1Q 2019

OTELLO CORPORATION ASA

Agenda

- **Executive Summary (CEO, Lars Boilesen)**
- Operational Review (CEO, Lars Boilesen)
- Financial Review (CFO, Petter Lade)
- Q&A (CEO, Lars Boilesen & CFO, Petter Lade)

Executive Summary

Quarterly highlights

Financial metric (USD million)	1Q19	1Q18
Total revenue	**51.5**	71.4
Adj. EBITDA*	**1.4**	0.7

- Revenue impacted by one-time event in both AdColony and Bemobi in 1Q19
- Focus on costs and solid margins secure positive Adj. EBITDA in 1Q19

*For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 9 of the interim financial statements

Operational Review

AdColony – Turnaround continues

- **Revenue**
  - Performance business still experiencing volatile revenue, but positive gross margin trend
  - Brand business with expected seasonal decline in 1Q vs 4Q
  - Tech issues with programmatic delivery late in the quarter reduced revenue
- **Cost**
  - OPEX reduced by over 50% last 2 years, now targeting $60m annual run-rate
  - Continue to invest in our sales force and our Istanbul office

AdColony – Status

- Gross margin trends positive for both Brand and Performance
- Support functions strategy in Istanbul paying off with lower cost and more productivity
- Lowered break even (Adj. EBITDA) revenue point to $45m (was $50m) in quarterly revenue @ 35% gross margin
- Expecting ~10% revenue growth in 2Q19 vs 1Q19

AdColony

Global Brand Business

Results: Brand Advertising

Revenue Source	Q1 2019	Q1 2019 Mix %
Brand (incl. IO and PMP)	$11.7M	55%
Brand Performance	$5.3M	25%
Programmatic Open Marketplace	$4.2M	20%
TOTAL	**$21.2M**	

- Total Brand revenue decreased 40% from Q4 ‘18 to Q1 ’19
- This is normal seasonality on the Brand side of the industry as the decrease from Q4 to Q1 in 2017 and 2018 was 38% and 43% respectively
- Tremendous work and momentum in Q1 has us experiencing a very strong start to Q2 where we are forecasting 20% growth in Brand revenue

Continued Focus On Quality Is Fueling Programmatic

- Q1 groundwork for future growth made in our North America programmatic PMP business
  - 27 Unique customers were running PMP's with us in Q1 2018
  - 41 Unique customers were running PMP's with us in Q1 2019 (**+52%**)
- In Q1 2018, 80% of our PMP spend was display inventory via SSP partnerships while only 20% of PMP revenue was video direct from AdColony's 1st party SDK inventory.
- In Q1 2019, the ratio has shifted dramatically. 65% of AdColony's PMP revenue is coming from our 1st party video SDK inventory, and only 35% is coming from display via SSP partners
- Overall eCPM's have increased **73%** year-over-year from $3.62 in Q1 '18 to $6.25 in Q1 '19 as the shift to more premium video inventory continues
- That shift has continued and increased thus far in Q2 with AdColony's 1st party SDK video inventory making up 83% of all Q2 PMP revenue with an eCPM of $7.93 (**+119%** from Q1 2018, and **+27%** from Q1 2019)

	# of Brands	Display	Video	eCPM
Q1 2018	**27**	**80%**	**20%**	**$3.62**
Q1 2019	**41**	**35%**	**65%**	**$6.25**

What We’re Working On

- **Continued improvements and maturation of our programmatic tools and offerings**
  - 1st Price auction (standardized auction dynamics)
  - Multi Creative Object Support (more formats = more revenue)
  - Supply – Demand Alignment Optimizations (better matching)
  - International Endpoints (global hardware to accelerate execution), already seeing good results in APAC

- **Renewed commitment to first-party, high-quality display inventory**
  - Building 1st party display inventory into our AdColony SDK tech stack

