

4Q 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)	4Q19	3Q19	4Q18
Revenue	70.0	63.1	66.9
Adj. EBITDA*	8.0	6.0	5.5

- Record quarter for Bemobi on revenue and Adj. EBITDA
- AdColony revenue above expectations (guidance) and highest Adj. EBITDA since 4Q16
- Reached all 3 financial targets for 2019
 - Bemobi revenue growth vs 2018
 - Bemobi Adj. EBITDA growth vs 2018
 - AdColony Adj. EBITDA positive for 2019

*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 is complete

- **Revenue**

- Back to YoY growth, first time since 3Q16
- Very strong Brand and programmatic revenue, while Performance is still volatile

- **Cost**

- OPEX reduced by over 50% last 2 years, now at sustainable level from where we can scale revenue

AdColony – 2020

- Expecting 10% revenue growth in 2020 vs 2019
- Programmatic revenue with strong start to 2020
- Expecting significant Adj. EBITDA growth in 2020 vs 2019
- Brand is where we invest and the strong Brand demand is cannibalizing some Performance revenue as they pay more for same inventory => Overall good for our customers (publishers make more money) and good for AdColony as we take the highest \$



AdColony

Global Brand Business

Results: Brand Advertising



Revenue Source	Q4 2019	Y-O-Y Growth
Brand (incl. IO and PMP)	\$21.7M	+ 9%
Brand Performance	\$9.1M	+ 28%
Programmatic Open Marketplace	\$11.6M	+ 42%
TOTAL	\$42.4M	+ 20%

- 20% year-over-year revenue growth from Q4 2018 to Q4 2019
- First time that Brand has posted year-over-year quarterly growth in 3.5 years



Programmatic continues driving growth

- \$17.1M (+51% YoY) of the \$42.4M run in Q4 '19 were delivered programmatically via PMP or Open Exchange (40% of overall revenue)
- As the business shifts to programmatic-first, it allows us to grow revenue while increasing efficiency and lower operating costs
- Infrastructure, product and tech ready to support significantly higher revenue in 2020

	Overall Revenue	Mix of Revenue	Global eCPM
Q4 2018	\$11.3M	45% Video / 55% Display	\$1.78
Q4 2019	\$17.1M (+51%)	70% Video / 30% Display	\$2.95 (+40%)



Key reasons for growth and market share gain in 4Q19

Supply / Demand Alignment

- Data Science Models optimized QPS between Exchange and DSPs
- Launch of banner display on AdColony SDK

Transparency & Measurability

- Launch of Open Measurement SDK
- Joined Advertising ID Consortium integrating Liveramp's IdentityLink

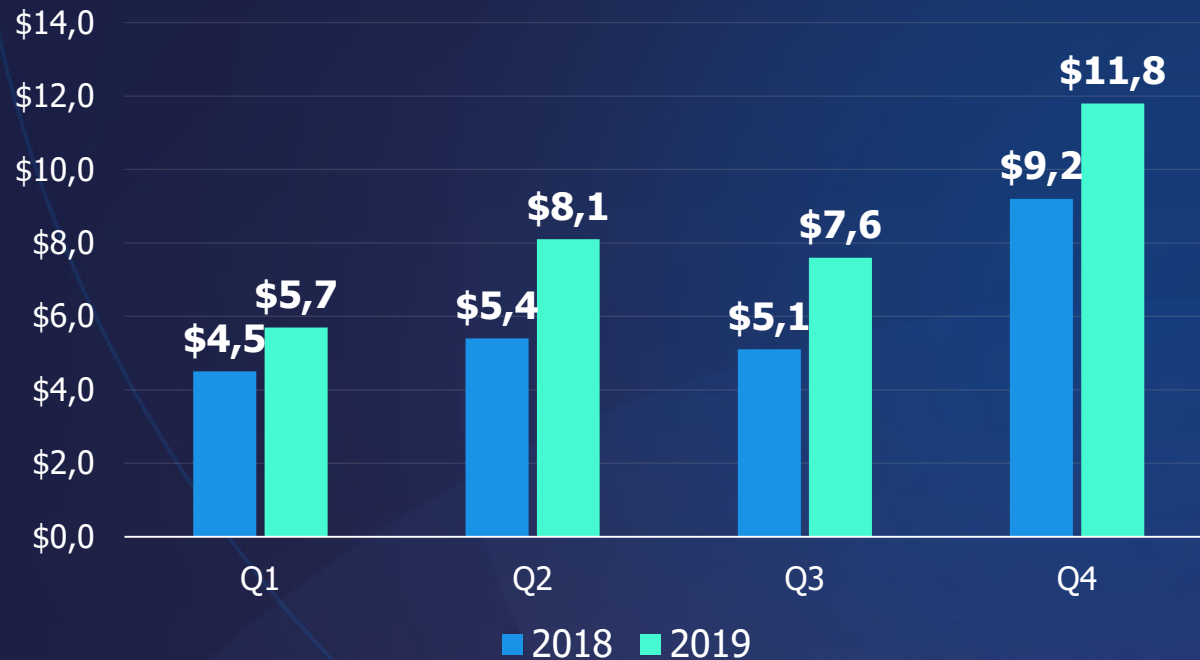
Organization

- Team realignment to focus on deepening relationships with fewer DSP partners

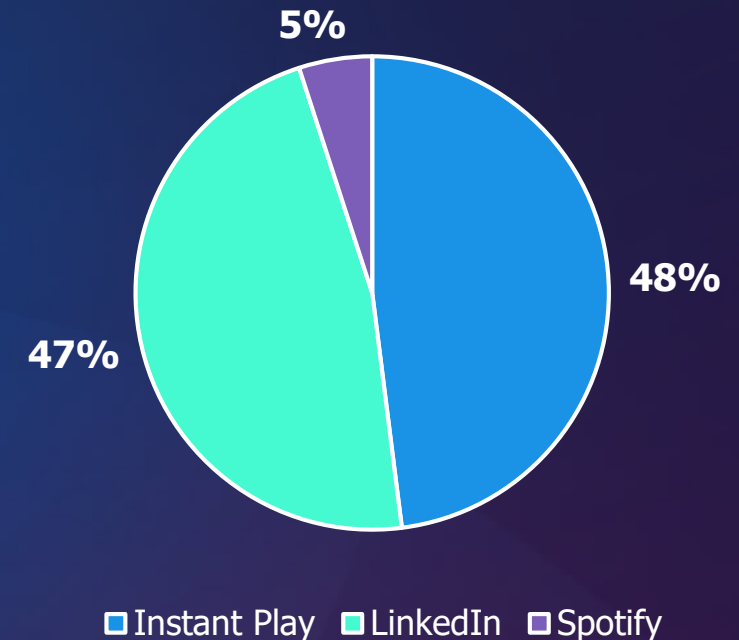


EMEA & LATAM Brand

Revenue 2018 vs 2019



Q4 2019 Sales Breakdown by Product



- 28% revenue increase from Q4 2018, the increase is coming equally from all 3 main product revenue sources
- Focus on Instant Play Programmatic is going very well, revenue increased more than 271% in Q4 2019 YoY



