

2Q 2020

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)	2Q20	2Q19
Revenue	54.0	56.2
Adj. EBITDA*	3.5	3.9
Operating Cash Flow	3.0	(2.8)

- AdColony slightly above and Bemobi slightly below guidance for the quarter
- Adj. EBITDA improved and turned positive for AdColony while Bemobi faced more Covid -19 impact and FX headwind in 2Q20
- Strong Operating cash flow of USD 3.0 million

*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

• Revenue

- Revenue growth YoY and QoQ, despite Covid 19 impact
 - Performance revenue stable last 3 quarters
 - Continued growth for our Brand business
- Programmatic revenue growth of over 100% in 2Q20 vs 2Q19
 - Now 40% of Brand revenue

• Cost

- Merging demand side of Brand and Performance in 2Q20
- Expanding Istanbul service hub
- Cost savings of around USD 1 million per quarter

AdColony – 2020 & Covid-19 impact

- Expecting 10% revenue growth in 2020 vs 2019, some risk due to Covid-19, but positive trend from May
- Stable Performance revenue and continued growth in our Brand business
- Positive trend throughout 2Q20 and into 3Q20, but still significant pent-up demand due to Covid-19
- Cost savings executed in 2Q20, now free cashflow breakeven with \$50 million in quarterly revenue



Supply/Publishing



AdColony a leader for in-app ad inventory for mobile games

50%

say their mobile usage
outside of work has gone
up significantly

33%

play mobile games
multiple times per day

23%

are playing new
games on their
smartphones



More available inventory
for our Brand and
Performance advertisers

Advertisers want a Fraud
Free, Brand Safe,
Transparent marketplace



We can deliver that with
our users on our SDK



Why gaming inventory works

68%

of marketers are actively taking action to protect their brands from unsuitable content – **Gaming is always brand-safe**

61%

of marketers say that the Coronavirus is **changing** the types of content they are **comfortable advertising alongside**

49%

of marketers **would be concerned** if their ad appeared near COVID-focused content online





Global Brand Business

Business Diversity is AdColony's strength



- AdColony is one of the few in-app SDK companies to have a successful Brand sales team, as well as a Performance/Gaming app-install team
- **Direct IO business** traditional orders, high-touch
- **Brand Performance** app install for Fortune 500 brands and non-gaming developers
- **Programmatic marketplace** that allows buyers to access AdColony inventory programmatically
- As brands were forced to shift their strategies, and inventory demand changed, AdColony took advantage of new but different opportunities. For example:
 1. Restaurants (QSRs) shifted all advertising away from their brick-and-mortar stores to their apps as they had to shut down physical locations. AdColony regained dollars we lost Direct and Programmatically with app install campaigns
 2. As Brands paused and cancelled high-end, high-touch Direct buys in favor of more affordable but scalable audience buys, we were able to regain our lost direct dollars programmatically
 3. As dollars overall spent by large brands decreased industry-wide in Q2, more impressions came available for Performance buyers which enabled our direct and programmatic performance demand to bridge the gap via increased impressions until Brand demand returned later in 2Q20



Results: Brand Advertising

- Third consecutive quarter of double-digit growth
- Direct Brand deals (IO) were impacted most by industry-wide campaign freezes and cancellations due to COVID-19
- Programmatic rebounded in April, rest of Brand grew from May onwards

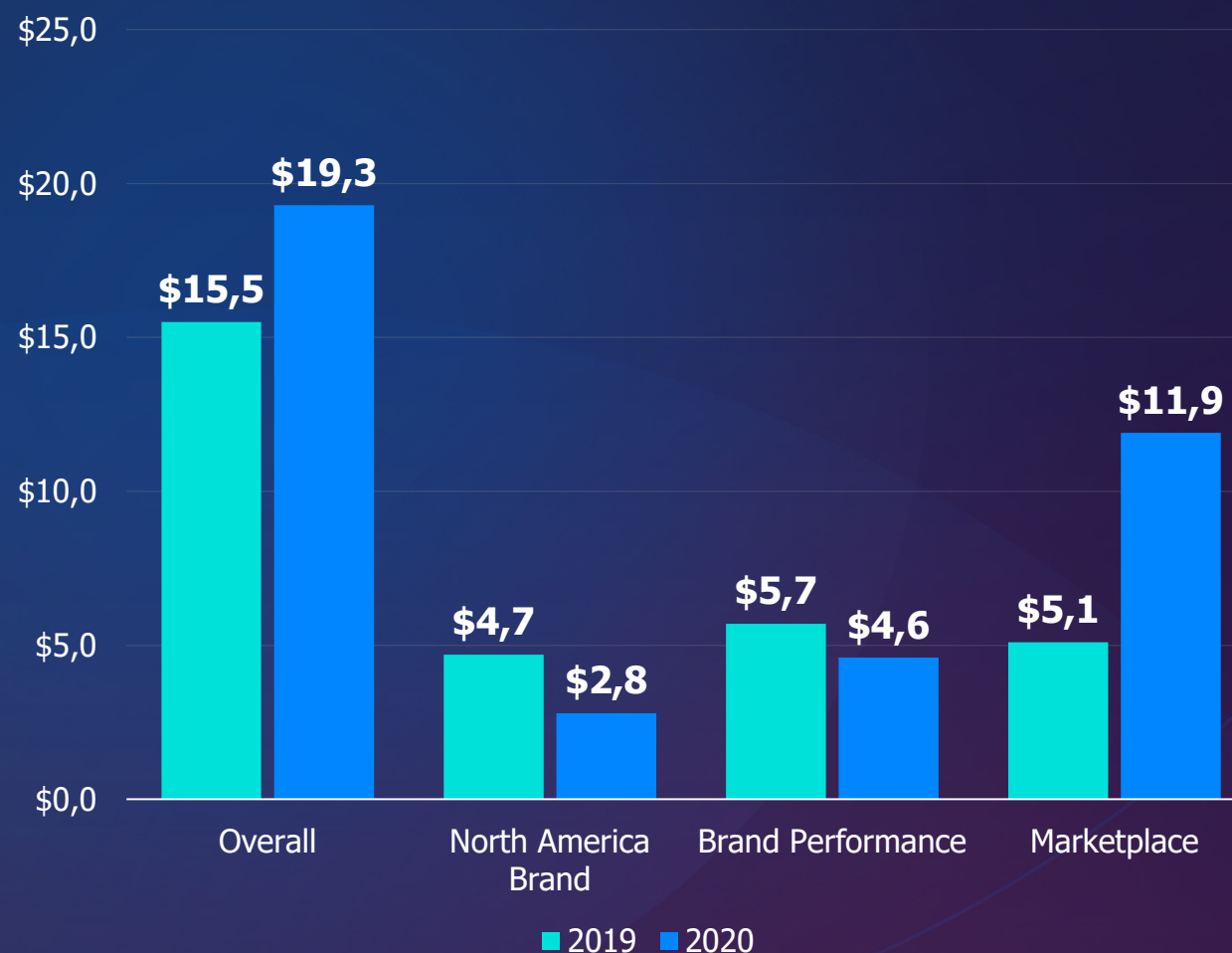
Revenue Source	2Q 2020	YoY Growth
Programmatic Open Marketplace	\$11.9MM	+ 133%
Brand (incl. IO and PMP)	\$13.4MM	- 13%
Brand Performance	\$4.6MM	- 19%
TOTAL	\$30MM	+ 14%