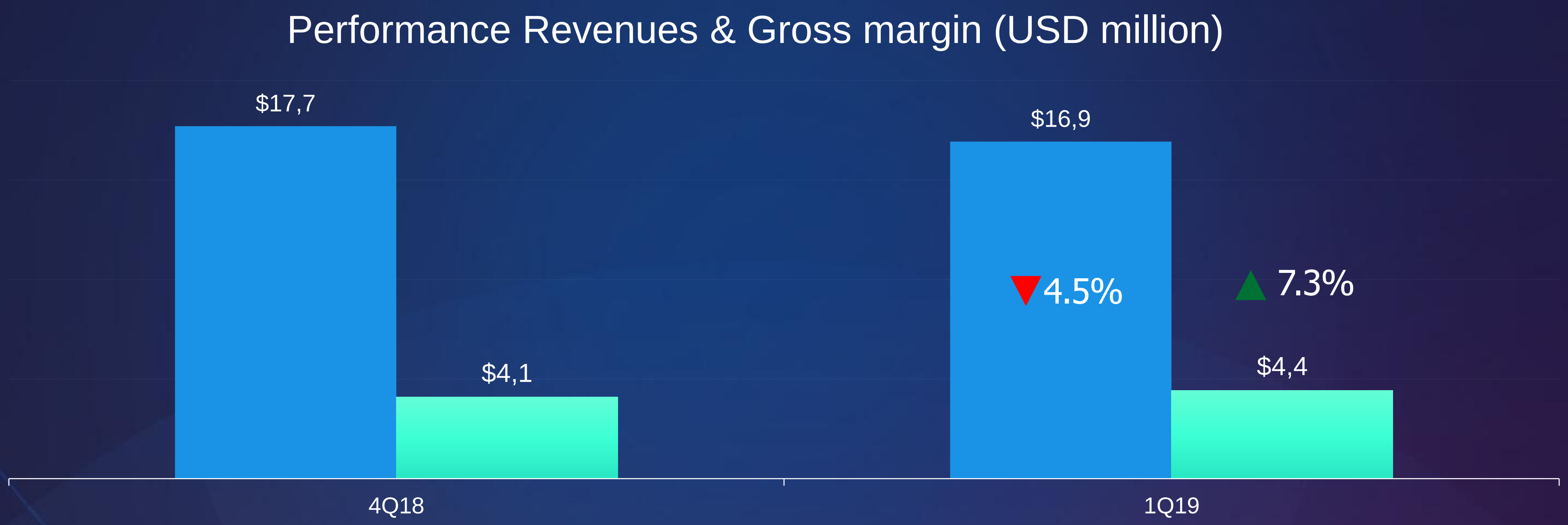
- **Continued commitment to a fraud-free exchange environment**
  - Partnered with Pixalate to monitor all traffic across our platform for fraud and brand safety
  - Ingesting data from various supply side fraud partners and implementing processes to proactively combat IVT (Invalid Traffic)

AdColony

Global Performance

Results: Performance Advertising

Summary: Q1 2019 Performance Revenues = USD 16.9 million (-4.5% vs. Q4'18)

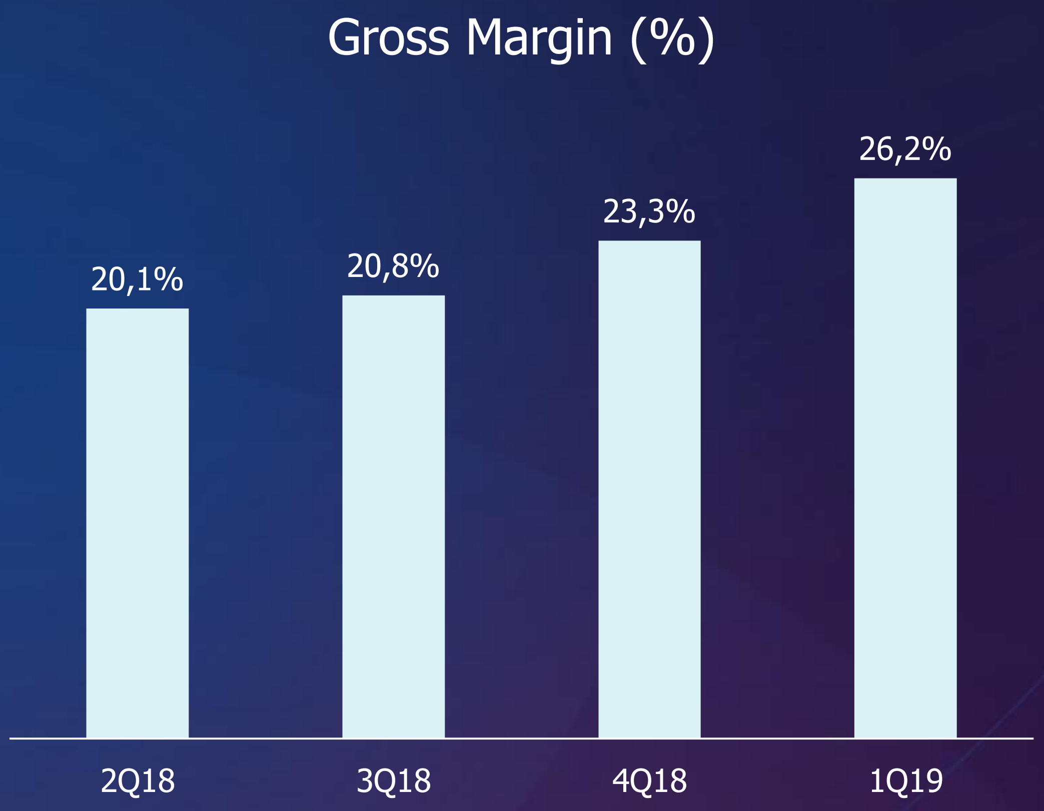


- Revenue stability in Q1 despite significant increase in competition
- Gross margin revenue trend turned positive in Q4, continued in 1Q19
- Focus on largest customers, better demand & supply alignment and creative innovation

Gross Margins on Performance Business

- Greater focus on profitability and health of underlying business – Gross margin higher than Q2/Q3 of last year

- Performance margins expected to be stable in the 26-28% range going forward



Key Highlights

Revenue stability, creativity in performance and improvements in Core^{TM}

1. Stability in key accounts on performance, green shoots in others
   - Double digit growth in Playrix, Kama, Nord Current and Machine Zone
2. New improved interactive and engaging ad units brings our creative offering at par with the industry
3. Big push on new supply with dedicated BD team – already seeing positive results with big wins in Top 200
   - Goodgame studios, Playgendry, Codi games, Rollic games
4. New Core^{TM} released in late March, promising results on IR and spends
5. Supply side tool set to enable better matching demand and supply and improve yields for our publishers

