

3Q 2019

OTELLO CORPORATION ASA

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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)	3Q19	2Q19	3Q18
Revenue	63.1	56.2	64.9
Adj. EBITDA*	6.0	3.9	1.4

- Revenue in AdColony and Bemobi both up ~ 10% vs 2Q19
- All time high Adj. EBITDA for Bemobi and AdColony turned positive in the quarter
- On track to deliver on our FY 2019 targets

*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 starting to show results

- **Revenue**

- Brand (2/3rd of revenue) had very strong 3Q19, up over 20% vs 2Q19
- Performance is still volatile (1/3rd of revenue), down 2% in 3Q19 vs 2Q19

- **Cost**

- OPEX reduced by over 50% last 2 years, now @ \$60m annual run-rate
- Cost savings on ad delivery (programmatic) enables us to invest in our sales force and our Istanbul office while keeping overall cost flat

AdColony – Status

- Expecting ~10% revenue growth in 4Q19 vs 3Q19
- Programmatic revenue with strong start to 4Q19
- Expecting Adj. EBITDA growth in 4Q19 and positive Adj. EBITDA for FY2019
- Brand is where we invest and the strong Brand demand is cannibalizing some Performance revenue as they pay more for same inventory



AdColony

Global Brand Business

Results: Brand Advertising



Revenue Source	Q3 2019	Q2 to Q3 growth
Brand (incl. IO and PMP)	\$16.8M	+ 8%
Brand Performance	\$7.4M	+ 30%
Programmatic Open Marketplace	\$7.9M	+ 55%
TOTAL	\$32.2M	+ 22%

- 22% revenue growth from 2Q19 to 3Q19
- Programmatic open marketplace revenue with accelerated and very scalable growth



Successful Shift to Programmatic Continues

- Programmatic open marketplace now scaling, strong start to 4Q19
- Focus on fewer and bigger partners, with revenue per customer up over 2x in 3Q19 vs 2Q19
 - Deeper partnerships
 - Lower cost of serving
- Infrastructure, product and tech ready to support significantly higher revenue in 2020

	Total Live DSPs	Overall Revenue	Median Revenue
Q2 2019	110	\$5.1M	\$46k
Q3 2019	76	\$7.9M	\$104k



Key reasons for growth and marketshare gain in 3Q19

Supply / Demand Alignment

- Better optimization of both supply and demand => Right ad at right place
- More ad formats (Interstitial Display) => More products to sell

Transparency & Measurability

- sellers.json and SupplyChain enabling indentification of buyer and sellers => Benefits AdColony as we have our own direct inventory
- Team up with fraud partners like GeoEdge & Pixalate => Attracts big and high end advertisers

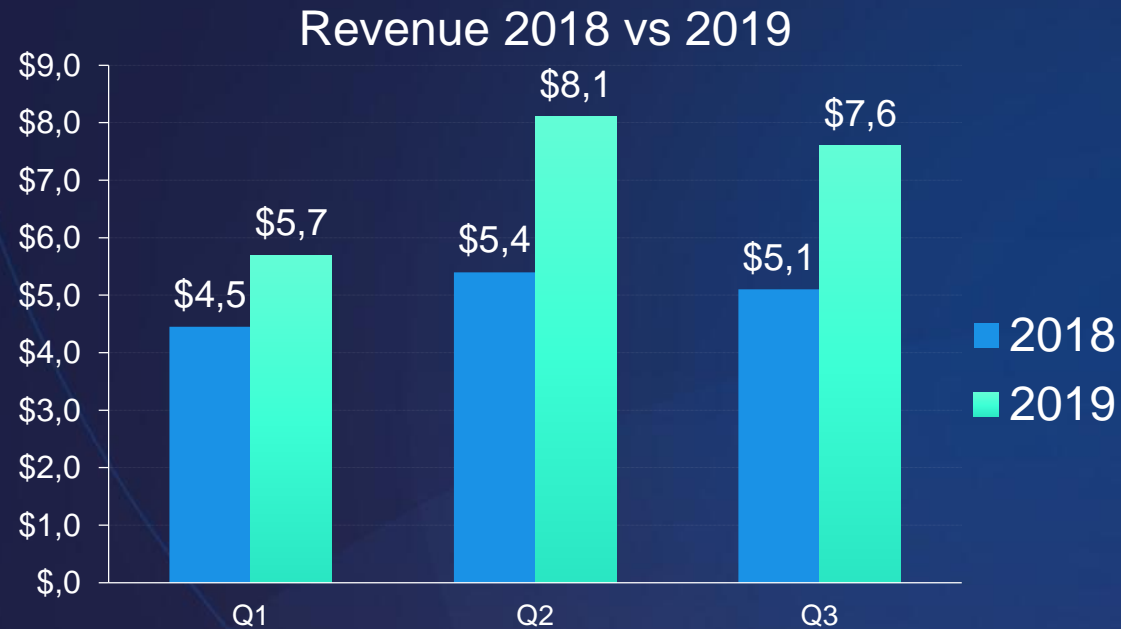
Organization

- Expanding our salesfore in US, EMEA and APAC

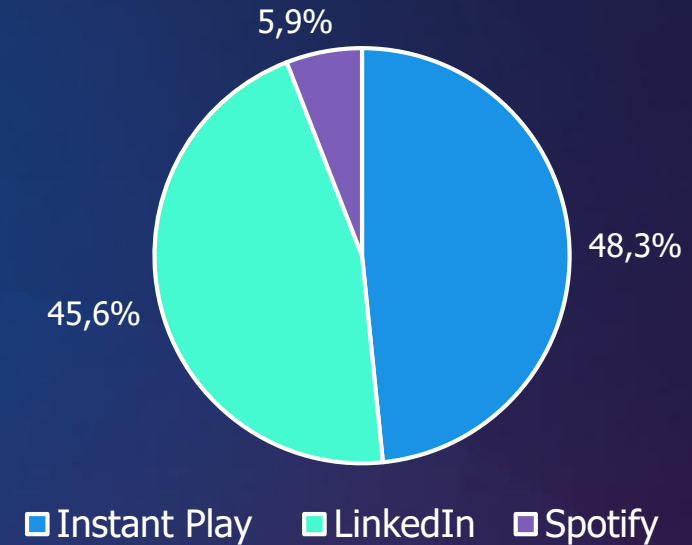


EMEA & LATAM

Overview



Q3 2019 Sales Product Breakdown



- 49% revenue growth from Q3 2018
- Instant Play Programmatic Revenue increased more than 200% compared to Q318