2020 Focus Areas

EMEA & LATAM

Instant Play

- We will keep investing on the programmatic side, as we believe this is the best way to scale in terms of revenue in the future. Also, we started to focus on creativity as well for programmatic, so we will be giving both scale and solid creative solutions to our clients in 2020.
- In Spain, Italy & Russia our goal is to increase the number of trade deals. During 2019 we have seen strong signals in these markets for future growth with our Partnership model.
- We re-structured the Sweden, Norway, and Denmark teams on the Instant Play side. Our presence will be bigger especially from Q2. There is a high demand in France as well, so we are planning to launch there as well, most likely in Q2.

LinkedIn

- Our main goal is to activate more brands and more automation for both Nordics and Turkey.

Spotify

- Audio ads are getting more and more popular especially in Europe. We are looking for other markets that we can transfer our experience with Spotify to.

APAC



- 10% YOY growth in revenue Q4 2018 to Q4 2019
 - Gross margins at 51%
 - Automated programmatic delivery already over 50% of revenue
- Regional expansion of the brand business a priority for 2019 through 2020
 - Momentum building on newly launched brand business in Japan and New Zealand
- Business momentum strong with major customer deals locked in for next 12 months
 - Tokyo Olympics 2020 a 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 2020



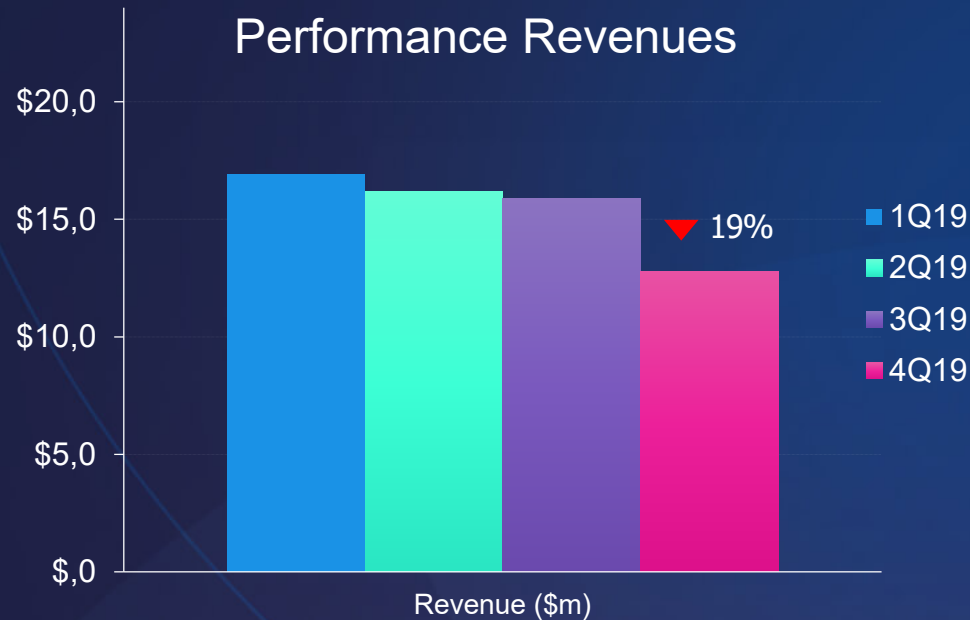
AdColony

Global Performance & Publishing



Results: Performance Advertising

Summary: Q4 2019 Performance Revenues = US\$12.8 mn



Q4 Revenue Trend

- Direct cannibalization with Brand / Exchange, high value brand / exchange absorbed significant share of supply
- One-off platform issue in early Q4 led to ~5% revenue impact

Underlying KPIs are healthy, AdColony Platform is Growing



+5.5%

Impressions

+4.8%

Uniques

* Q4 vs. Q3' 2019

Great Momentum continues with AdColony SDK



Over 150+ New Publishers Onboarded in Q4



Stack Ball 3D

#31 Action
5.5M DAU



Hunter Assassin

#5 Action
19.9M DAU



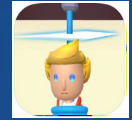
Jetpack Jump

#11 Sports
1M DAU



Happy Color – Color by Number

#9 Board
5.2M DAU



Rescue Cut

#2 Strategy
3.7M DAU



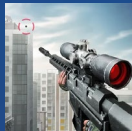
CodyCross

#2 Word
4.6M DAU



Draw it

#6 Puzzle
2.7M DAU



Sniper 3D

#20 Arcade
18M DAU



Peak – Brain Games

#31 Education
1.3M DAU

New Business contributing ~10% to AdColony Platform,
Long Term Success Indicator



Platform Highlights

1. Launch of new SDK 4.X – almost 50% of impression volume is now with latest SDK
2. Advanced Bidding investments are paying off. Header bidding continues to grow with publishers, with 16% revenue contribution
3. Stable Gross margins - New Core models that resulted in stable margins and less manual optimizations – continues to be a big focus for publishing



Priorities for 2020

1. New business momentum and supply growth - Do more of what's working
2. Capitalize on display opportunity with new SDK=> Incremental revenue
3. Demand diversity and growth – Reorganizing Business Development team to build stronger & high value demand
4. Investing in dedicated 'Growth Team' to focus on optimization - Delivering on Advertiser and Publisher KPIs
5. Continue to evolve our platform to improve IR (Install Rate) & ROAS (Return On Ad Spend) models => Better IR and ROAS will give us a bigger portion of the spend from the advertisers