North America Brand

- North America Brand finished 2Q20 up 24.5% vs last year
- AdColony's position as one of the few ad inventory supply owners for mobile games & apps helped Marketplace dollars surge, even as brands & agencies cut budgets and spend early in Q2
- Strong collaboration between commercial, strategy, marketing, and products teams equaled success

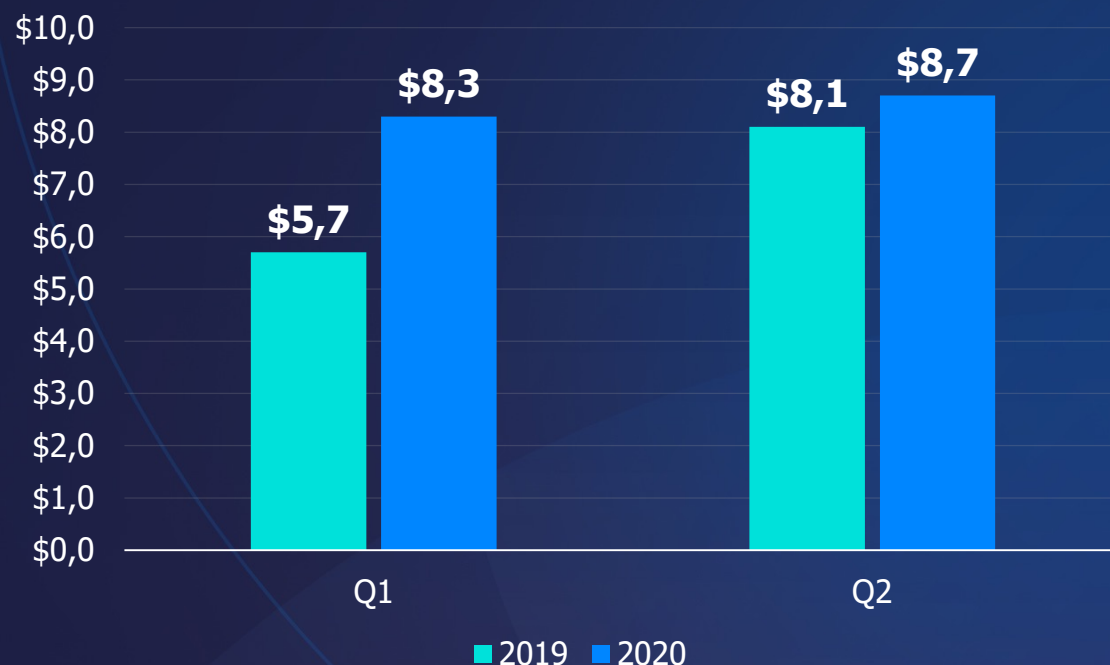
Revenue 2019 vs 2020 (Millions USD)





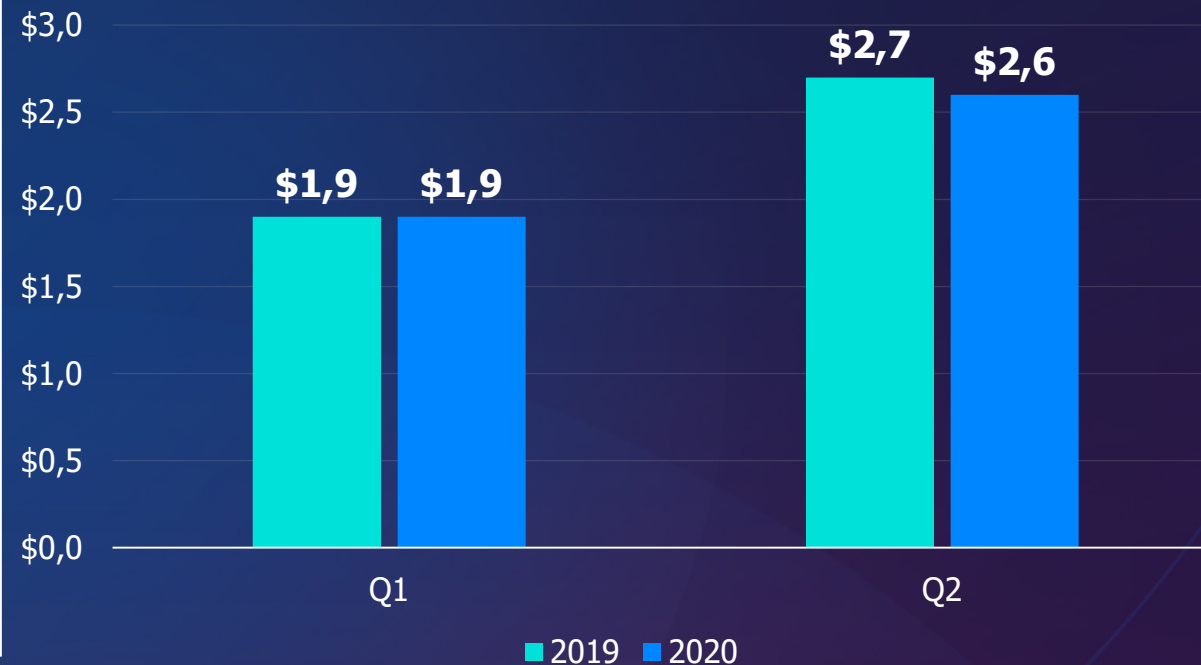
EMEA & LATAM Brand

Revenue 2019 vs 2020 (Millions USD)



APAC Brand

Revenue 2019 vs 2020 (Millions USD)



- Though major EMEA & LATAM markets saw budget cuts in-line with the global industry and other regions, overall there was a +7% revenue increase to USD 8.7 million from 2Q19.
- APAC Brand down 7% vs 2Q19 as the region was hit hard by Covid-19



Programmatic Results

Why is AdColony Winning on Programmatic



- Constant focus on maintaining a Fraud Free, Brand Safe, Transparent marketplace
- Ongoing optimizations and strategic technical integrations to increase Supply-Demand Alignment
- Mobile Gaming increased in the absence of sports, original primetime programming — Brand marketers followed the eyeballs (*Right*)
- Back to back quarters of 100%+ YoY growth

Revenue Source	2Q 2020	YoY Growth
Programmatic Open Marketplace	\$11.9MM	+ 133%

Consumer Spend Trends 2Q20



Source: Earnest Research April 2020



Global Publishing & Performance Business



Results: Performance Advertising



Q2 Revenue Trend

- Relatively flat revenue trend QoQ after several quarters of decrease
- Growth in key categories
 - Reward / Scratcher
 - Social Casino
 - Hyper-casual
- Enabling future growth by adding new customers
 - ✓ USD 1.1MM from new Advertisers
 - ✓ USD 2.8MM from new Publishers