APAC

- 12% YOY growth in revenue Q3 2018 to Q3 2019
 - Gross margins above 50%
 - Automated programmatic delivery already over 50% of revenue
- Regional expansion of the brand business a priority for 2019 through 2020
 - Launched brand business in Japan, New Zealand and Myanmar
- New business momentum strong with multiple client wins to set up a strong next 12 months
 - Tokyo Olympics 2020 major focus for Asia Pacific advertisers



AdColony Wins “Best Ad Network - Mobile” from Adweek



- AdColony voted Mobile Ad Network of the year
- Won ahead of Google and Unity
- 15,000+ votes by industry peers
- Boost for our employees and should help boost sales in 4Q19



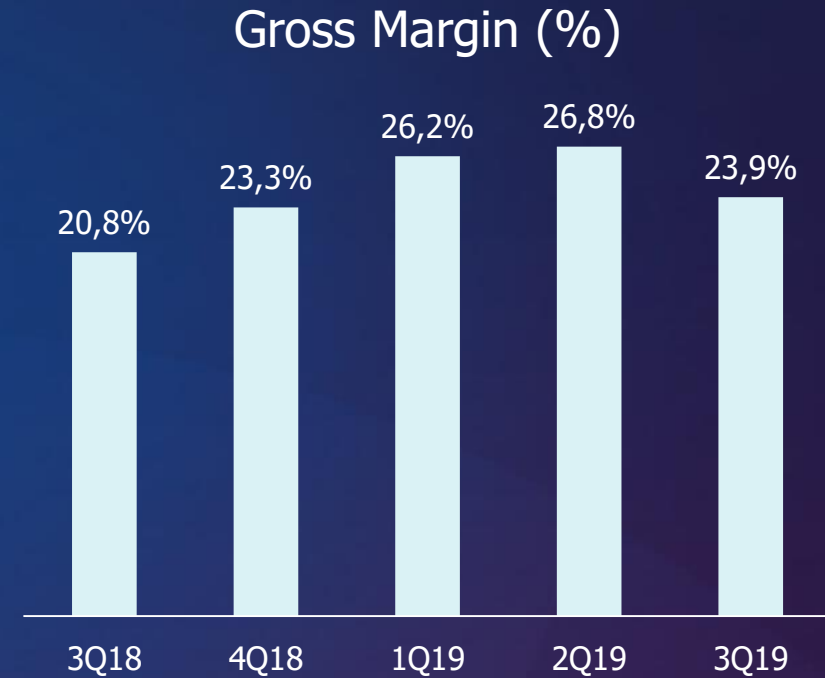
AdColony

Global Performance Business



Results: Performance Advertising

Summary: Q3 2019 Performance Revenues = US\$15.9 million



- Competitive market, revenue stabilizing
- Gross margin softer in 3Q due to new business publishing and supply deals



New Business Publishing – Big wins with AdColony SDK

Chartbusters - 42 apps in Top 100



Kick the buddy 2
#3 Game/Action
3M DAU



BitLife
#1 Role Playing
1.3M DAU



Polysphere
#11 Puzzle
1.9M DAU



Tomb of the Mask
#9 Game/Action
1.7M DAU



Pinatamaster
#7 Arcade
7M DAU



Paint by Number
#8 Role Playing
400k DAU



Drag and Merge
#1 Board Game
1M DAU



Folding Blocks
#3 Puzzle
500k DAU



Dumb Ways to Die
#22 Casual
1.7M DAU

and 30+ more from Playgendary, Outerminds, Kolibri, FGFF, Metajoy, TastyPills, PopCore...

New Business publishing now contributing over 10% to Performance business
(was <5% in 1Q19) => Important long term revenue driver



Priorities and Action Plan

- Drive adoption of SDK4.0 with all publishers to open up 'Display' as new revenue source in 2020 => Incremental revenue
- Advanced bidding => Incremental revenue
- Continued push on new business to drive continuous growth in publisher base and top apps – build on success in Q3 => Additional supply
- New IR (Install Rate) & ROAS (Return On Ad Spend) models in partnership with Deep Sense team to deliver better outcomes to our advertisers => Better IR and ROAS will give us bigger portion of the spend from the advertisers

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.