Bemobi

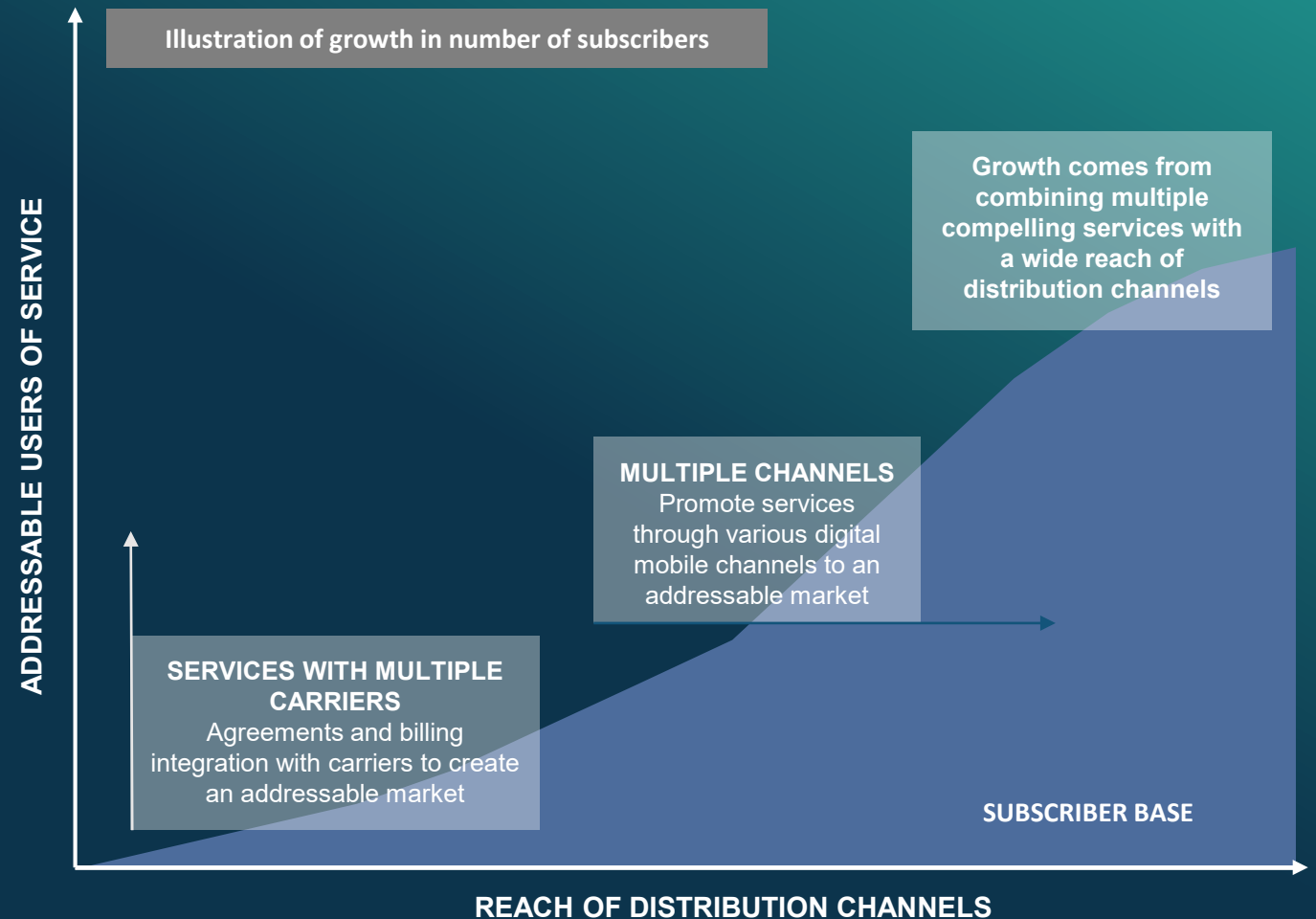
Bemobi's two pillars for sustainable profitable growth in emerging markets makes us unique

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

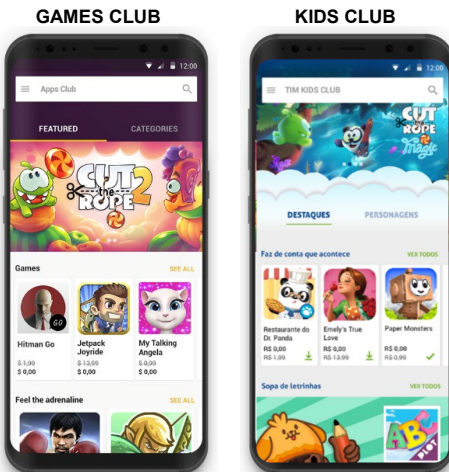
SUBSCRIPTION SERVICES

1

APPSCLUB FAMILY

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

EXAMPLES:

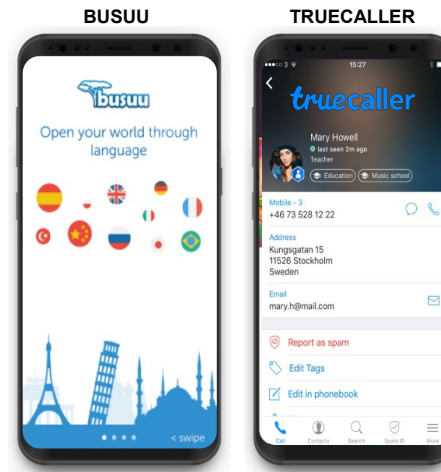


2

STANDALONE SUBSCRIPTION APPS

Distribution of standalone subscription apps

EXAMPLES:



3

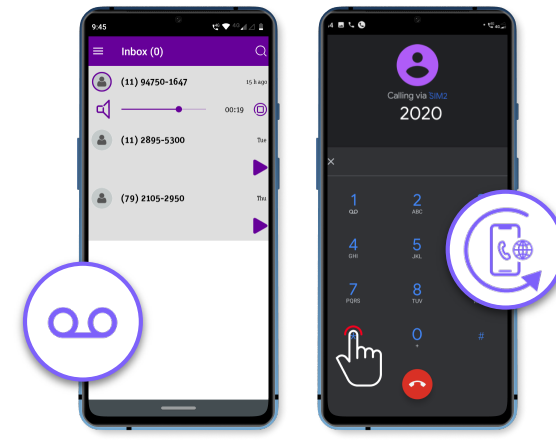
VOICE & FINANCIAL SERVICES

Market-leading on Voice Messaging provider in Brazil

NEW

EXAMPLES:

VOICE MESSAGING CALL ADVANCE



Bridging the gap in emerging countries for monetizing digital subscription services