Bemobi

Bemobi
Revenue and Adj. EBITDA growth ex FX

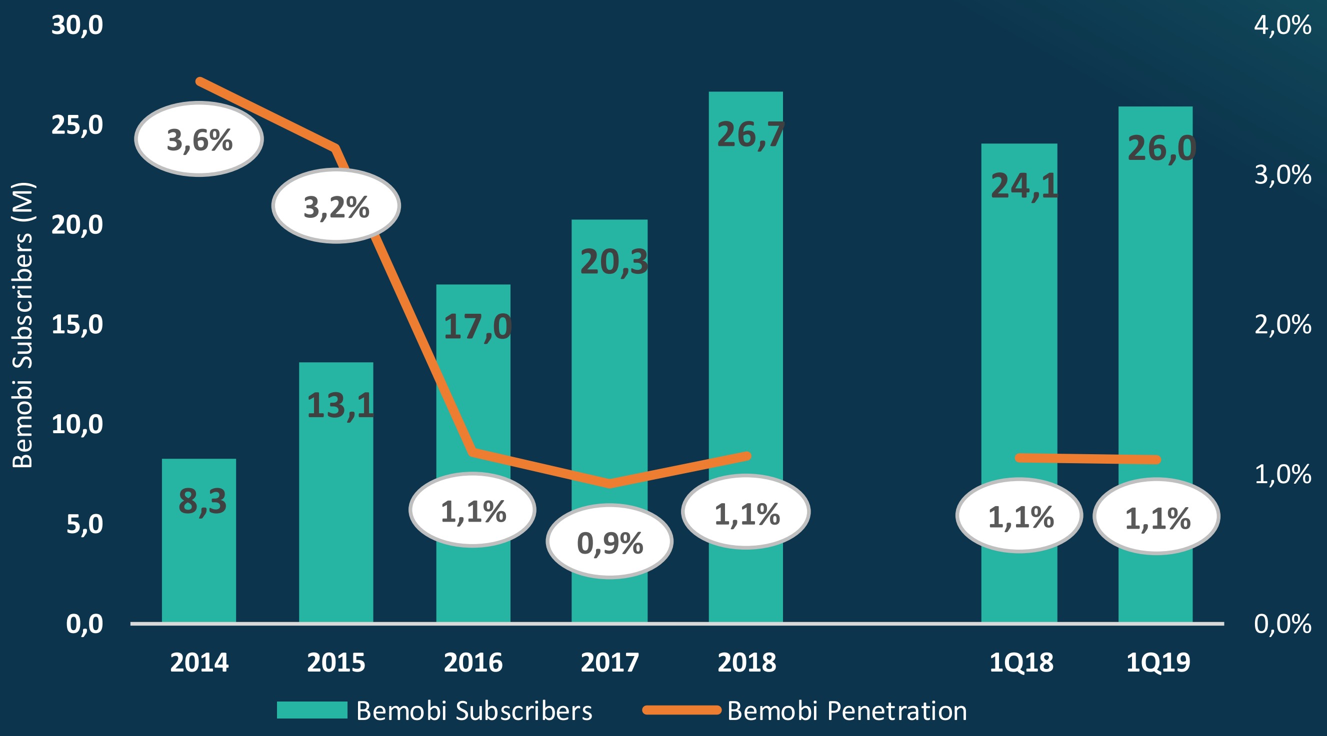
Bemobi	1Q19	1Q18	Δ (%) Y-o-Y
Revenue (USD M)	12,8	14,3	-11%
EBITDA (USD M)	5,0	5,4	-7%

Bemobi - Ex-FX Rate	1Q19	1Q18	Δ (%) Y-o-Y
Revenue (USD M)	14,5	14,3	2%
EBITDA (USD M)	5,8	5,4	7%

FX Rate impact YoY (1Q19 vs. 1Q18)

- **INTL basket: - 8.3%**
- **LATAM BRL: - 16.1%**

Bemobi – Subscriber growth driving revenue and scale



- 8% YoY subscriber growth
- Overall service penetration on served addressable market stable at 1.1%.
- 64 operators live
  - 21 operators in Latam
  - 9 operators in South Asia
  - 17 operators in South-East Asia
  - 10 operators in CIS
  - 7 operators in Africa
- Plan is to launch 5 more in 2Q19

Bemobi - Overal channel mix improving

Co-owned Channels

NDNC

- 10 portals live in Bemobi outside of Latam:
  - Idea India
  - Vodafone India
  - Telenor Pakistan
  - Tele2 Russia
  - Vodacom Tanzania
- 6 more planned for the next 2 quarters

New NC IVR

- Win in Claro Brazil – rollout phase completed with results reflected in subscriber growth in Brazil
- Long sales cycle, but very large potential for next couple of years i.e. 2-3x times the distribution capacity as NCND portals

International markets continue subscriber growth

1Q18 vs. 1Q19

CHANNEL	FROM	TO	Comments
NCND Portals	13%	32%	Strategic: predictable and no incremental cost
Operator Promo	5%	12%	Growth due to new operators in SEA
OVI / OMS/ IVR	3%	1%	New own channel, focus area
Opera Mini	34%	17%	Long term agreement
Digital acquisition (CPA)	45%	38%	Controlling quality of acquisitions to decrease churn