Bemobi

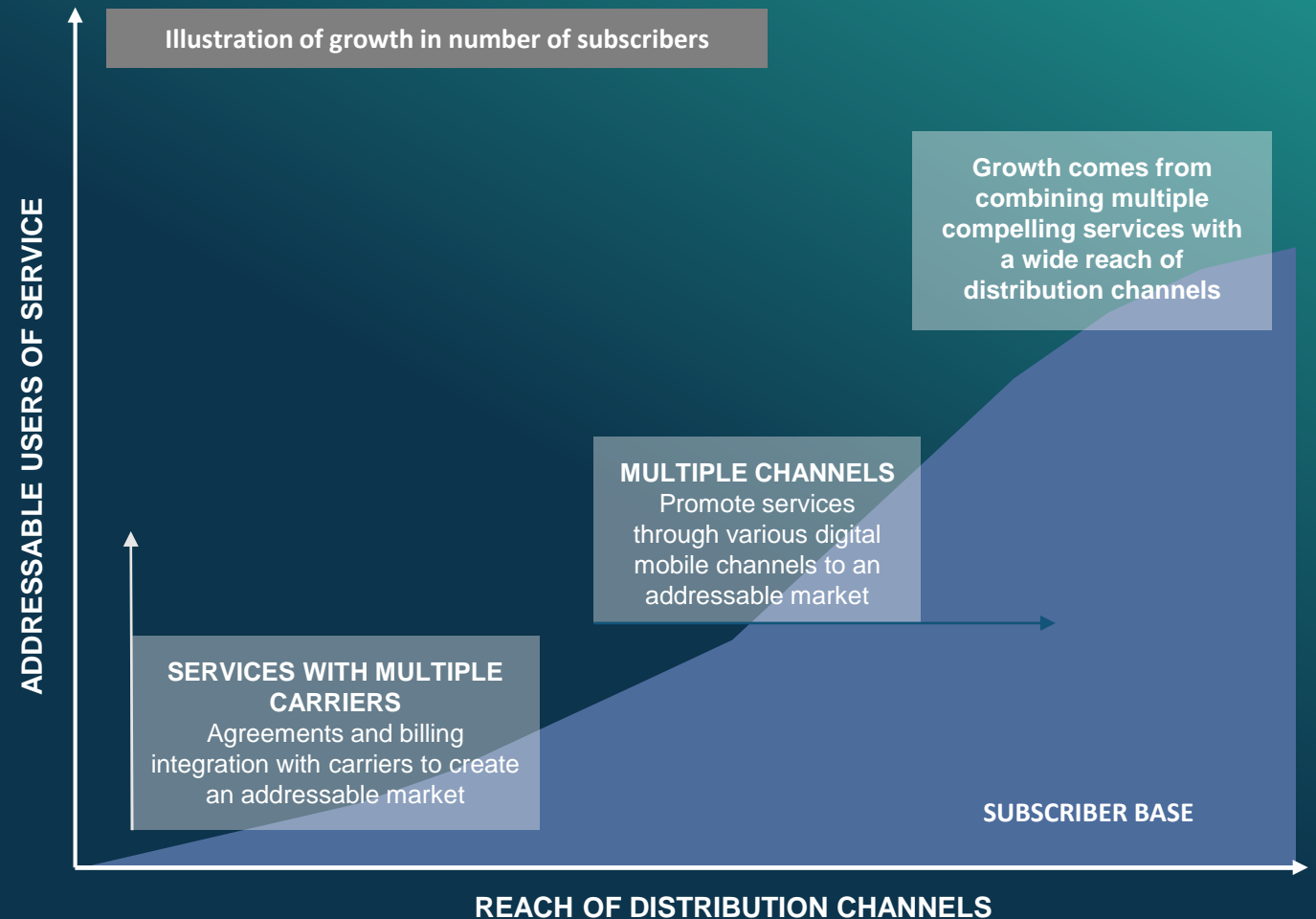
Bemobi's two pillars for sustainable profitable growth in emerging markets makes us unique

APPSCLUB SERVICES

Compelling subscription services with best of breed apps & games priced for each emerging market. Once services are live with mobile carriers, it increases Bemobi's addressable market

DISTRIBUTION CHANNELS

A unique mix of distribution channels are needed to promote services to the addressable market at a sustainable low cost of acquisition given the APRU and LTV of this market segment



Bemobi's key subscription service offerings

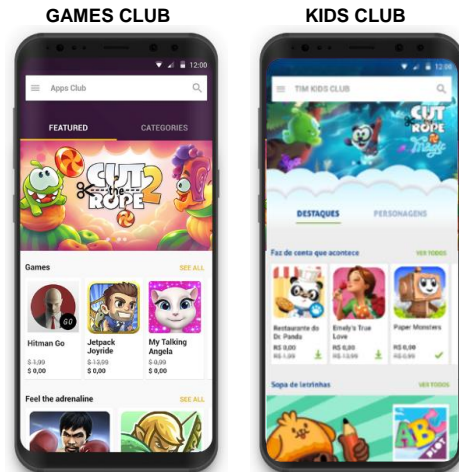
APPS & GAMES SUBSCRIPTION SERVICES

1

APPSCLUB SERVICES

Bundles of top apps & games in a low price point subscription model

EXAMPLES:

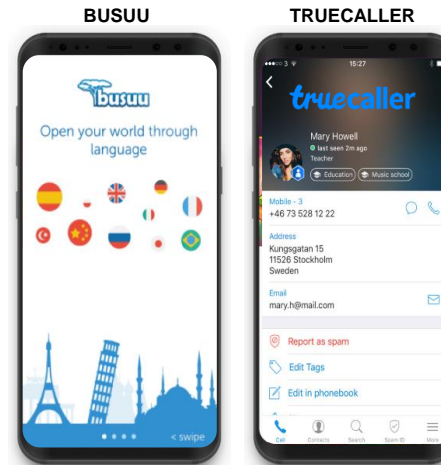


2

STANDALONE SUBSCRIPTION APPS

Distribution of standalone subscription apps

EXAMPLES:

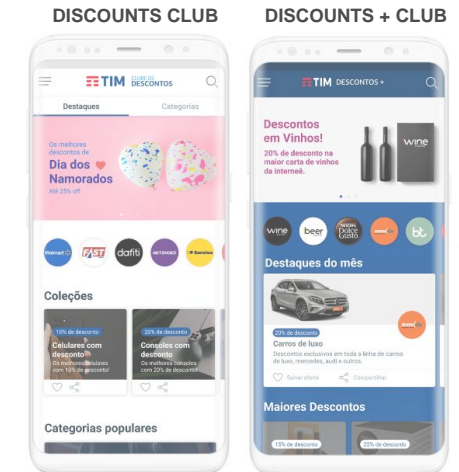


3

MOBILE COUPONING

Market-leading mobile couponing subscription service in Brazil

EXAMPLES:



Integrate people and mobile content through technology and subscription-based models

Bemobi's distribution channels

DISTRIBUTION CHANNELS

1 MOBILE CARRIERS PROMOTIONS

When a deal is signed, the mobile carrier commits to doing marketing and promotion of the new service