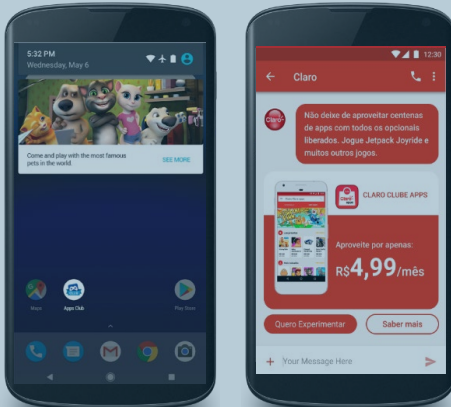
Bemobi's distribution channels

DISTRIBUTION CHANNELS

1 MOBILE CARRIERS PROMOTIONS

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

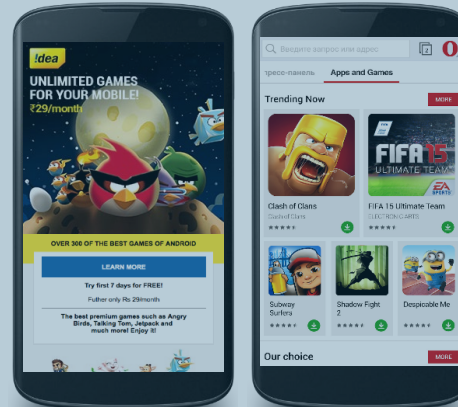
- SMS/MMS/RCS/ messages campaigns
- App Push Notifications
- Billing insert campaigns
- Store promotions and bundles
- Magazine inserts and TV spots



2 PAID ONLINE CAMPAIGNS

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

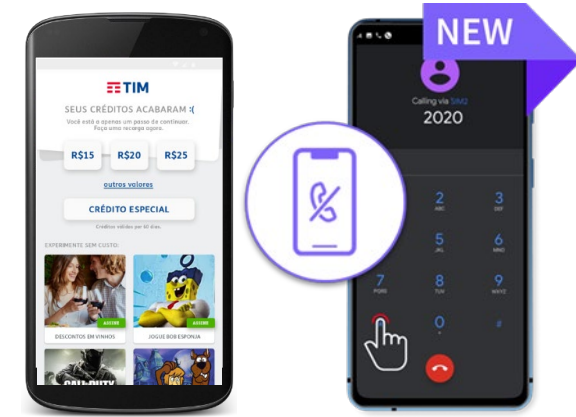
- Revenue share based (e.g. Opera Mini)
- Paid per acquisition - CPA



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

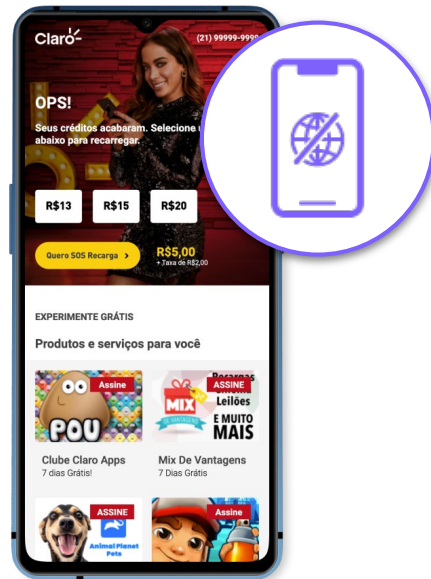
- NCND portals and interactive voice response



Control increases

Co-owned digital channels with mobile carriers

NO CREDIT NO DATA WEB PORTAL



- Live channel platform in 18 Carriers (4 LATAM + 14 INTL)

NO CREDIT VOICE PORTAL



- Live channel platform in 4 Carriers (4 Brazil)

Record Revenue & Adj. EBITDA

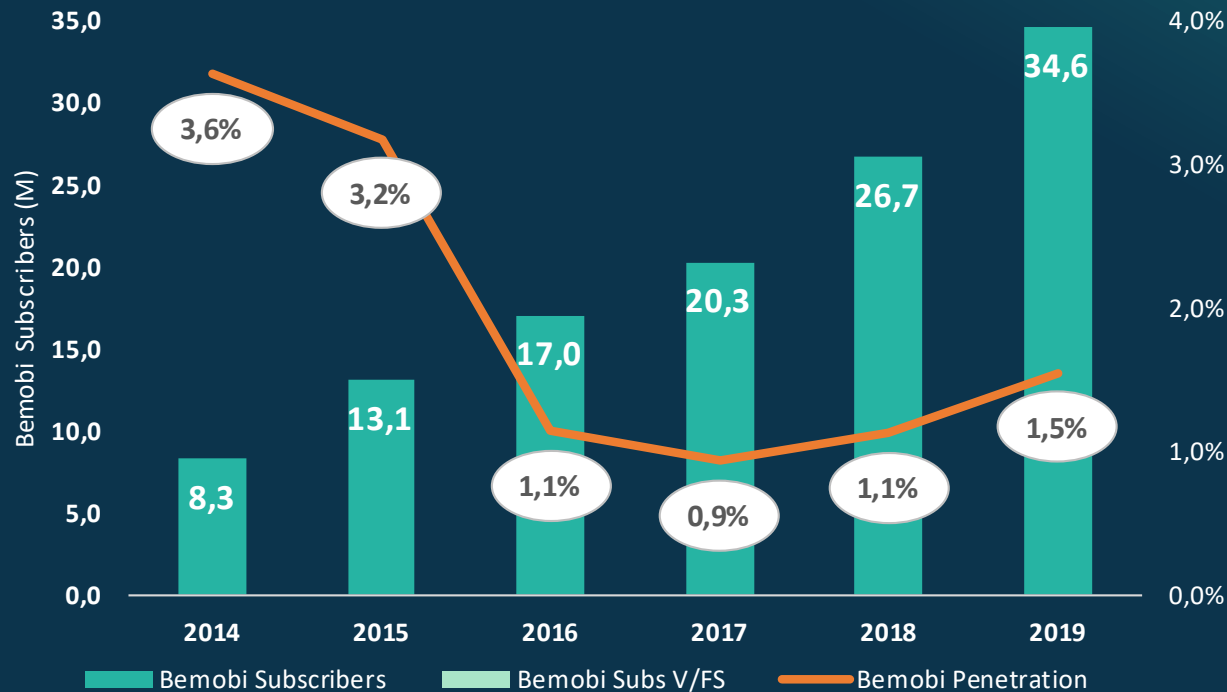
			Δ (%)
Bemobi	4Q19	4Q18	Y-o-Y
Revenue (USD M)	14,9	13,6	9%
EBITDA (USD M)	6,7	5,9	13%

