for the shift in our brand segment.
# of active PMP buyers	36	47	31%	Indicator of PMP retention rates. Increase in number and diversity here is a sign of sustainability of revenue.
# of active PMP's	105	159	51%	Same as above. Unlike the IO business, PMP's often – not always- tend to be of an "always on" nature and expand across quarters and campaigns.
IPX Revenue			145%	The total revenue that is generated solely on our in-app video supply through all programmatic means.
Share of programmatic within all Brand and Exchange	19%	36%	90%	KPI of how much progress we make in the shift from declining total addressable market IO segment to growing TAM programmatic segment

SDK 3.X Penetration Continues to Grow

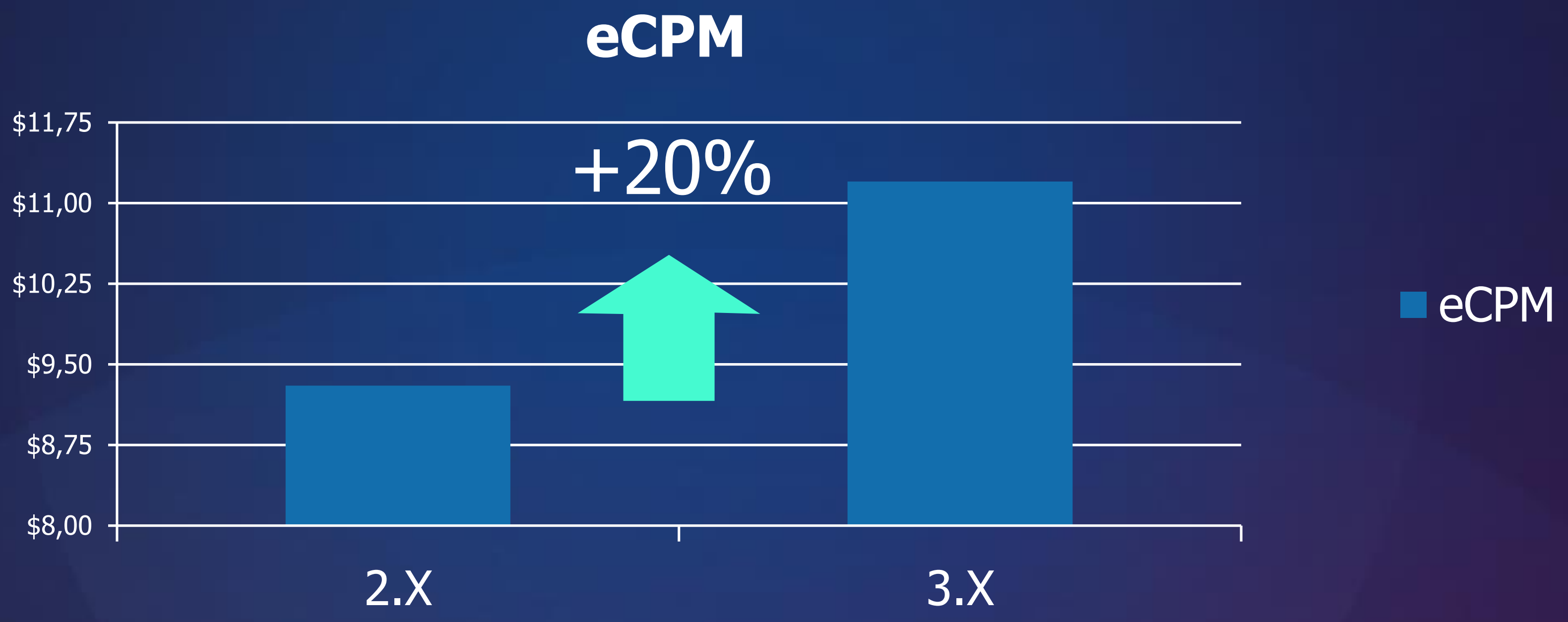
3.X penetration reached half the network and is driving better results for our advertisers and publishers

- Live publisher penetration rate on 3.X was at 64% through Q4 and jumped a further 5% in January and February to 69%.
- 39 of the top 40 publishers on our network currently run impressions through 3.X



Why is this important?