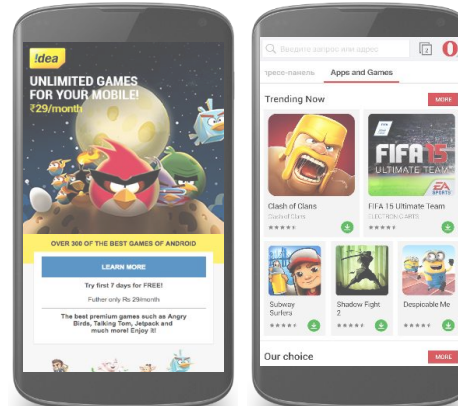
- SMS/MMS/RCS/ messages campaigns
- App Push Notifications
- Billing insert campaigns
- Store promotions and bundles
- Magazine inserts and TV spots



2 PAID ONLINE CAMPAIGNS

Partnering with leading apps and web properties in emerging markets to promote Bemobi's service offering.

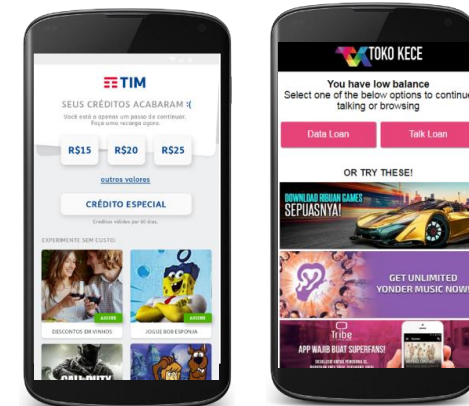
- Revenue share based (e.g. Opera Mini)
- Paid per acquisition - CPA



3 CO-OWNED CHANNELS WITH MOBILE CARRIERS

Bemobi's turnkey platform for mobile carriers captures users browsing and voice sessions when they are out of credit/data to promote its services

- NCND portals and interactive voice response



Control increases

Record Revenue & Adj. EBITDA

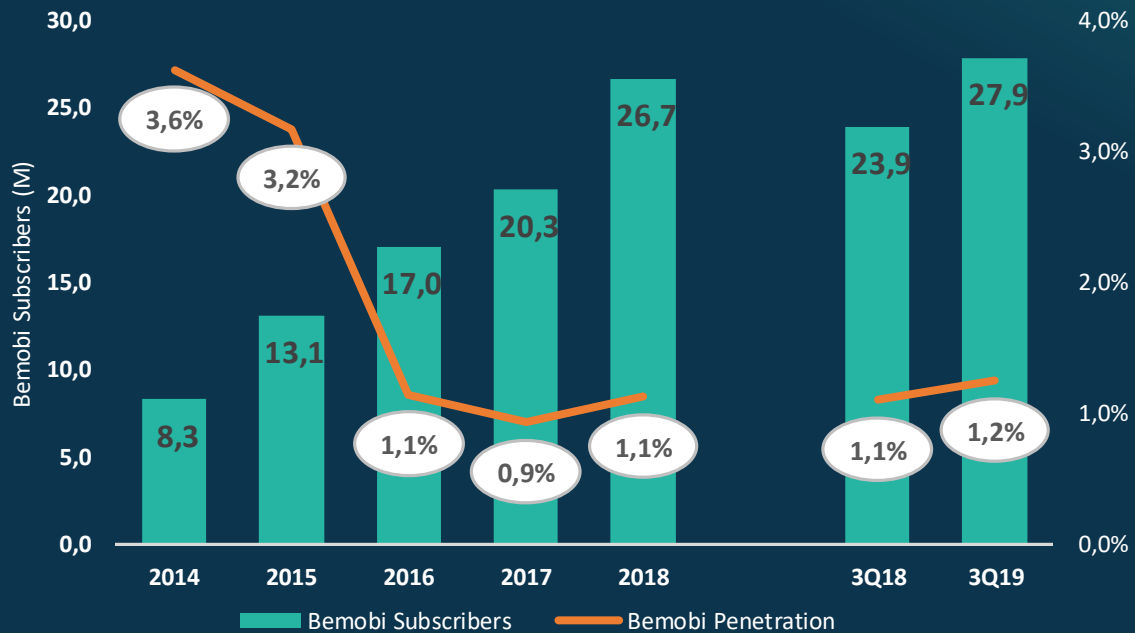
			Δ (%)
Bemobi	3Q19	3Q18	Y-o-Y
Revenue (USD M)	14,8	12,4	19%
EBITDA (USD M)	6,2	5,2	19%

			Δ (%)
Bemobi - Ex-FX Rate	3Q19	3Q18	Y-o-Y
Revenue (USD M)	14,9	12,4	21%
EBITDA (USD M)	6,2	5,2	20%

FX Rate impact YoY (3Q19 vs. 3Q18)

- INTL basket: - 2.6%
- LATAM BRL: - 0.6%

Bemobi – Subscriber growth driving revenue and scale



- 17% YoY subscriber growth
- Overall service penetration on served addressable market grew to 1.2%
- 67 operators live
 - 21 operators in Latam
 - 10 operators in South Asia
 - 17 operators in South-East Asia
 - 12 operators in CIS
 - 7 operators in Africa
- Several new launches planned for 4Q19

Bemobi - Overall channel mix improving

Co-owned Channels

NDNC

- 13 portals live in Bemobi outside of Latam:
 - Idea India
 - Vodafone India
 - Vodafone Ukraine
 - Telenor Pakistan
 - Jazz Pakistan
 - Tele2 Russia
 - Vodacom Tanzania
 - Grameenphone Bangladesh
 - Banglalink Bangladesh
 - Robi Bangladesh
 - Ncell Nepal
 - MTS Belarus
 - Telenor Myanmar
- 2-4 more planned for the next 2 quarters