			Δ (%)
Bemobi - Ex-FX Rate	4Q19	4Q18	Y-o-Y
Revenue (USD M)	15,7	13,6	15%
EBITDA (USD M)	7,1	5,9	21%

FX Rate impact YoY (4Q19 vs. 4Q18)

- INTL basket: + 1.0%
- LATAM BRL: - 8.1%

Bemobi – Growing subscriber base driving revenue and scale



- Total # subscribers up 8 million vs 4Q18
 - LATAM up 4.4 million due to Voice (IVR) and financial services subscribers
 - International up 3.5 million due to global rollout
- Overall service penetration on served addressable market grew to 1.5%
- 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

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 4Q18 vs. 4Q19 (from 6.2M to 9.7M)

CHANNEL	FROM	TO	Comments
Bemobi ¹ (co-owned)	27%	28%	Subscriber base growth from this channels (from 1.6M to 2.7M) is due to launch of new portals in Q2. Strategic: scalable, predictable and with low incremental cost
Operator ²	10%	6%	No incremental cost but less scalable and less predictable
Paid ³	63%	66%	CPA - Increase of acquisitions in South Asia and South Eastern Asia. Opera Mini - New improved contract was signed in November 2019 and this channel is expected to grow in the coming quarters. 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 Adj. EBITDA growth expected in 2020
- New multi-year agreement signed with Pedro Ripper (CEO Bemobi)

Bemobi IPO

- We are still aiming to carry out a separate listing of Bemobi
- Brexit made 2H19 listing impossible in UK
- Considering other exchanges
- Additional investor meetings have been conducted in 2H19/1Q20
- Earn-out capped at \$18.6m and extended agreement through 2020

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

Otello Corporation 4Q19

(USD million)	4Q 2019	4Q 2018
Revenue	70.0	66.9
Publisher and revenue share cost	(40.2)	(39.1)
Payroll and related expenses	(13.6)	(12.7)
Stock-based compensation expenses	(0.7)	(1.1)
Depreciation and amortization expenses	(7.4)	(7.8)
Other operating expenses	(8.2)	(9.6)
Total operating expenses	(70.1)	(70.3)
Adjusted EBITDA*	8.0	5.5
Operating profit (loss), (EBIT), excluding restructuring and impairment expenses	(0.1)	(3.4)
Restructuring and impairment expenses	(0.4)	(94.0)
Operating profit (loss), (EBIT)	(0.5)	(97.4)
Net financial items	(4.2)	8.2
Provision for taxes	(8.9)	6.2
Profit (loss)	(12.9)	(83.1)

Revenue up 5% vs 4Q18,
growth in AdColony and
Bemobi

Overall OPEX stable

Adj. EBITDA up 45% vs 4Q18

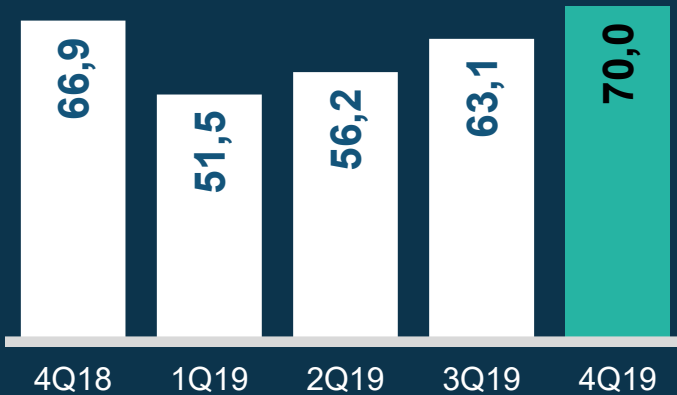
IFRS 16 impacted Adj. EBITDA
positively by USD 1.1 million in
4Q19

Negative Net financial items
due to weaker USD vs NOK

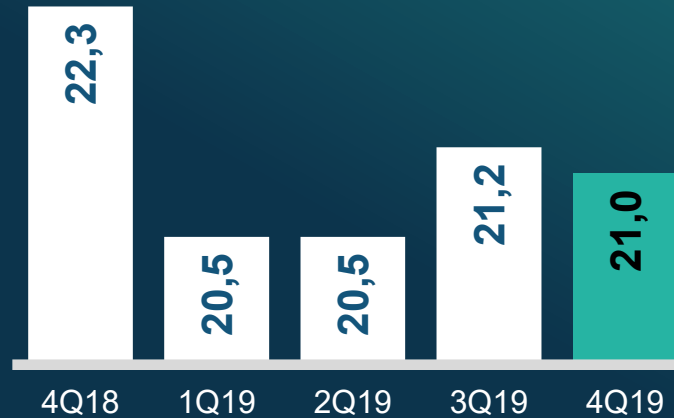
Provision for taxes mainly due
to change in US deferred tax
assets

Otello Corporation 4Q19

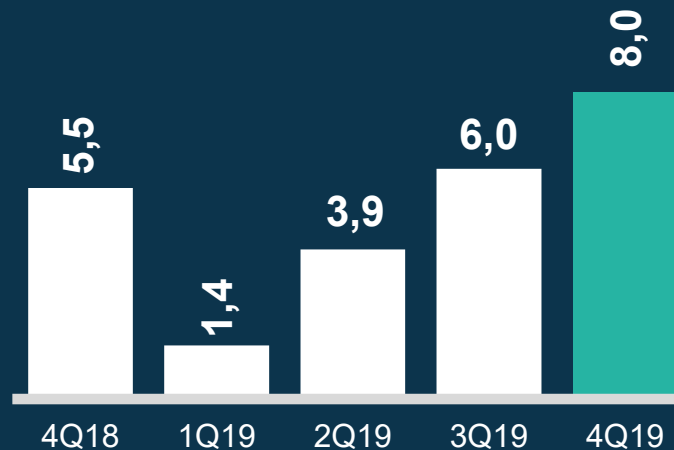
Revenue (USD million)



OPEX (USD million)