Performance business stabilizing

1. Data science team in Poland improving our core algorithms => Driving better decisions
2. Growth team established in Turkey => Building for long-term success with new publishers and advertisers
3. Campaign management centered in Turkey => Driving down cost



Bemobi

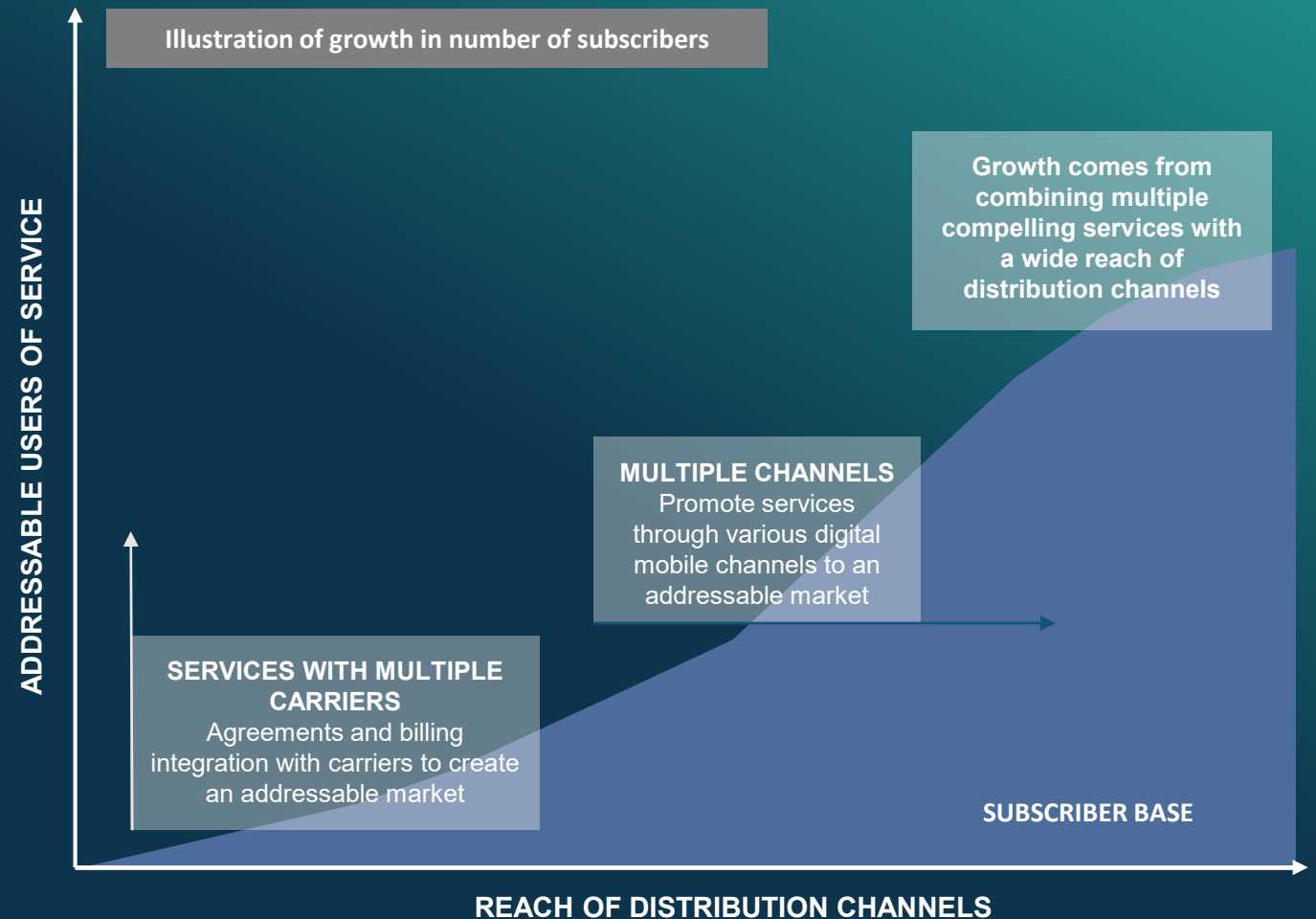
Bemobi's two pillars for sustainable profitable growth in emerging markets makes us unique

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

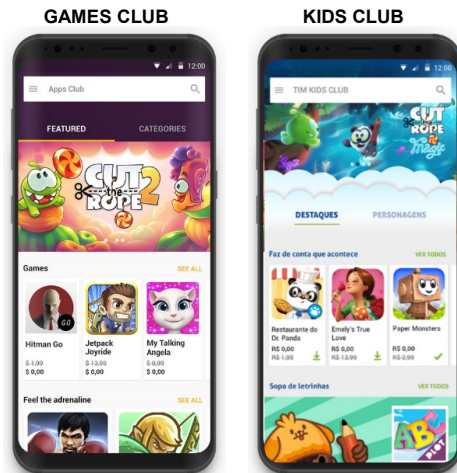
SUBSCRIPTION SERVICES

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

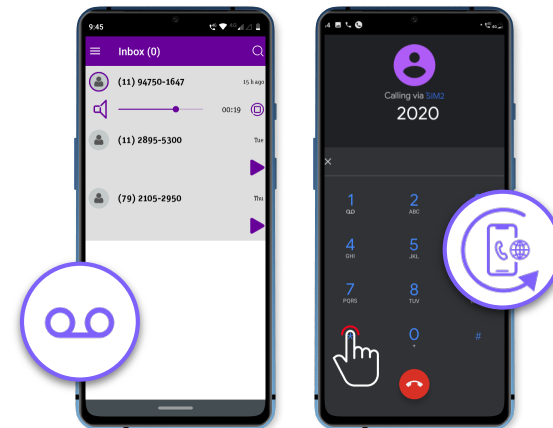
VOICE & FINANCIAL SERVICES

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

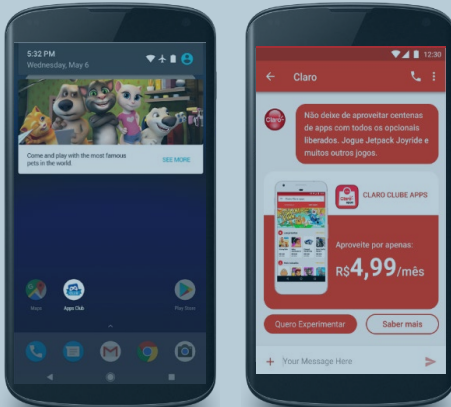
Bemobi's distribution channels

DISTRIBUTION CHANNELS

1 MOBILE CARRIERS PROMOTIONS

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

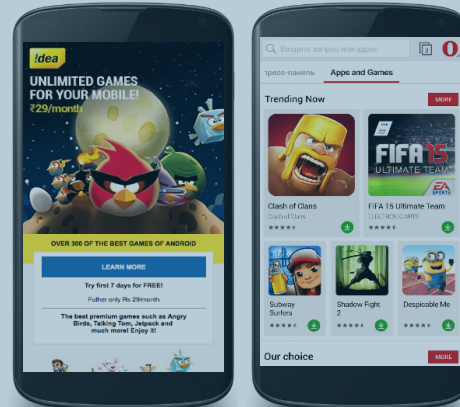
- SMS/MMS/RCS/ messages campaigns
- App Push Notifications
- Billing insert campaigns
- Store promotions and bundles
- Magazine inserts and TV spots