New NC Voice Portal and Bemobi Loop

- New No-Credit Voice Portal now deployed and live in all main carriers in Brazil.
- Focus now to integrate these multiple channels in a single platform (i.e. Loop) and to accelerate international expansion of the new voice channels

International markets continue subscriber growth 3Q18 vs. 3Q19

CHANNEL	FROM	TO	Comments
Bemobi ¹ (co-owned)	27%	34%	Growth due to launch of new portals in Q2. Strategic: scalable, predictable and with low incremental cost
Operator ²	8%	7%	No incremental cost but less scalable and less predictable
Paid ³	65%	59%	CPA - Increase of acquisitions in South Asia and South Eastern Asia Opera Mini - New improved contract being negotiated to be signed in November OVI/OMS - Feature phone traffic decreasing as expected

1 – Bemobi = NCND Portals

2 – Operator = Operator Promo

3 – Paid = Digital Acquisition (CPA) or based on Revenue Share agreements (e.g. Opera Mini)

- New voice based channels and omnichannel platform getting traction in Brazil and about to begin international rollout
- Bemobi co-owned channel growth in international markets consistent with strategy (i.e. 34% of total new users)
- Service diversification into new verticals beyond the Apps club also consistent with plan
- Continued revenue and profit growth expected in 4Q19 vs 3Q19

Bemobi IPO

- We are still aiming to list or spin out Bemobi.
- Brexit made 2H19 listing impossible in UK
- Considering other exchanges
- Additional investor meetings have been conducted in 2H19 and more are planned towards the end of the year

Financial Review

Otello Corporation 3Q19

(USD million)	3Q 2019	2Q 2019	3Q 2018
Revenue	63.1	56.2	64.9
Publisher and revenue share cost	(35.9)	(31.9)	(38.4)
Payroll and related expenses	(12.8)	(12.1)	(14.0)
Stock-based compensation expenses	(1.0)	(1.0)	(0.2)
Depreciation and amortization expenses	(7.3)	(6.4)	(7.6)
Other operating expenses	(8.4)	(8.3)	(11.1)
Total operating expenses	(65.4)	(59.7)	(71.3)
Adjusted EBITDA*	6.0	3.9	1.4
Operating profit (loss), (EBIT), excluding restructuring and impairment expenses	(2.3)	(3.5)	(6.4)
Restructuring and impairment expenses	(0.6)	(0.6)	(1.8)
Operating profit (loss), (EBIT)	(2.9)	(4.2)	(8.2)
Net financial items	10.0	(2.5)	(2.5)
Provision for taxes	(0.1)	(0.3)	(0.6)
Profit (loss)	7.0	(7.0)	(11.2)

Revenue down 3% vs 3Q18
and up 12% vs 2Q19

Overall OPEX down YoY and
flat vs 2Q19

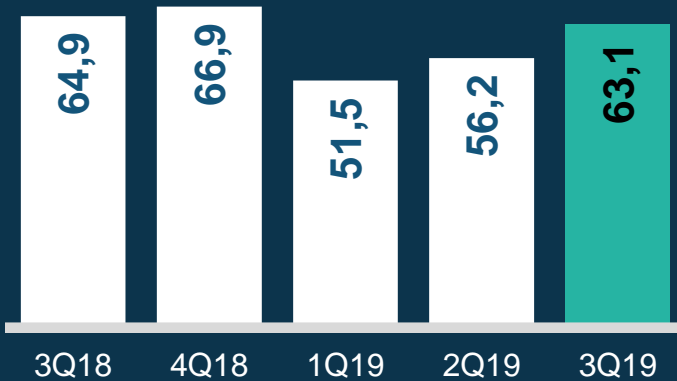
Record Adj. EBITDA for the
year and up 4x vs 3Q18

IFRS 16 impacted Adj. EBITDA
positively by USD 1.1 million in
3Q19

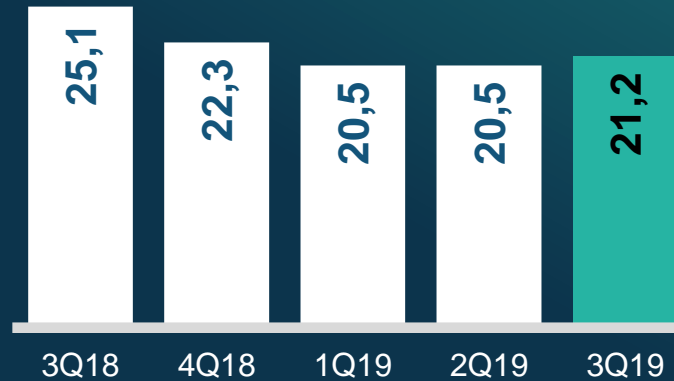
Positive Net financial items
due to stronger USD vs NOK

Otello Corporation 3Q19

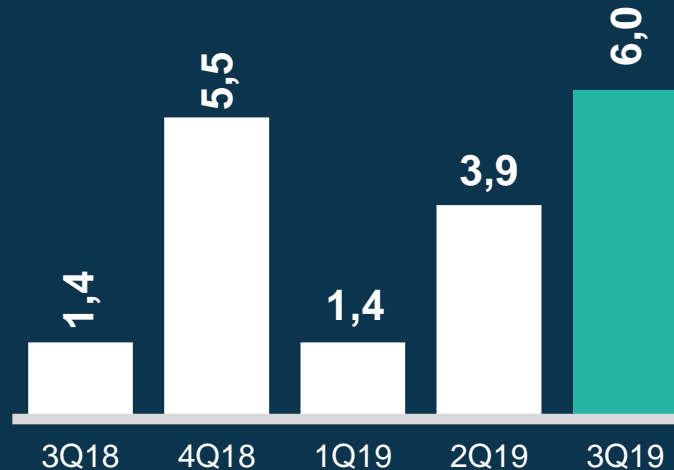
Revenue (USD million)



OPEX (USD million)