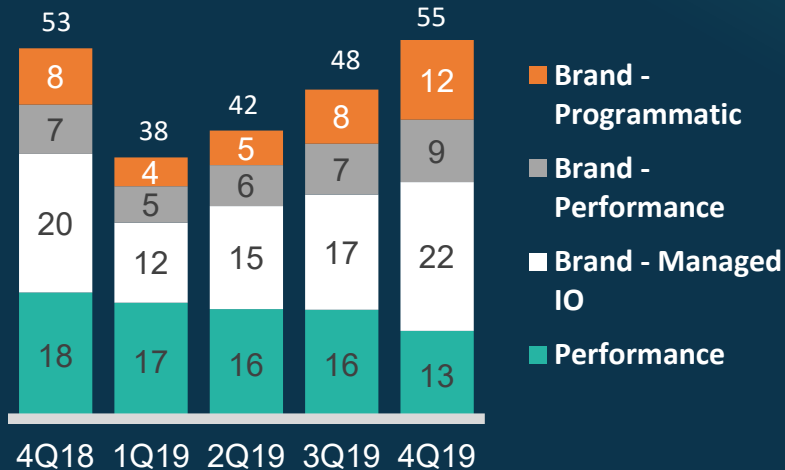
Adj. EBITDA (USD million)



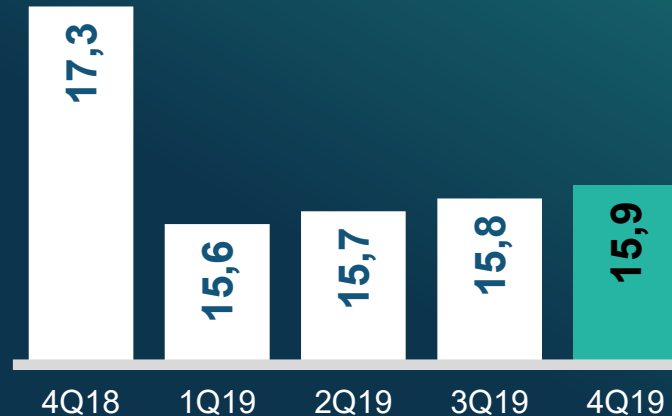
- Revenue growth vs 3Q19 & 4Q18 for both AdColony and Bemobi
- OPEX slightly down vs 4Q18 and virtually flat versus 3Q19
- Adj. EBITDA at highest level since 2016

AdColony

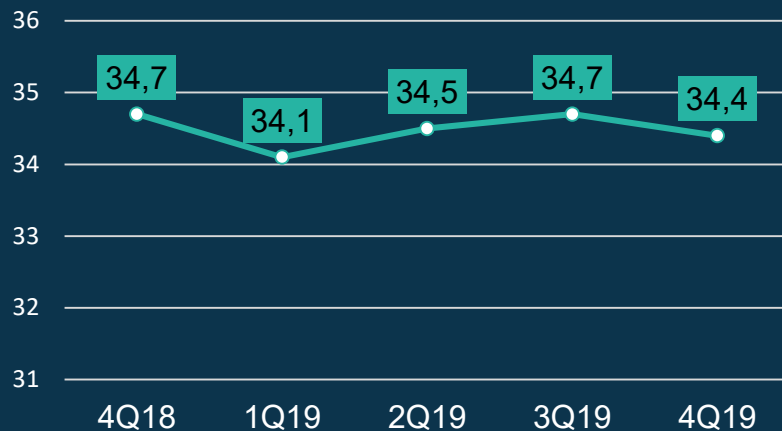
Revenue USD million)



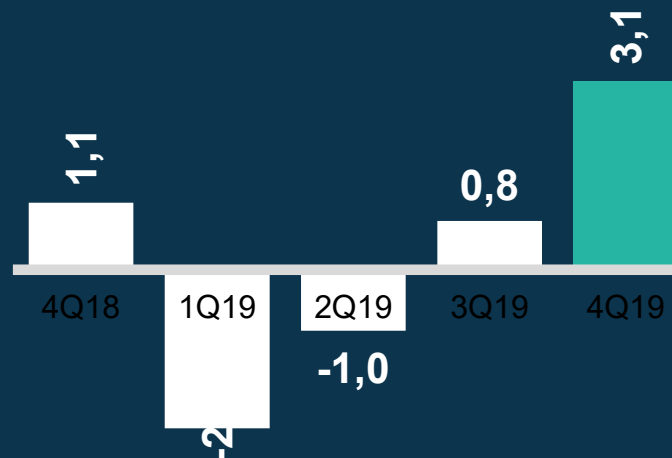
OPEX (USD million)



Gross Margin %

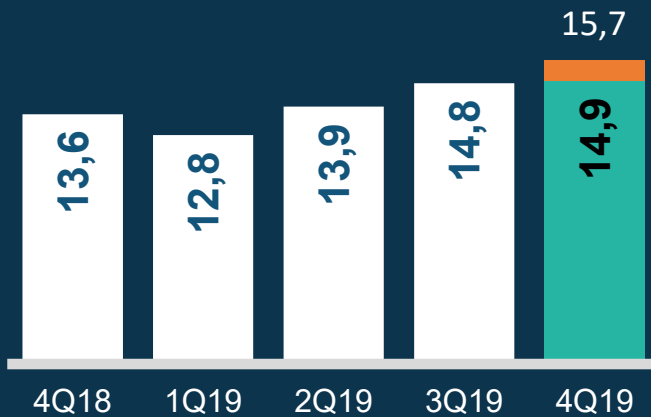


Adj. EBITDA (USD million)

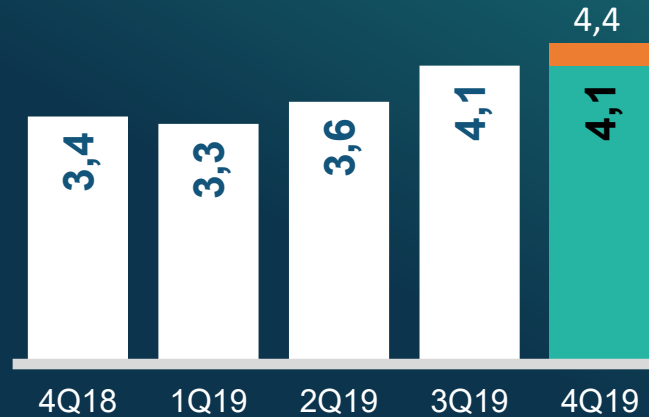


- Revenue above expectations in 4Q19, fueled by Brand and Programmatic
- Performance business still underperforming
- Cost stable around annualized OPEX of \$60-65 million
- Strong and stable gross margin trend
- Adj. EBITDA ahead of last year and last quarter, highest since 4Q16