Bemobi

- 1Q19 revenue negatively impacted by platform migration of major customer and platform fee in Brazil
- Bemobi distribution channel becoming more strategic for new services and new partners
- Plan to offer several new services beyond the Apps club in 2019
- Expecting ~10% revenue growth in 2Q19 vs 1Q19
- Groundwork for a potential IPO of Bemobi in UK underway

Opera TV (Vewd)

- As previously communicated, there is an ongoing legal dispute with majority shareholder (MFC)
- Favorable verdict granted on liability, not appealed by MFC
- MFC ordered by the Court to pay a substantial portion of Otello's legal costs to date, all cash received
- Otello has now restored the proceedings in order to pursue alternative remedies, including (1) have the Court require MFC to buy Otello's shares (and loan note) at the higher of the current valuation of those shares and the price that the buyer was prepared to pay, and (2) if MFC is unable to purchase the shares at such price, require that all shares in the company be sold and Otello be paid the sum found to be due to it out of the proceeds of such sale.

Financial Review

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Otello Corporation 1Q19

(USD million)	1Q 2019	1Q 2018
Revenue	**51.5**	71.4
Publisher and revenue share cost	**(29.6)**	(40.8)
Payroll and related expenses	**(12.5)**	(15.3)
Stock-based compensation expenses	**(1.1)**	1.6
Depreciation and amortization expenses	**(7.0)**	(7.3)
Other operating expenses	**(8.0)**	(14.5)
Total operating expenses	**(58.2)**	(76.2)
Adjusted EBITDA*	**1.4**	0.7
Operating profit (loss), (EBIT), excluding restructuring and impairment expenses	**(6.7)**	(5.0)
Restructuring and impairment expenses	**(0.7)**	0.0
Operating profit (loss), (EBIT)	**(7.4)**	(4.9)
Net financial items	**(1.9)**	(10.2)
Provision for taxes	**(0.6)**	18.9
Profit (loss)	**(9.8)**	3.8

Revenue and cost down in tandem

Adjusted EBITDA stable vs. 1Q18

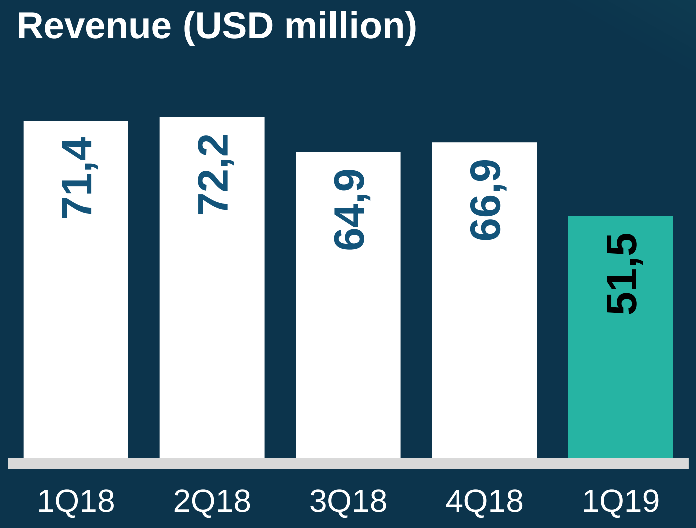
IFRS 16 impacted Adj. EBITDA positively by USD 0.8 million

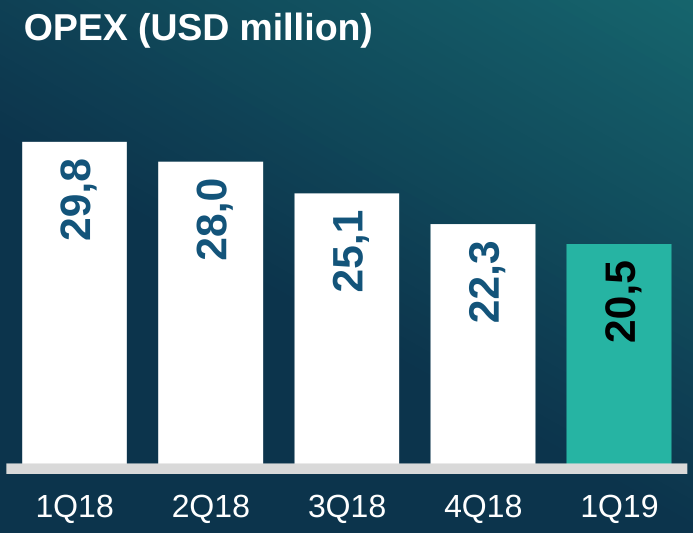
Negative Net financial items due to weaker USD vs NOK