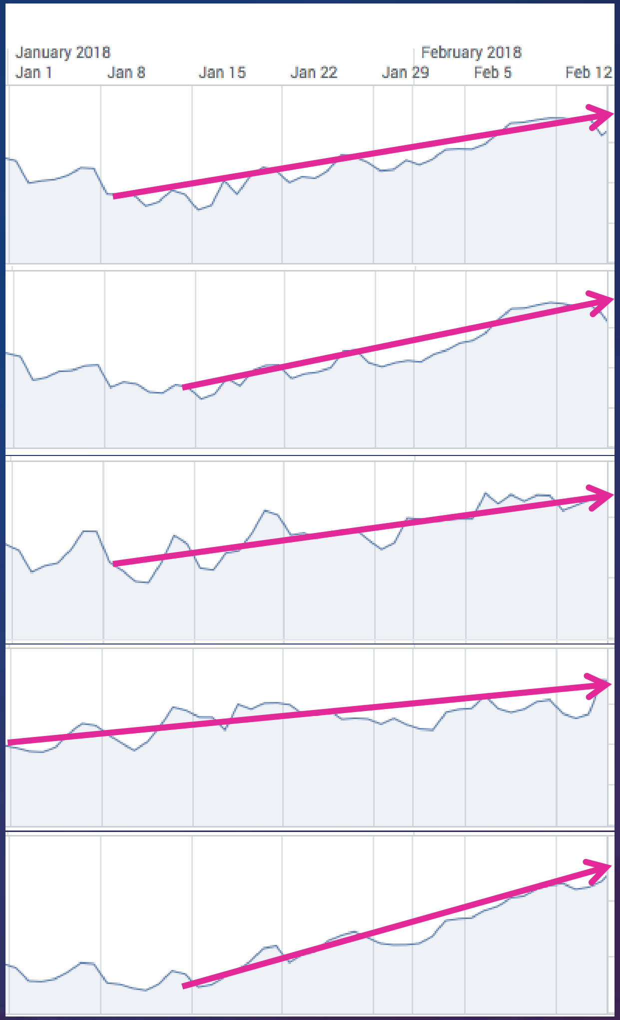
- The types of creative that are supported by 3.X including vertical video and playables drive higher pricing which results in better eCPMs for our publishers.



- Higher eCPMs result in our ads being played higher up the publisher waterfall. That results in more volume with higher quality.

China investment is beginning paying off

KPI	Mid Q1'18 vs End of Q4'17
Impressions	1.8x
Uniques	2.0x
Ad Spend	2.5x
Publisher eCPM	1.6x
Installs	3.4x



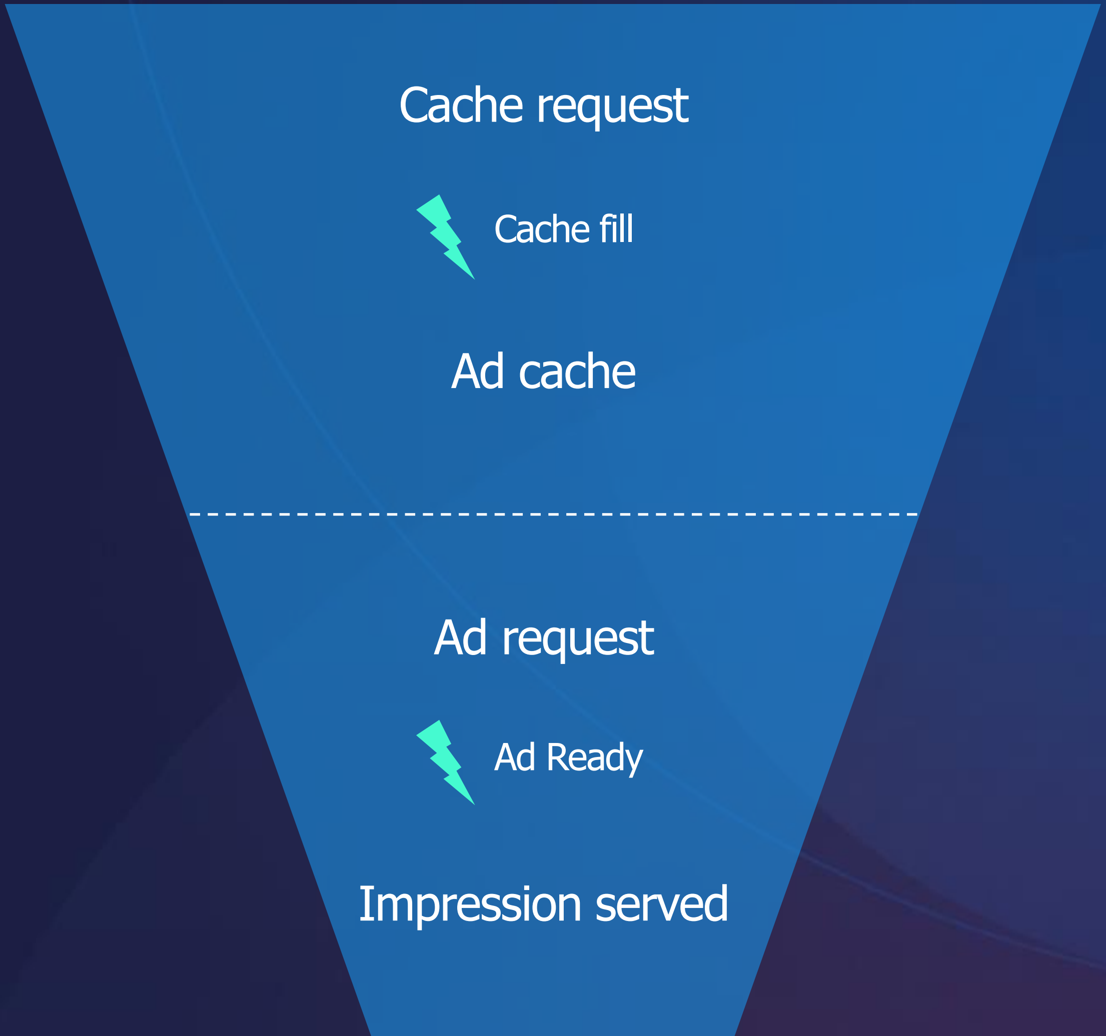
Our investment in China has already begun to pay off in 1Q'18 as we see strong growth in impressions, unique users, ad spend, publisher eCPM and app installs