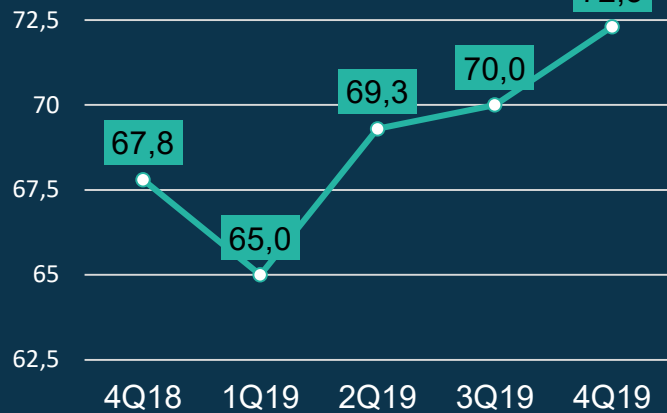
Revenue (USD million)



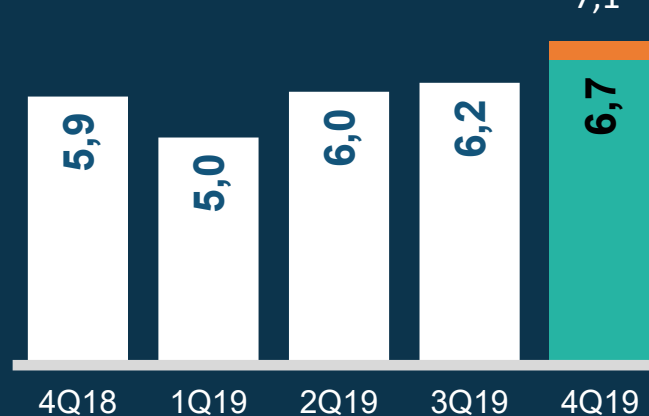
OPEX (USD million)




Gross Margin %



Adj. EBITDA (USD million)



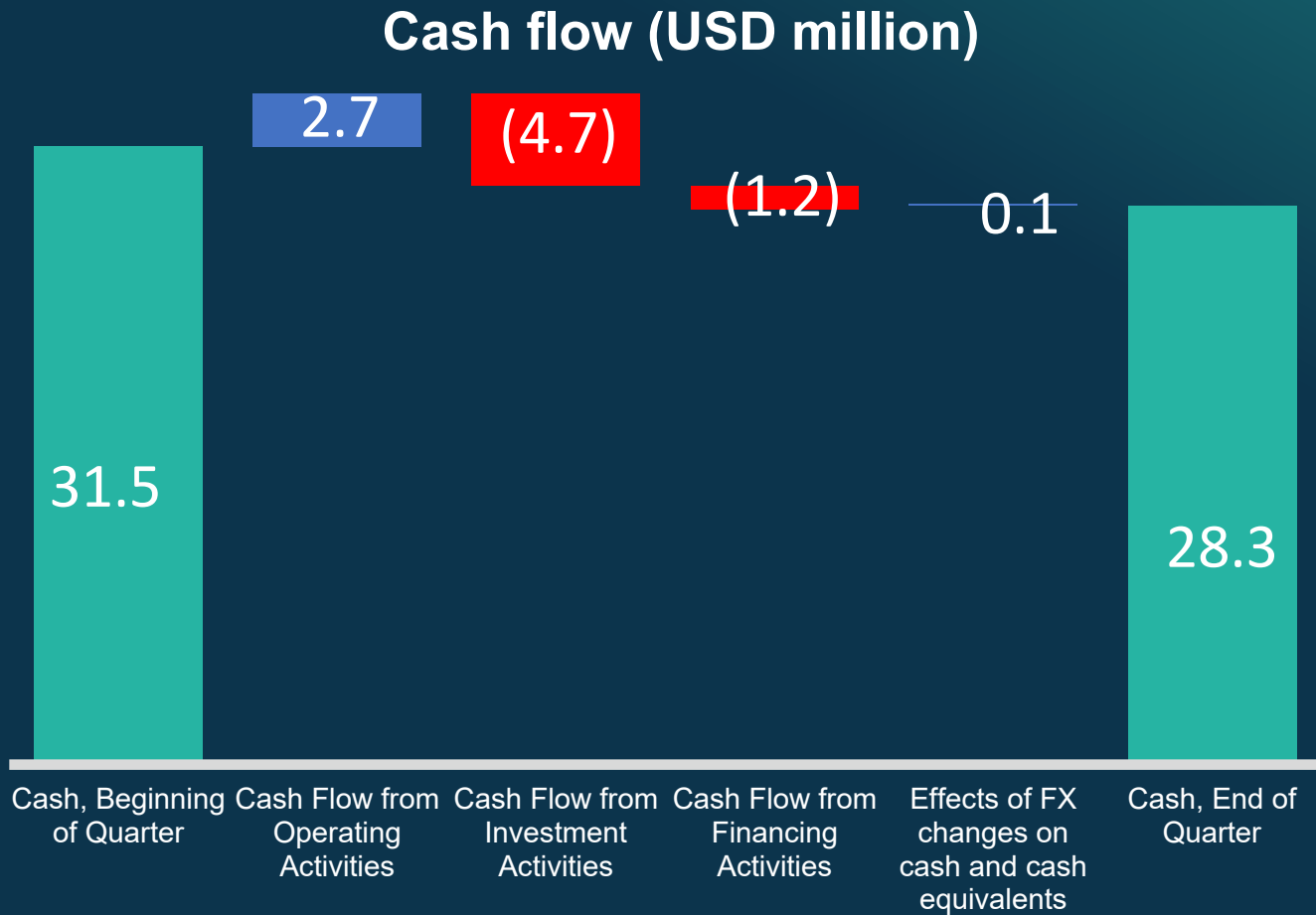
- Reported revenue up 9% YoY, would have been 15% with neutral FX rates
- Record gross margins due to favorable channel and product mix
- Reported Adj. EBITDA up 15%, would have been 21% with neutral FX rates

 FX impact
4Q19 vs 4Q18

FX Rate impact YoY (4Q19 vs. 4Q18)