2 PAID ONLINE CAMPAIGNS

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

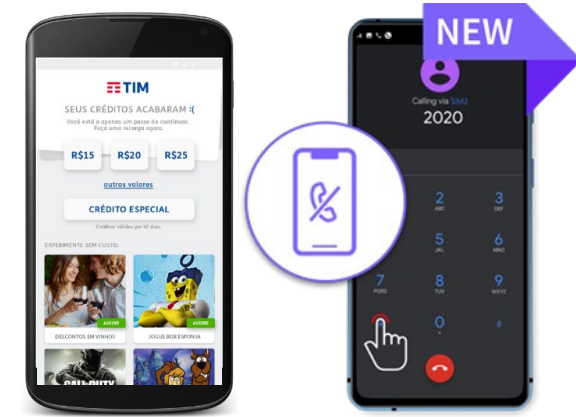
- Revenue share based (e.g. Opera Mini)
- Paid per acquisition - CPA



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



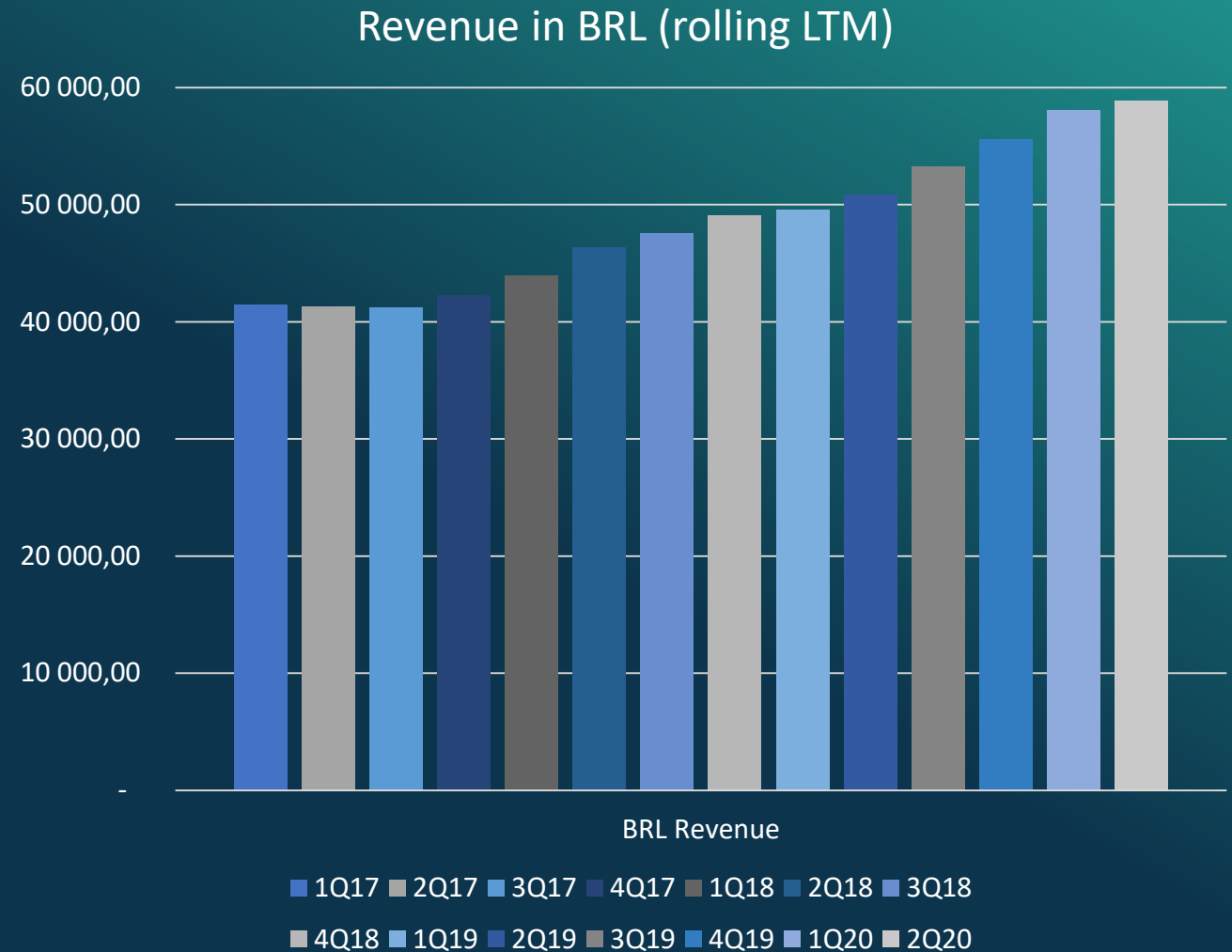
Control increases

Revenue & Adj. EBITDA

- Negative impact from FX and Covid-19
- Outperformed our peers during Covid-19

			Δ (%)
Bemobi	2Q20	2Q19	Y-o-Y
Revenue (USD M)	10,7	13,9	-23%
EBITDA (USD M)	4,0	6,0	-34%