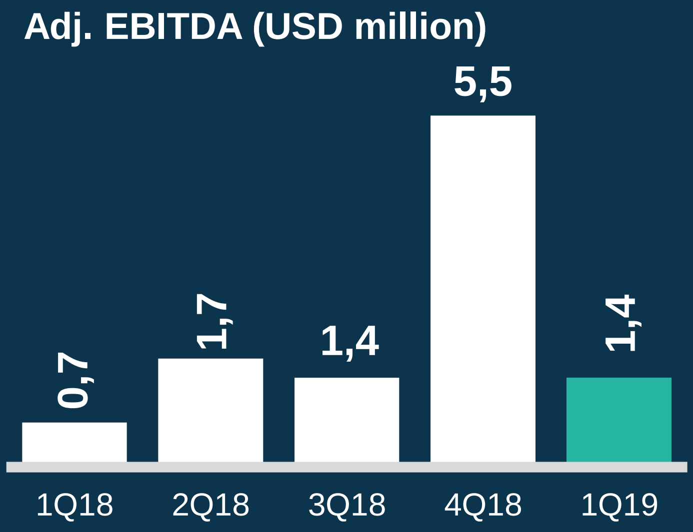
1Q18 had a one-time significant tax asset in Brazil

*For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 9 of the interim condensed financial statements