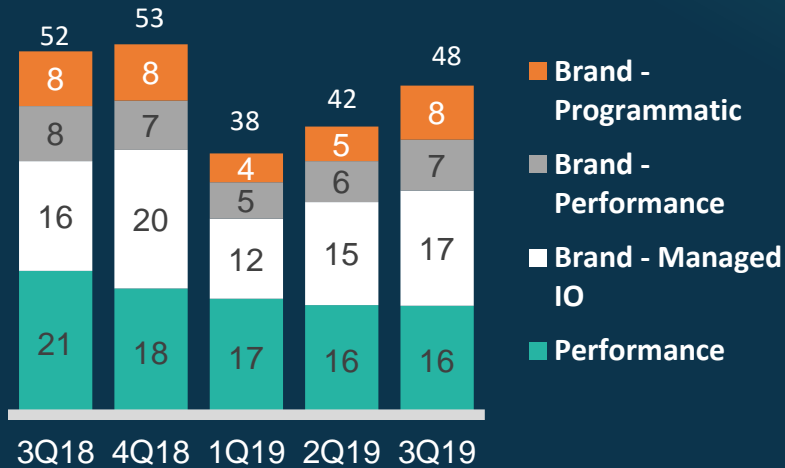
Adj. EBITDA (USD million)



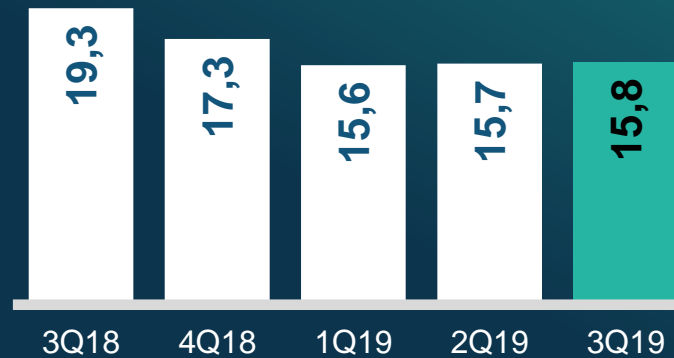
- Solid revenue growth vs 2Q19 for both AdColony and Bemobi
- OPEX significantly down vs 3Q18 and slightly up versus 2Q19 due to Bemobi
- Adj. EBITDA up both versus 3Q18 and 2Q19 and highest for over 2 years

AdColony

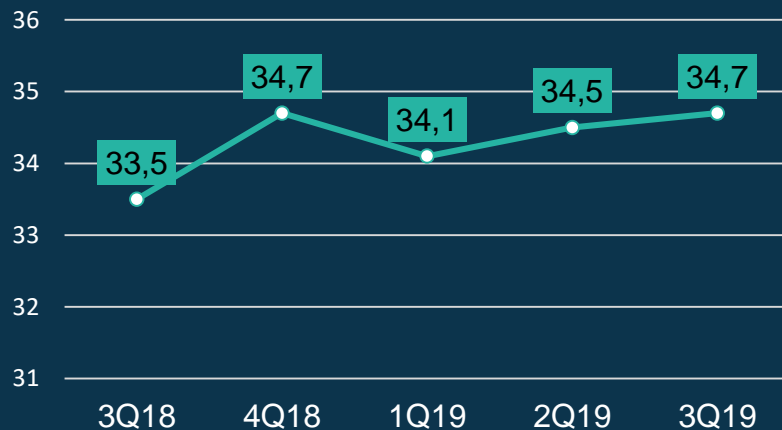
Revenue USD million)



OPEX (USD million)



Gross Margin %

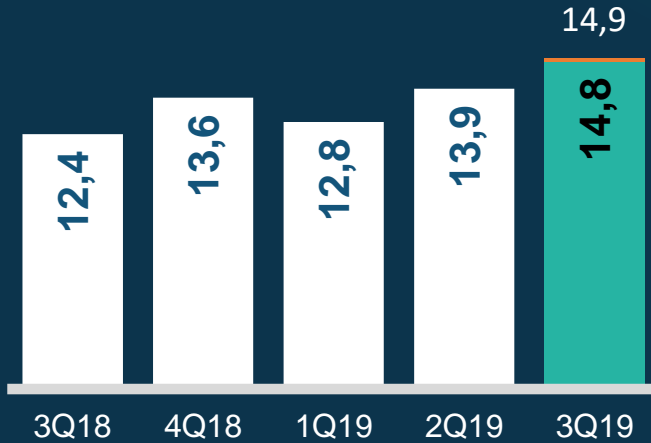


Adj. EBITDA (USD million)

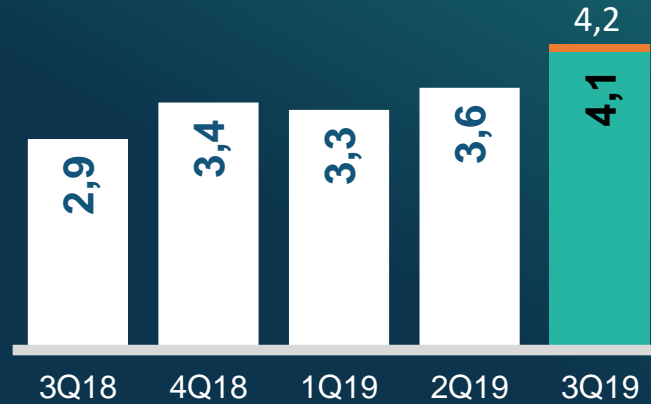


- Performance revenue levelling out
- Brand revenue up YoY and all 3 brand segments up from 2Q19 with particular strength in Programmatic
- Cost stable around annualized OPEX of \$60m
- Strong gross margin trend
- Adj. EBITDA ahead of last year and last quarter