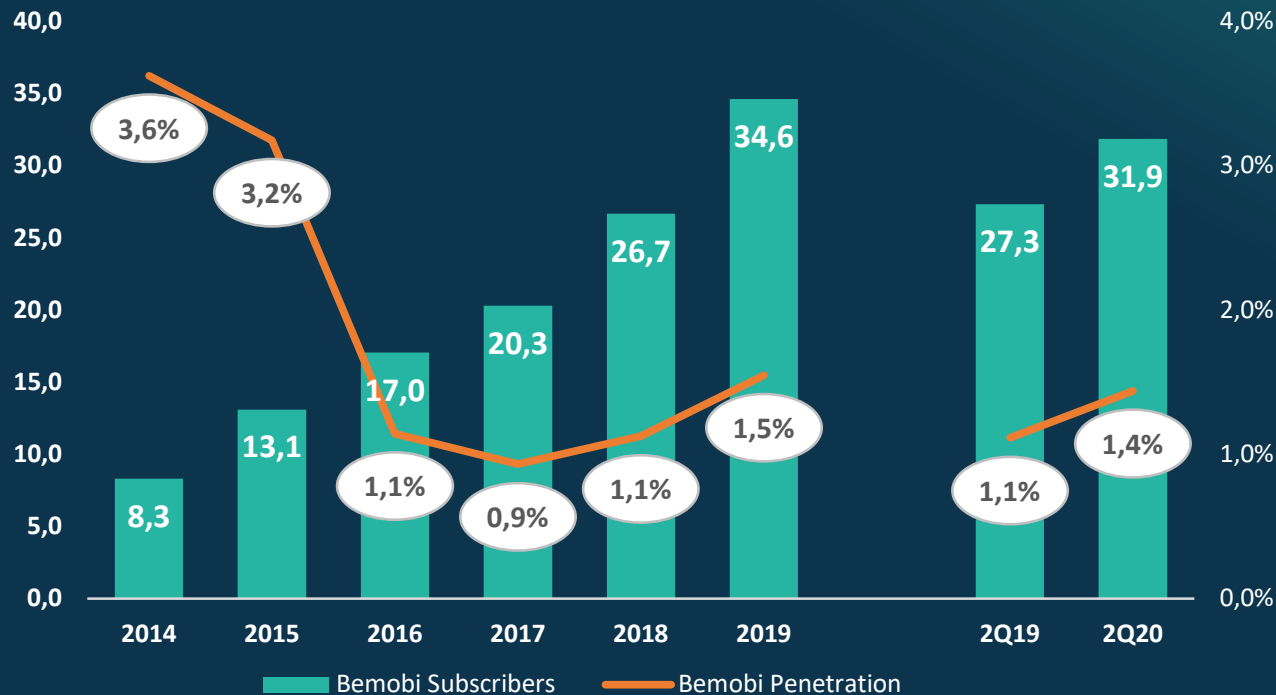
			Δ (%)
Bemobi - Ex-FX Rate	2Q20	2Q19	Y-o-Y
Revenue (USD M)	13,5	13,9	-3%
EBITDA (USD M)	5,3	6,0	-12%



FX Rate impact YoY (2Q20 vs. 2Q19)

- INTL basket: -3.9%
- LATAM BRL: -37.1%

Bemobi – Subscriber growth driving revenue and scale



- Total # subscribers up 4.5 million vs 2Q19
 - YoY LATAM up 2.4 million including Voice (IVR) and financial services subscribers
 - YoY International up 2.2 million due to global rollout
 - Down 3.5 million from 1Q20 due mostly to involuntary churn related to non-paying customers
- Overall service penetration on served addressable market at about 1.4%
- 69 operators live
 - 21 operators in Latam
 - 10 operators in South Asia
 - 18 operators in South-East Asia
 - 12 operators in CIS
 - 8 operators in Africa

Bemobi - Overall channel mix improving

Co-owned Channels

NDNC

- 16 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
 - Smart Cambodia
 - Indosat Indonesia
 - Rostelekom Russia
- 2-3 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
- New No-Credit Voice Portal's in active discussions with International Carriers (although roll-out progress is impacted by COVID-19 and global lockdown as no traveling is possible)

International markets continue subscriber growth
2Q19 vs. 2Q20 (from 8.2M to 10.4M)

CHANNEL	FROM	TO	Comments
Bemobi ¹ (co-owned)	37%	35%	Stable % contribution despite the significant growth in gross adds from the same period a year before. Strategic: scalable, predictable and with low incremental cost
Operator ²	8%	4%	No incremental cost but less scalable and less predictable. Operator bundles and promotions have decreased due to focus from carriers in core data services during the COVID-19 lockdown period.
Paid ³	55%	61%	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.

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 with good traction in Brazil and about to begin international rollout, however delayed by about two quarters
- New voice and financial services offers growing in Brazil and show potential for a international rollout in the future. Two new contracts with carriers in Brazil around voice and data microfinancing expected to be live by 4Q20 further validates the new offer
- Service diversification into new verticals beyond the Apps club also consistent with plan

Other topics: Bemobi IPO and COVID-19

- Otello and Bemobi are constantly assessing market conditions and are still aiming to carry out a separate listing of Bemobi as capital markets reopen
- Brazil still positioned as the best potential listing venue for Bemobi
- As indicated before, COVID 19 had a short-term negative impact in Bemobi due to lower mobile pre-paid balances as a direct result of more depressed economies, specifically in Brazil where COVID had one of the largest impacts
- Rebound: July was better than June and with a trend of improvement month after month indicating a much faster recovery than most industries as countries go back to work and as demand for our services are still strong

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
- Court case postponed due to Covid-19, now scheduled for first week of October 2020

Financial Review

Otello Corporation 2Q20

(USD million)	2Q 2020	2Q 2019	% Change
Revenue	54.0	56.2	-4%
Publisher and revenue share cost	(32.5)	(31.9)	2%
Payroll and related expenses	(9.6)	(12.1)	-21%
Stock-based compensation expenses	(0.6)	(1.0)	-42%
Depreciation and amortization expenses	(6.1)	(6.4)	-3%
Other operating expenses	(8.5)	(8.3)	2%
Total operating expenses	(57.2)	(59.2)	-4%
Adjusted EBITDA*	3.5	3.9	-11%
Operating profit (loss), (EBIT), excluding restructuring and impairment expenses	(3.2)	(3.5)	
Restructuring and impairment expenses	1.2	(0.6)	
Operating profit (loss), (EBIT)	(2.0)	(4.2)	
Net financial items	(9.9)	(2.5)	
Provision for taxes	4.3	(0.3)	
Profit (loss)	(7.6)	(7.0)	

Revenue growth in AdColony offset by revenue decline in Bemobi

Total operating expenses down 4% due to lower payroll expenses

- Positive FX impact for Bemobi
- Headcount reduction and lower bonus payments in AdColony

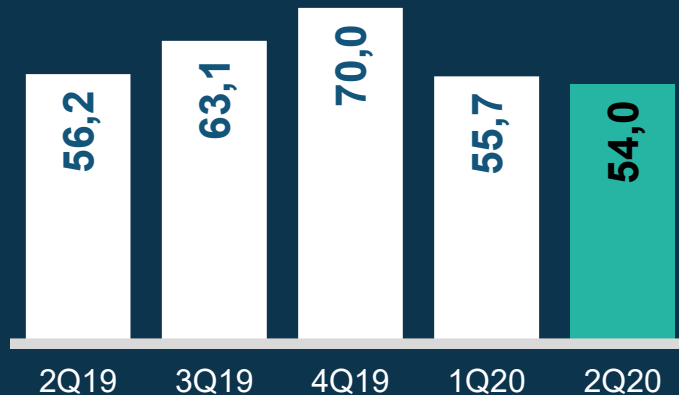
Adj. EBITDA down 11% vs 2Q19

Reversal of restructuring charge of USD 1.4 million

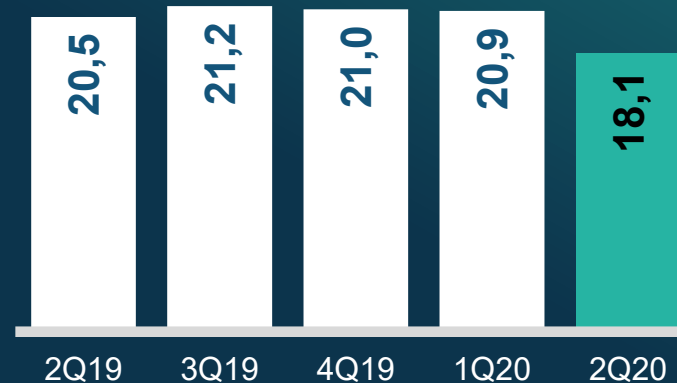
Negative Net financial items due to weaker USD vs NOK