Otello Corporation 1Q19

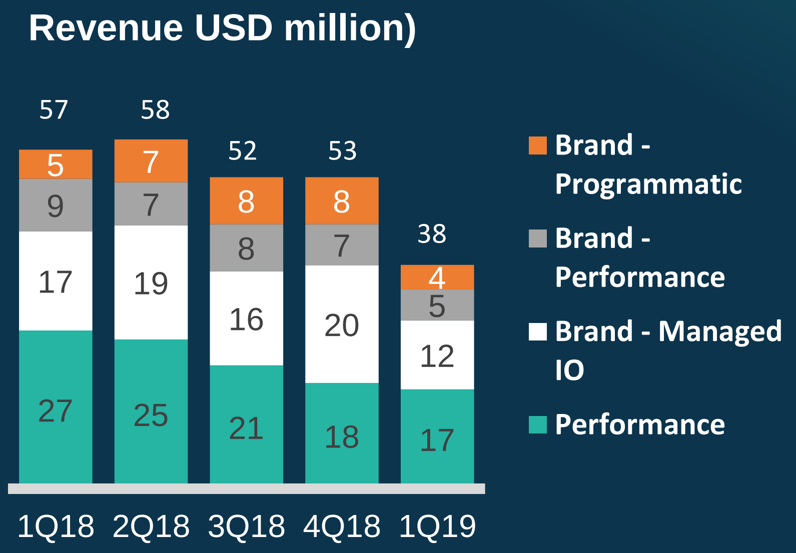


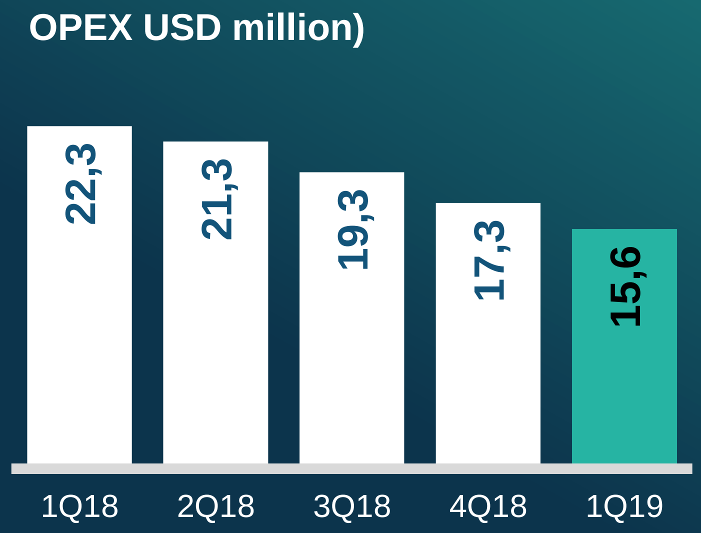


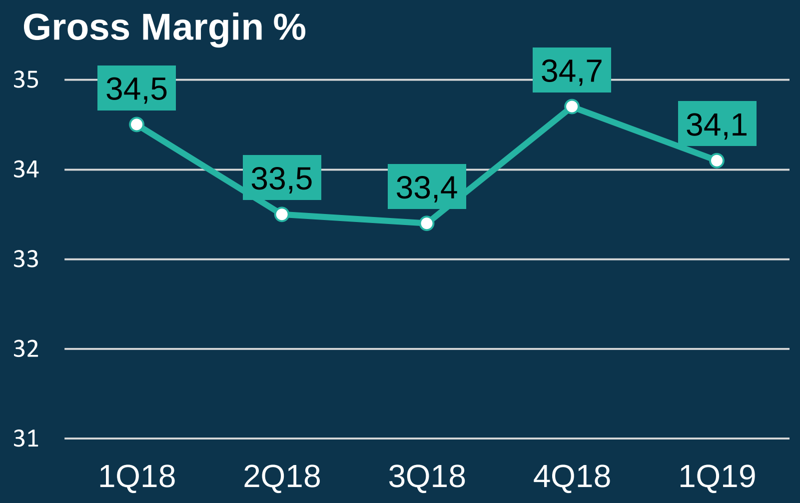


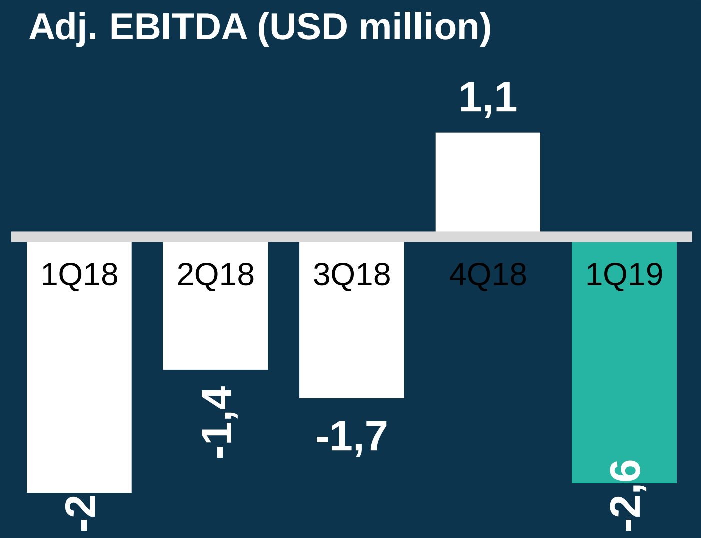
- Revenue in 1Q19 impacted by one-off events in AdColony and Bemobi
- OPEX significantly down both vs 1Q18 and 4Q18 due to cost cuts in AdColony
- Adj. EBITDA marginally up vs. 1Q18, flat excluding IFRS 16 impact

AdColony





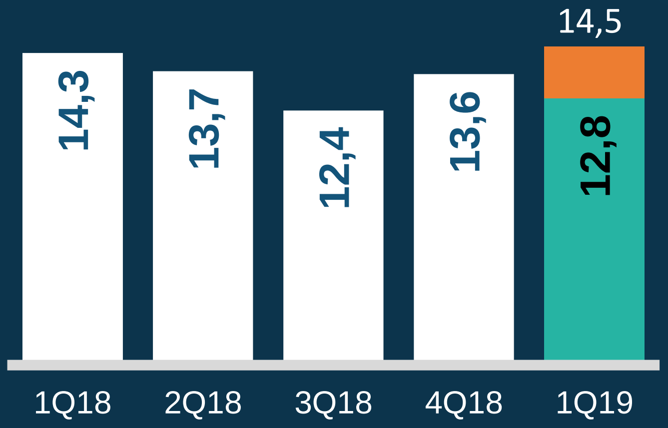




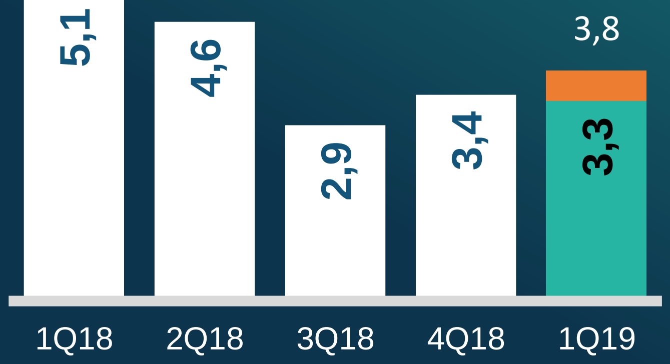
- Brand seasonal trend from 4Q to 1Q as expected
- Brand programmatic revenue impacted by tech issues
- Performance revenue stabilizing and solid margin recovery
- New annualized OPEX target of $60m
- Adj. EBITDA stable vs. 1Q18 with cost discipline offsetting lower revenue

Bemobi – Impacted by one-time events and FX

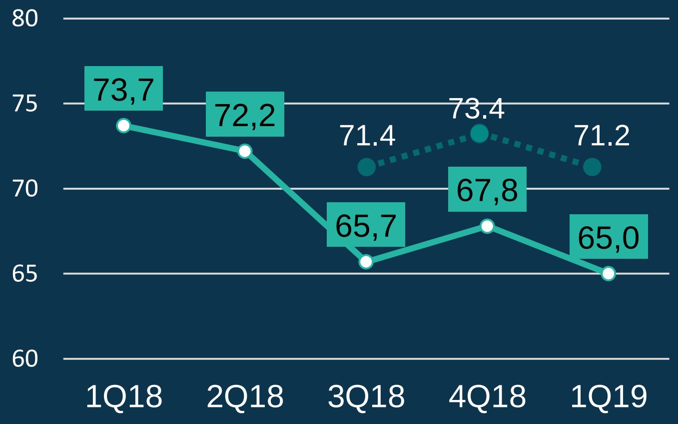
Revenue (USD million)



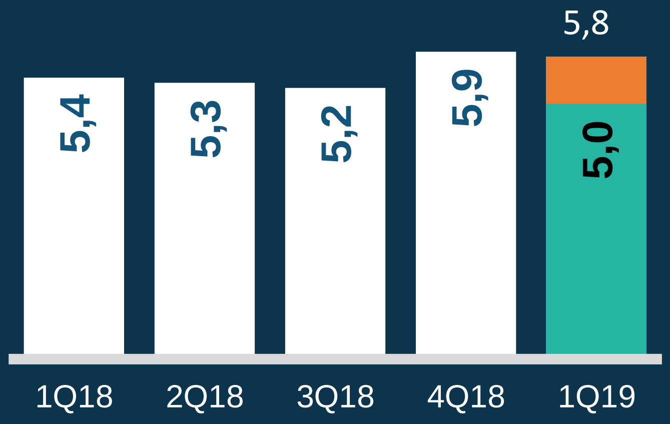
OPEX (USD million)