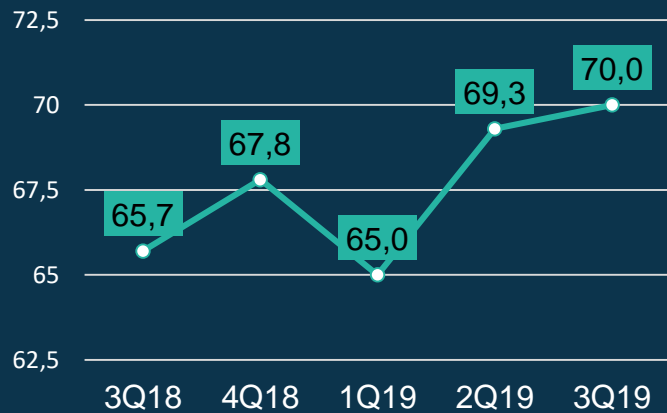
Revenue (USD million)



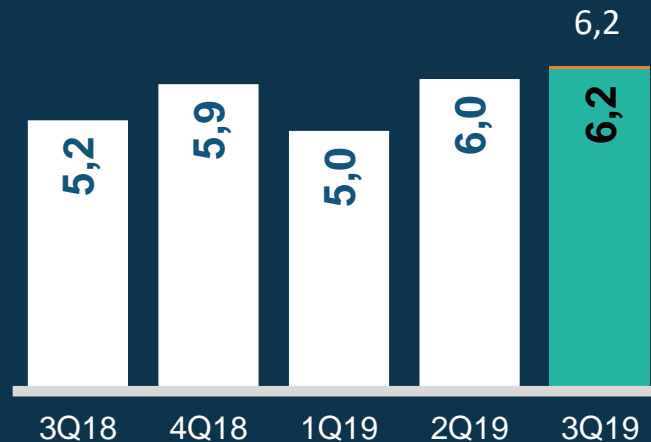
OPEX (USD million)




Gross Margin %



Adj. EBITDA (USD million)

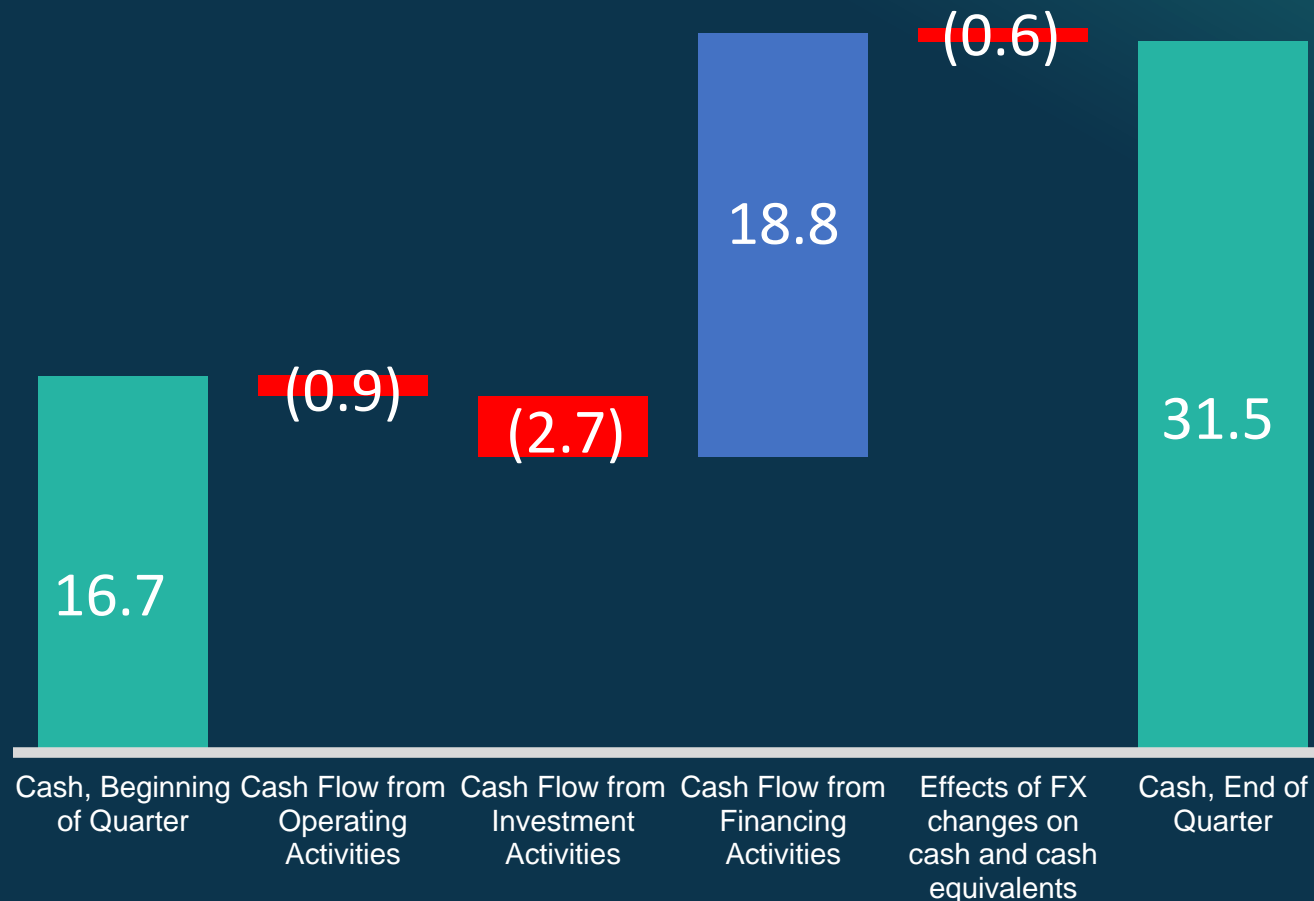


- Both Revenues and Adj. EBITDA growing close to 20% YoY
- Very strong gross margins at 70%
- 3Q19 YoY results slightly impacted by FX (BRL vs USD)