Re-aligned engineering around key efforts, broke silos

In the past, engineering worked in silos with limited exposure to customer and business problems. We've taken huge steps to re-align the teams, bring new talent and increase understanding of our customers, our business, and the challenges we need to solve.

Foundational changes to increase scale and minimize costs

In Q4, we identified improvements in our foundational technology that will enable improved ad readiness, and thus increase scale in 2018, while drastically reducing daily processing costs.



High costs associated with handling massive volume of cache requests

Real-time ad serving minimize overhead costs associated with caching and gain programmatic auction dynamics

Ad readiness varies and often inhibits our ability to scale and maximize impressions and revenue

Adaptive Caching will will ramp up ad readiness so we always have the opportunity to serve impression.

In Q4, kicked off key efforts based on customers & market

Opposed to an internal-centric approach, Q4 was all about responding directly to customer feedback and opportunities, in addition to strong market dynamics

Effort	Engineering Efforts	KPIs
PUBLISHING	• Evolving SDK to improve publisher ease and performance. • Adjusting ad-server & demand-side dynamics to increase eCPM and earnings.	• SDK footprint in top apps • Publisher eCPM & earnings • SDK crashes/bugs reported
PERFORMANCE	• Launching PIE tools for manual optimizations based on user quality. • Heavy re-configuring of Core and testing to drive spend increases and manual matching of demand to desired supply. • Iterating on buying tools like Granular Pricing and LTV User Score.	• App Install spend • User quality/ROAS
CHINA	• Launched infrastructure and CDN in mainland China behind "great firewall" • Supporting local testing and business development for ramp up.	• AdColony revenue from China devices
BRAND & PROGRAMMATIC	• Launched SDK integrations with the leading measurement ad quality vendors – IAS, DoubleVerify, and Moat • Developed programmatic methodology to drive measurement across widely-used VAST video standard.	• Brand revenue • PMP revenue

Efforts will begin to have significant impact in H1 2018

Effort	Expected Impact & Timing
PUBLISHING	• Significant decrease in bugs – Q2 2018 • 15% increase in Publisher eCPMs – by end of Q1 2018 • Increase in SDK penetration across top 1,000 apps – by end of Q3 2018
PERFORMANCE	• Increase in spend across key Tier 1 advertisers – Q2 2018 • Increase in advertiser's User quality/ROAS KPIs – Q2 2018 • Minimize costs via Adaptive Caching and RTAS – Q2 2018
CHINA	• In Q4, ad readiness improved 300% when CDN was launched, revenue expected to ramp up throughout H1 2018
BRAND & PROGRAMMATIC	• Viewability tech to empower Brand to hit their Q2 goals across IOs and PMPs

Closing Comments

Summary

Otello Corporation ASA

AdColony

- OPEX reduced from $150m down to $90m (40% savings)
- Gross margins have stabilized
- Completely changed management team and culture
- Products that works are being launched now

Bemobi

- International growth to accelerate in 2018
- Gross margins to remain very strong

skyfire

- Cost base reduced by 70%
- Contracts signed secures future profitabilty