Gross Margin %



Adj. EBITDA (USD million)

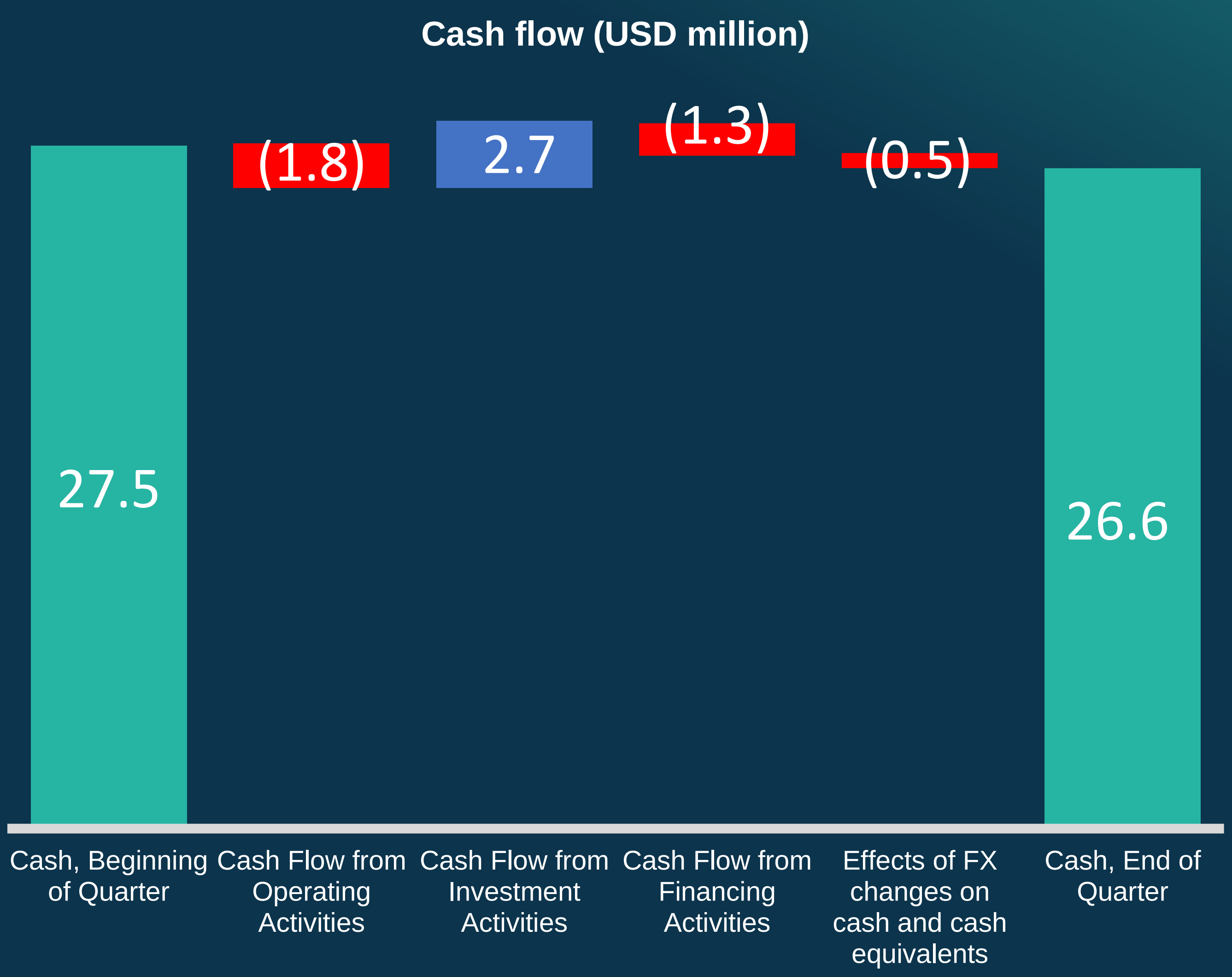


- 1Q19 YoY results impacted by FX (BRL vs USD)
- 1Q19 revenue negatively impacted by platform migration of major customer and platform fee in Brazil
- Solid gross margins and EBITDA growth across all key regions

FX impact 1Q19 vs 1Q18

Note: from 3Q18 and moving forward, the Gross Margin includes CPA (cost of user acquisition), since this is now recognized as publisher and revenue share cost (COGS), instead of Opex. COGS are increased and Opex is reduced by the same amount