Otello Corporation 2Q20

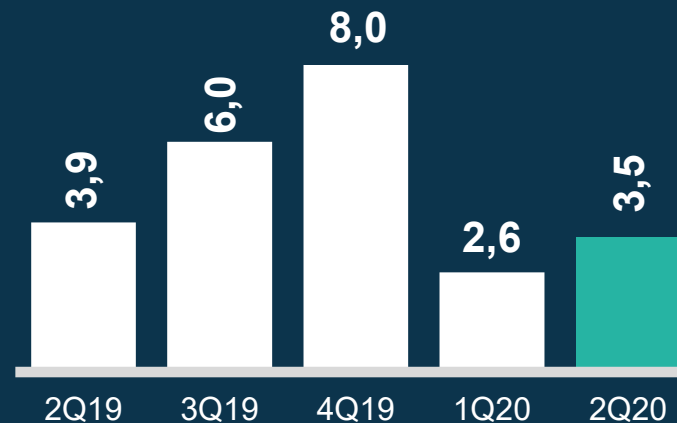
Revenue (USD million)



OPEX (USD million)



Adj. EBITDA (USD million)



Revenue growth in AdColony offset by revenue decline in Bemobi

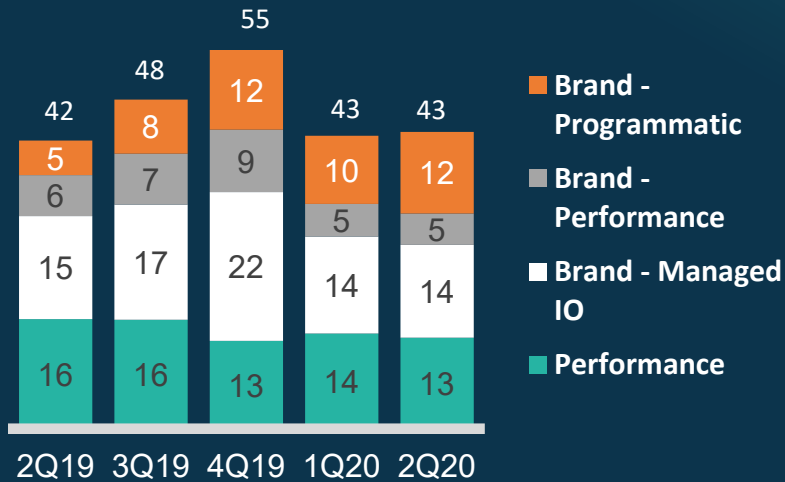
OPEX down 12% due to lower payroll expenses

- Positive FX impact for Bemobi
- Headcount reduction and lower bonus payments in AdColony

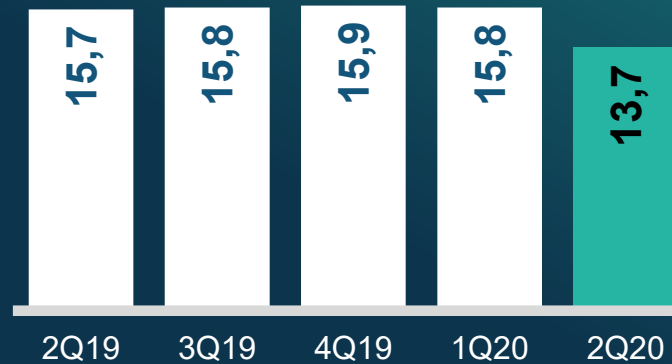
Adj. EBITDA down 11% vs 2Q19

AdColony

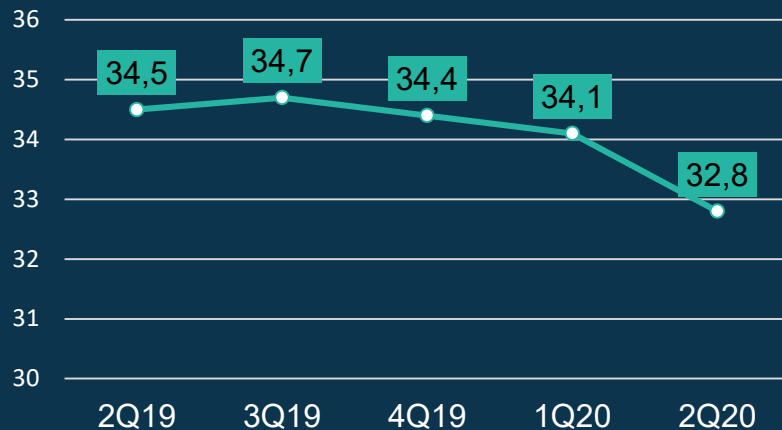
Revenue USD million)



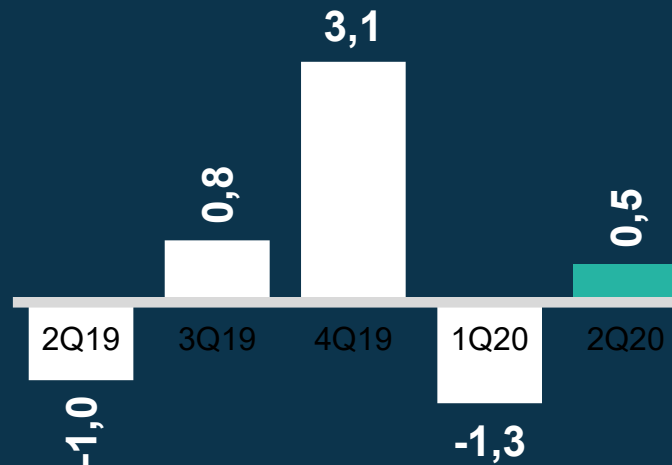
OPEX (USD million)



Gross Margin %

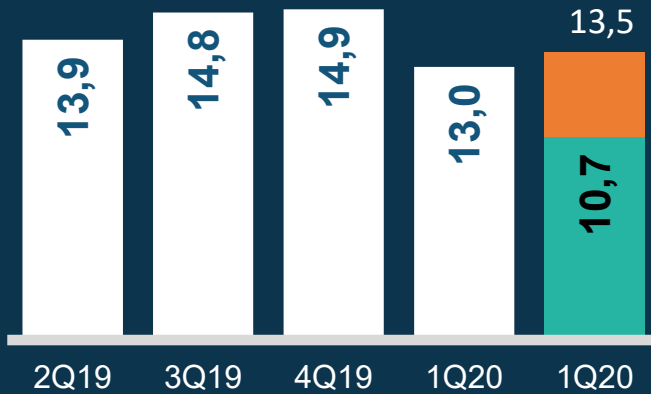


Adj. EBITDA (USD million)