 FX impact
3Q19 vs 3Q18

Cash flow

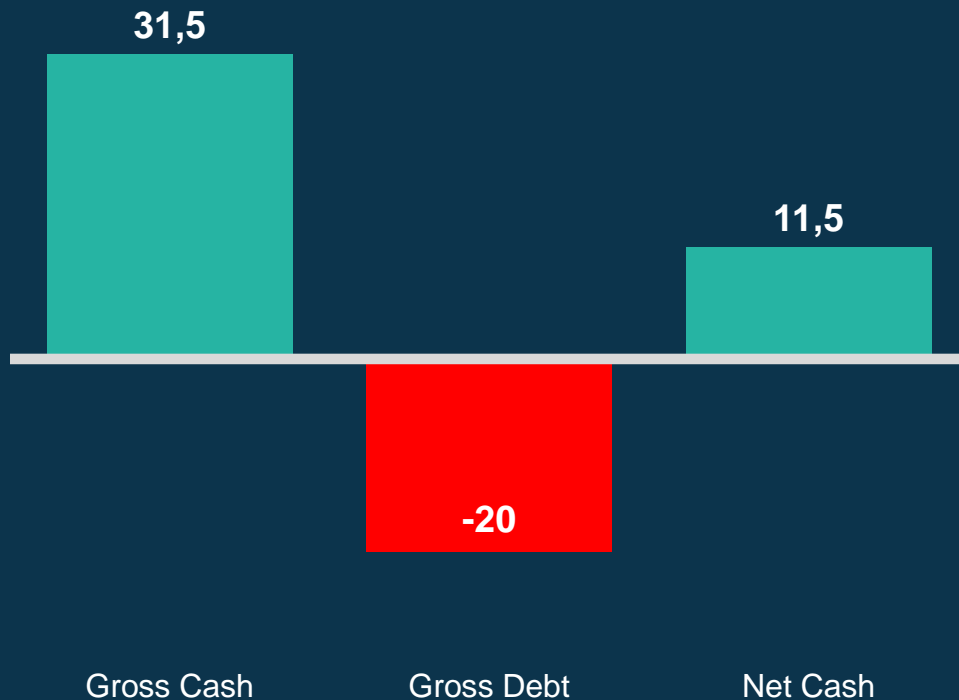
Cash flow (USD million)



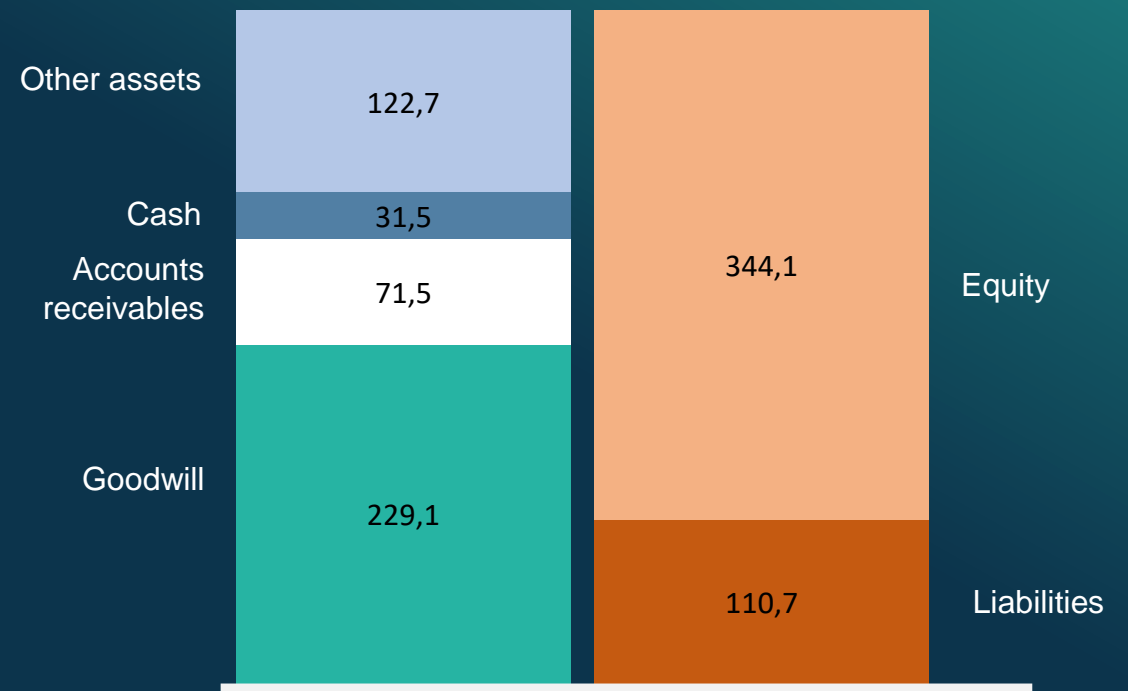
- Operating CF: USD (0.9) million, negatively impacted by building of working capital due to revenue growth in AdColony and Bemobi
 - Accounts receivables in AdColony US up USD 4 million
 - Accounts receivables in Bemobi International up USD 1.5 million
- Net cashflow from Investment Activities USD (2,7) million
 - Capitalized R&D: USD (2.6) million
 - CAPEX: USD (0.1)
- CF from Financing: USD 18.8 million
 - Proceeds from borrowings USD 20 million
 - Share repurchases USD (0.2) million
 - Lease liabilities USD (1,1) million (IFRS 16)
- FX impact on cash position: USD (0.6) million
- Cash end of quarter: USD 31.5 million

Financial position

Financial Position (USD million)



Balance sheet (USD million)



Outlook AdColony

4Q19*

Revenue: Up ~10%

Gross Margins: Flat

Opex: Flat, continued cost focus

Adj. EBITDA: Up

2019 (unchanged)

Adj. EBITDA: Positive

* Vs 3Q19

Outlook Bemobi

4Q19*

Revenue: Up

Adj. EBITDA: Up

2019 (unchanged)

Revenue: Growth vs. 2018

Adj. EBITDA: Growth vs. 2018

* Vs 3Q19

Q&A