- INTL basket: + 1.0%
- LATAM BRL: - 8.1%

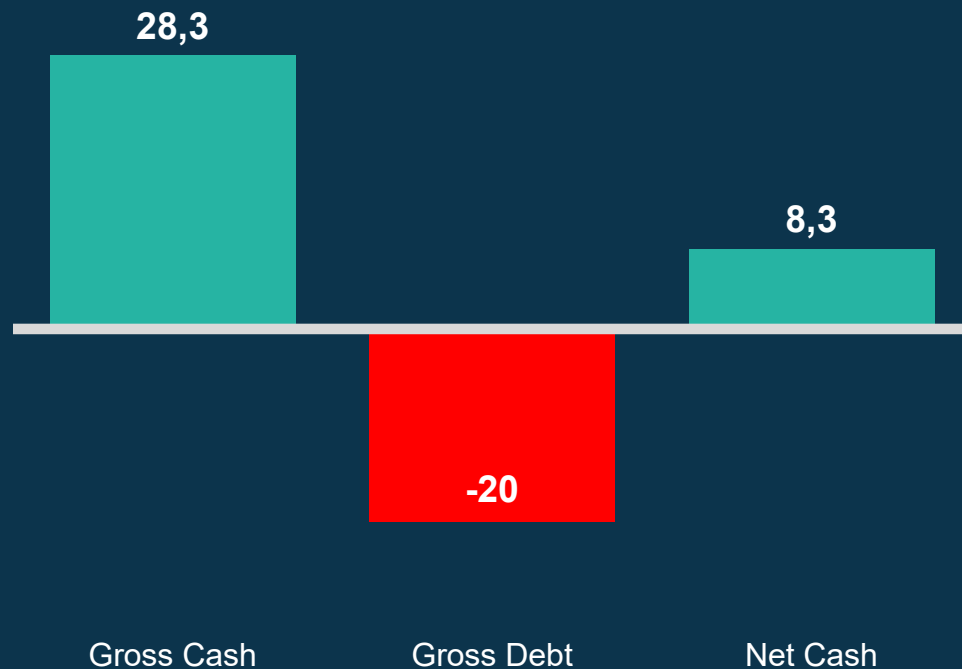
Cash flow



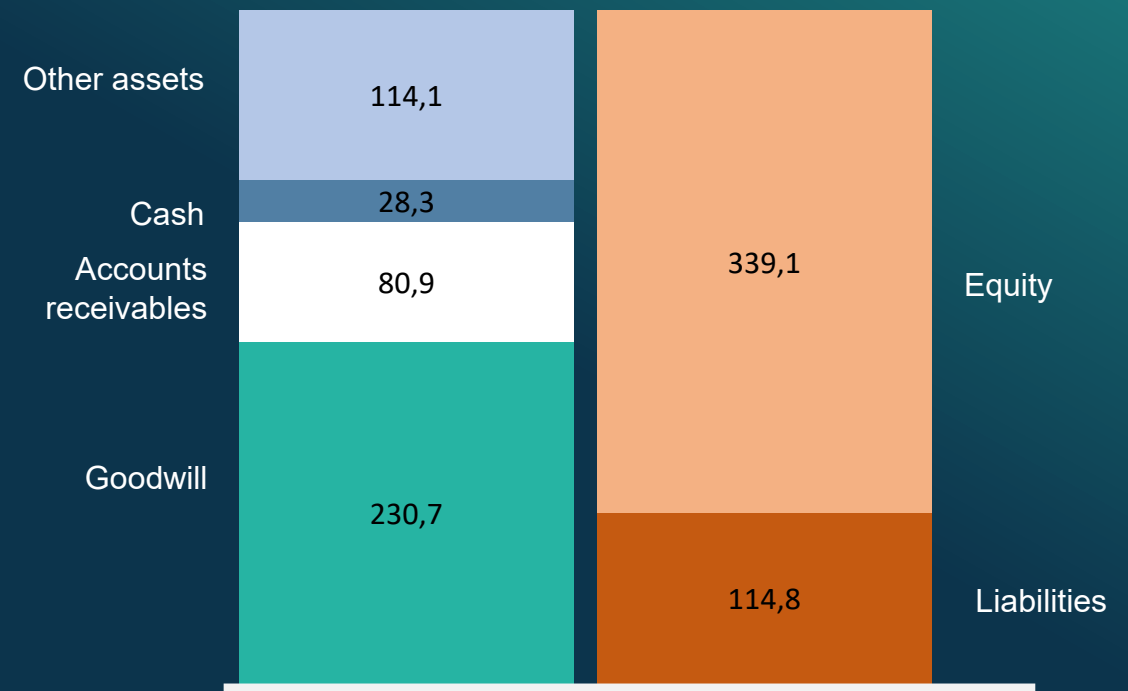
- Operating cash flow: USD 2.7 million
- Positively impacted by strong Adj. EBITDA and negatively impacted by build-up of working capital due to revenue growth in AdColony and Bemobi
 - Accounts receivables in AdColony and Bemobi up \$9m in the quarter
- Cash flow from Investment: USD (4,7) million
 - Capitalized R&D: USD (3.2) million
 - CAPEX: USD (1.5) million
- Cash flow from Financing: USD (1.2) million
 - Share repurchases: USD (0.2) million
 - Lease liabilities: USD (1,1) million (IFRS 16)
- FX impact on cash position: USD 0.1 million
- Cash end of quarter: USD 28.3 million

Financial position

Financial Position (USD million)



Balance sheet (USD million)



2020 Outlook AdColony

Revenue Type	2019 Revenue	2019 Gross margins	2020 Revenue Outlook*
Brand - Programmatic	\$28.9m	30%	↑ ↑
Brand - Managed IO	\$65.6m	45%	↑
Performance	\$61.8m	24%	→
Brand - Performance	\$27.6m	38%	→
Total AdColony	\$183.9m	34%	↑

*Vs 2019

Outlook AdColony

1Q20*

Revenue: Up ~10%
Gross margin: Flat
OPEX: Flat

2020**

Revenue: Up ~10%
Gross margin: Flat
OPEX: Flat

*Vs 1Q19

**Vs 2019

2020 Outlook Bemobi

Revenue drivers	Gross margin drivers	OPEX drivers
Subscriber growth	IVR & Voice (due to low COGS)	International rollout
Additional services like IVR and Financial	Channel mix (NDNC)	Building services portfolio

Outlook Bemobi

1Q20*

Revenue: Up ~ 10%
Adj. EBITDA: Up ~ 10%

2020**

Revenue: Up ~ 10%
Adj. EBITDA: Up ~ 10%

*Vs 1Q19 (local currency)

**Vs 2019 (local currency)

Q&A