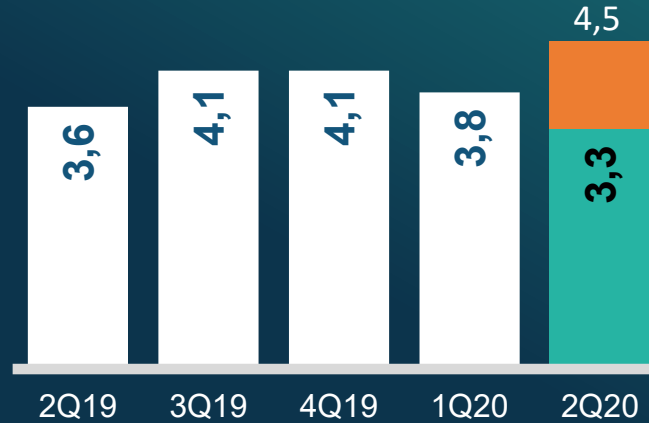


- Revenue slightly above expectations in 2Q20, very strong Programmatic revenue
- Performance business stable last 3 quarters
- Cost down significantly in 2Q20
 - One-time effect of lower bonus payment and less travel/entertainment (USD 1 million)
 - Ongoing savings from lower headcount (USD 1 million)
- Annualized OPEX of USD 60 million
- Gross margins down somewhat due to greater mix of programmatic revenue
- Turned Adj. EBITDA loss last year into profit in 2Q20

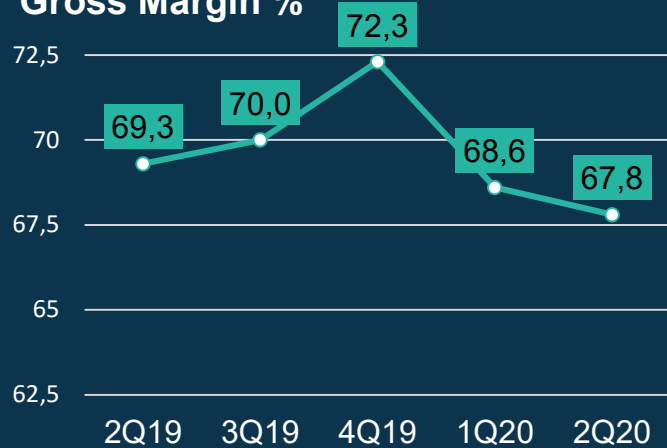
Revenue (USD million)



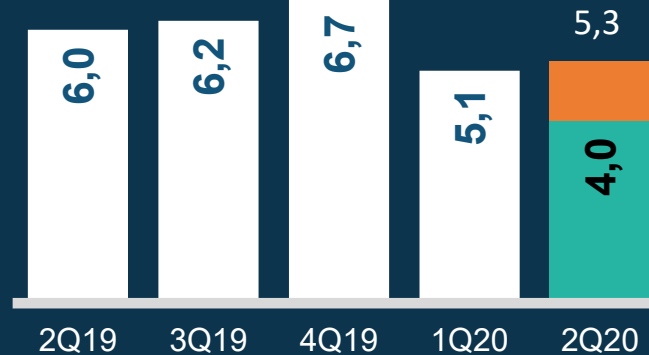
OPEX (USD million)



Gross Margin %



Adj. EBITDA (USD million)



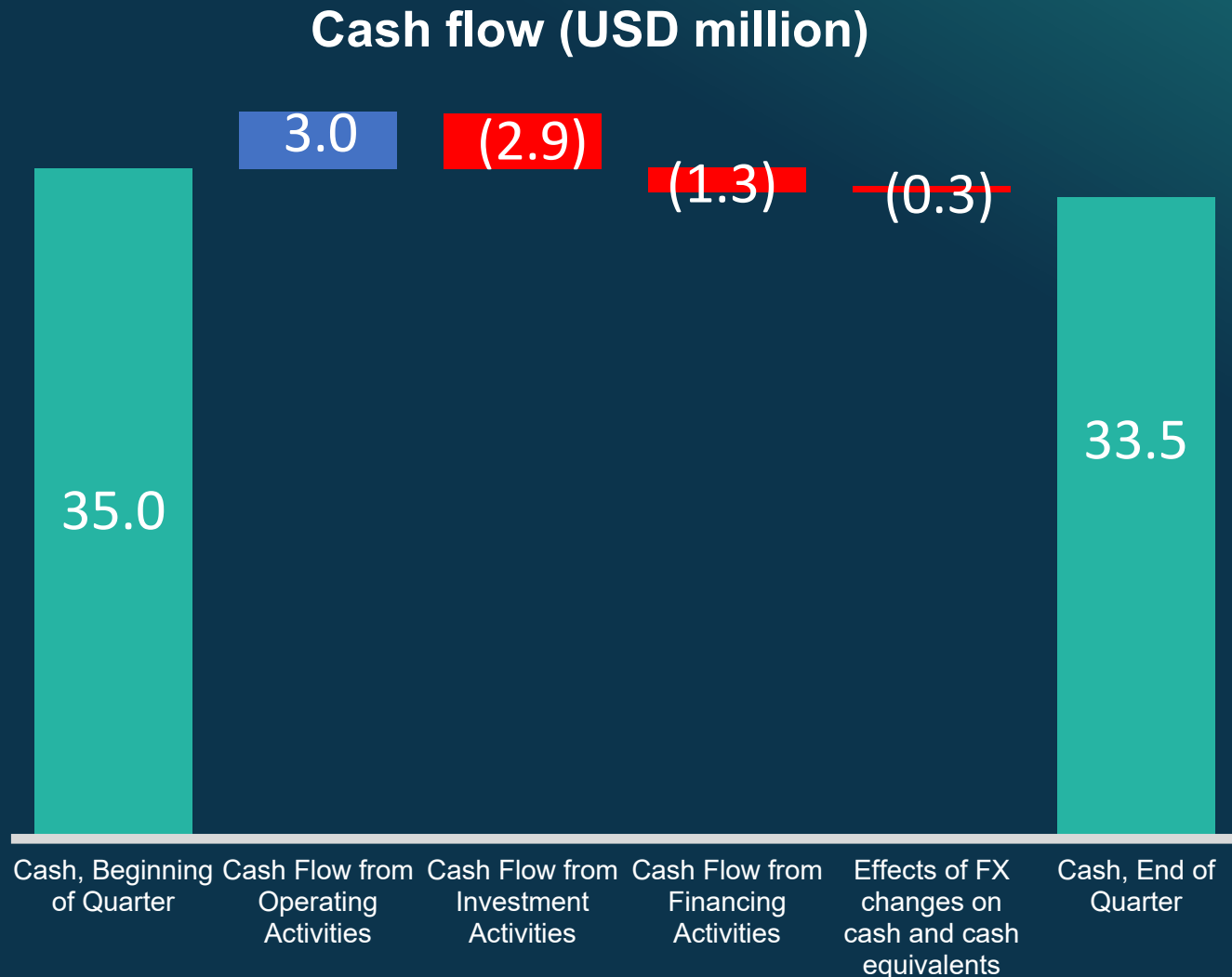
- Significant negative Covid-19 impact in the quarter
- Revenue would have been down 3% YoY with neutral FX rates.
- Gross margin fluctuates based on channel/product mix and % International revenue. Some negative Covid-19 impact in 2Q20
- Reported Adj. EBITDA would have been down 12% with neutral FX rates