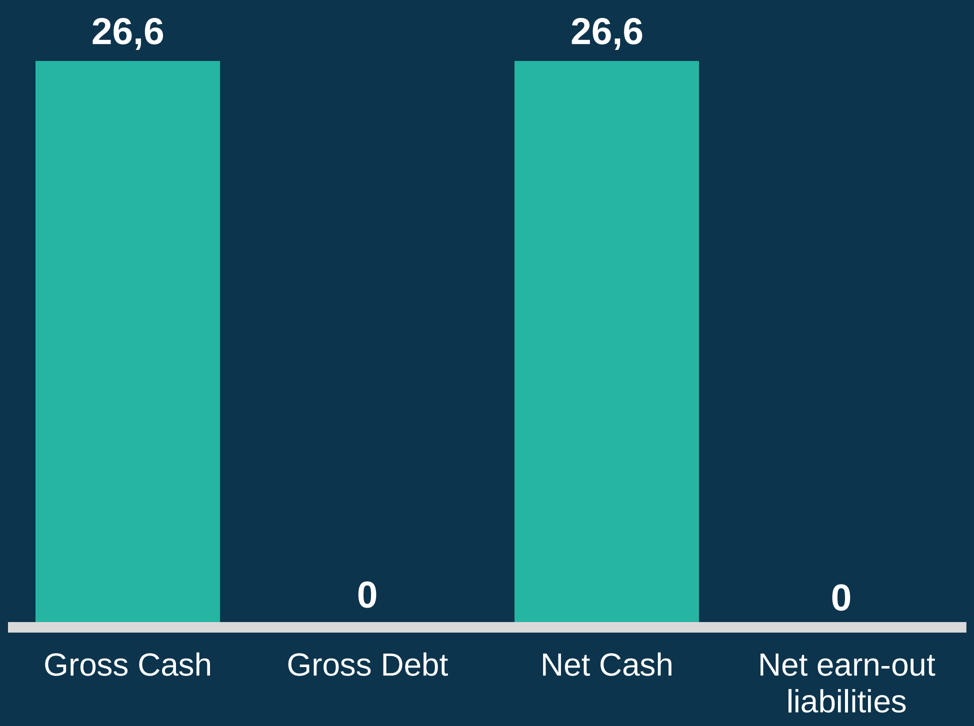
Cash flow



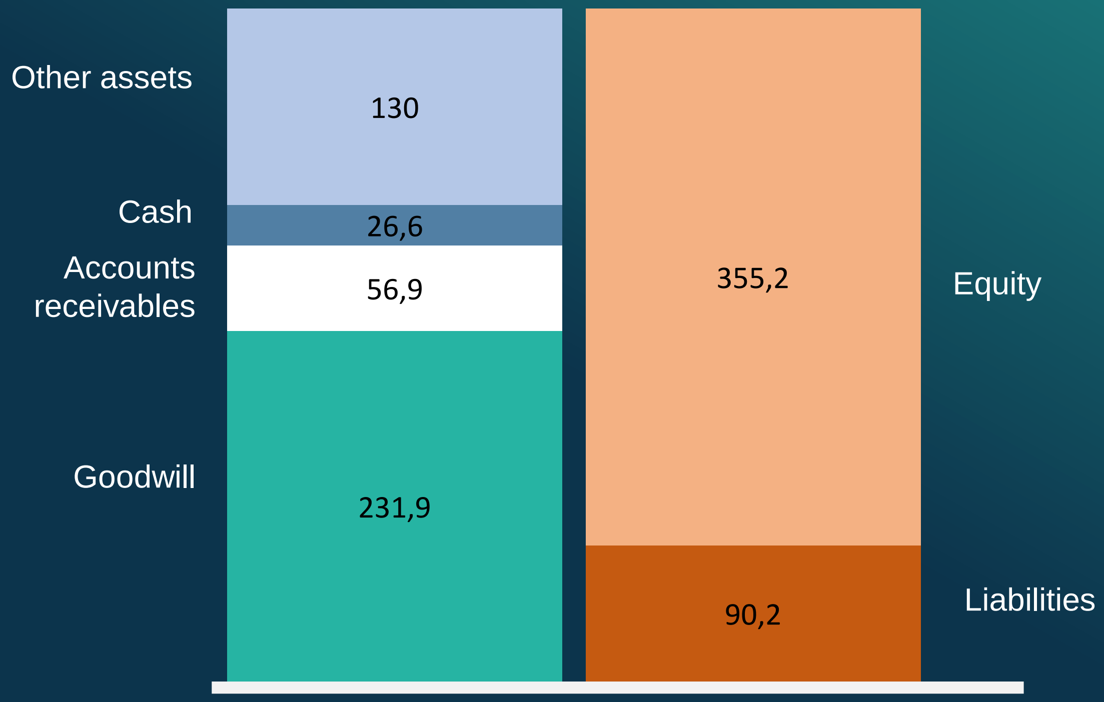
- Operating CF: USD (1.8) million
- Net cashflow from Investment Activities USD 2.7 million
  - Proceeds from Symantec (sale of SurfEasy) of USD 5.6 million
  - CAPEX & Capitalized R&D: USD (3.0) million
- CF from Financing: USD (1.3) million in share repurchases and lease liabilities (IFRS 16)
- FX impact on cash position: USD (0.5) million
- Cash end of quarter: USD 26.6 million

Financial position –
Net cash position with no debt and no earn-outs

Financial Position (USD million)



Balance sheet (USD million)



Outlook AdColony

2Q19*
Revenue: Up ~10% versus 1Q19
Gross Margins: Flat/Up, positive mix versus 1Q19
Opex: Flat, continued cost focus

2019 (unchanged)
Adj. EBITDA: Positive

* Vs 1Q19

Outlook Bemobi

2Q19
Revenue up ~10% from 1Q19
Adding more channels and services in LATAM and International

2019 (unchanged)
Revenue: Growth vs. 2018
Adj. EBITDA: Growth vs. 2018

Q&A