 FX impact
2Q20 vs 2Q19

FX Rate impact YoY (2Q20 vs. 2Q19)

- LATAM BRL: - 37.1%
- INTL basket: -3.9%

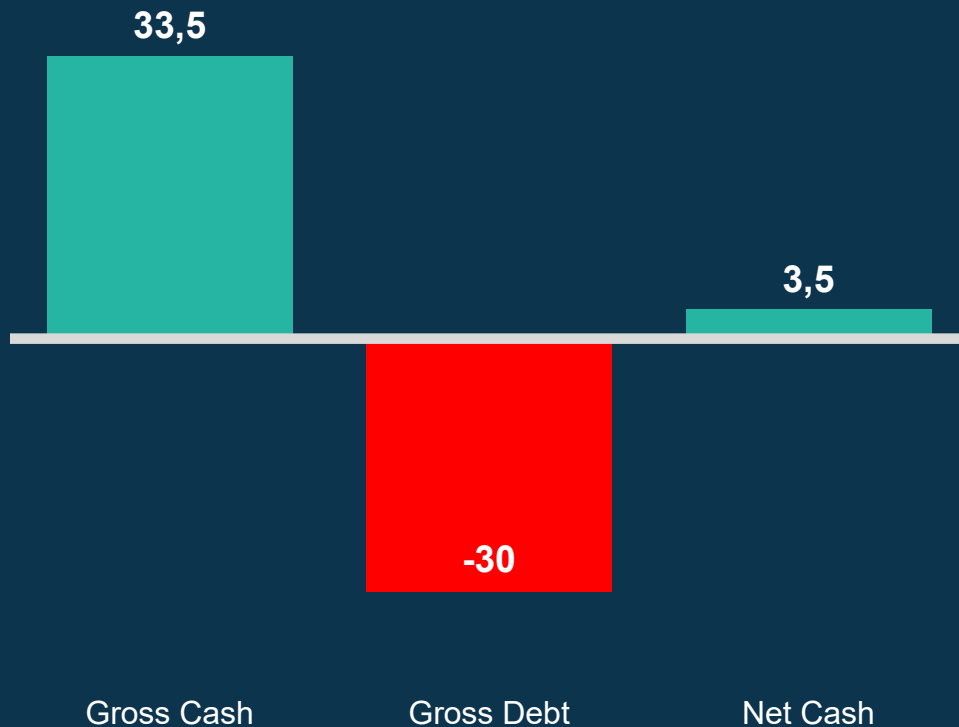
Cash flow



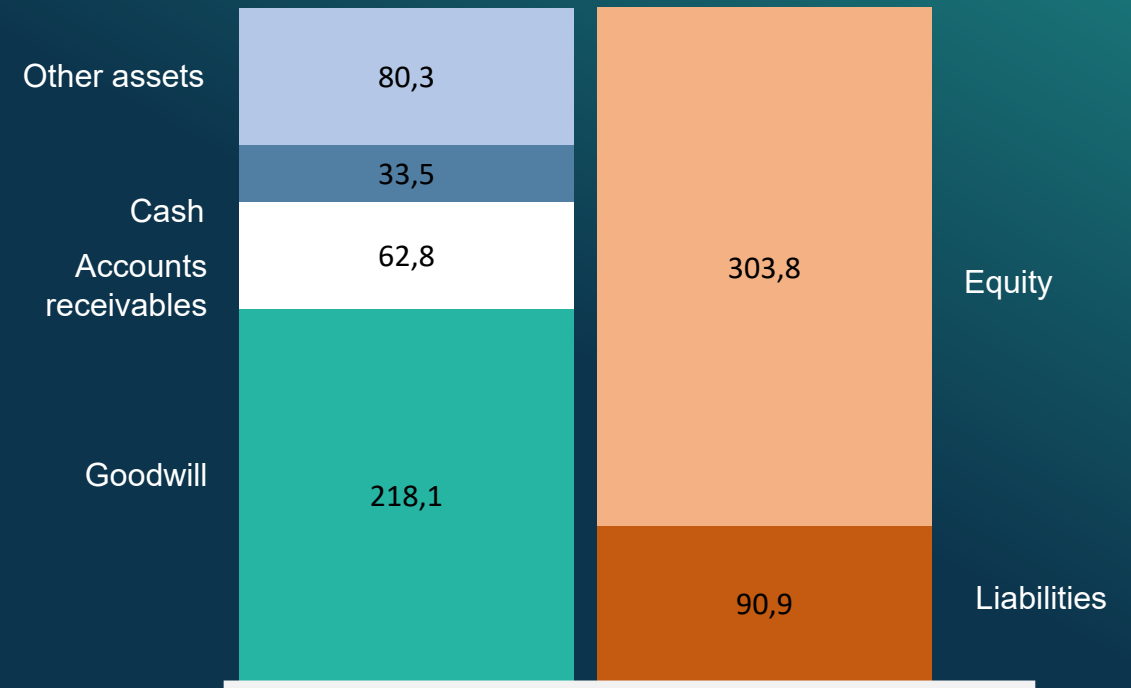
- Operating cash flow: USD 3.0 million
 - Positively impacted by positive Adj. EBITDA and good cash collection
- Cash flow from Investment: USD (2.9) million
 - Capitalized R&D: USD (2.4) million
 - CAPEX: USD (0.4) million
- Cash flow from Financing: USD (1.3) million
 - Payment on RCF: USD (0.7) million
 - Lease liabilities: USD (0.6) million (IFRS 16)
- FX impact on cash position: USD (0.3) million
- Cash end of quarter: USD 33.5 million

Financial position

Financial Position (USD million)



Balance sheet (USD million)



Outlook AdColony

3Q20*

Revenue: Up 5-10%
Gross margin: Flat/down
OPEX: Down

2020**

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

*Vs 3Q19

**Vs 2019

Outlook Bemobi

3Q20*

Revenue: Flat
Adj. EBITDA: Flat

2020**

Revenue: Flat/up (~0-5%)
Adj. EBITDA: Flat/up (~0-5%)

*Vs 3Q19 (local currency)

**Vs 2019 (local currency)

Q&A