

3Q 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)	3Q20	3Q19
Revenue	63.2	63.1
Adj. EBITDA*	5.7	6.0
Operating Cash Flow	4.2	(0.9)

- AdColony and Bemobi both in line with expectations for the quarter
- Revenue and Adj. EBITDA virtually flat vs last year and would have been up with like-for-like FX rates
- Strong Operating Cash Flow of USD 4.2 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 4 quarters
 - Continued growth for our Brand business
- Programmatic (OMP + PMP) revenue growth of over 80% in 3Q20 vs 3Q19
 - Now 57% of Brand revenue

• Cost

- Successful merging of demand side of Brand and Performance
- Expanding Istanbul service hub
- Cost savings of around USD 1 million per quarter



Global Brand Business



Results: Brand Advertising

- **Fourth consecutive quarter of double digit** YoY growth (+20% 4Q19, +36% 1Q 20, +14% 2Q20)
- Continued efforts to become a programmatic-first platform driving **PMP** and **Open Exchange Marketplace** growth
- **Brand Performance** is experiencing a **delayed recovery**

Revenue Source	3Q 2020	YoY Growth
Brand (incl. IO and PMP)	\$19.9MM	+ 19%
Brand Performance	\$3.4MM	- 54%
Programmatic Open Marketplace	\$15.1MM	+ 91%
TOTAL	\$38.4MM	+ 20%



North America Brand

- Finished 3Q20 **up 10% YoY** despite COVID still impacting brand business potential
- Primary source of growth was programmatic **both PMP and Open Exchange** as buyers leaning towards more efficient buying models
- 3Q20 dollars across the ecosystem continued to be impacted due to COVID but **AdColony's unique position** as one of the few sources of **high-quality, gaming inventory at scale** allowed us to maintain momentum we built throughout previous quarters

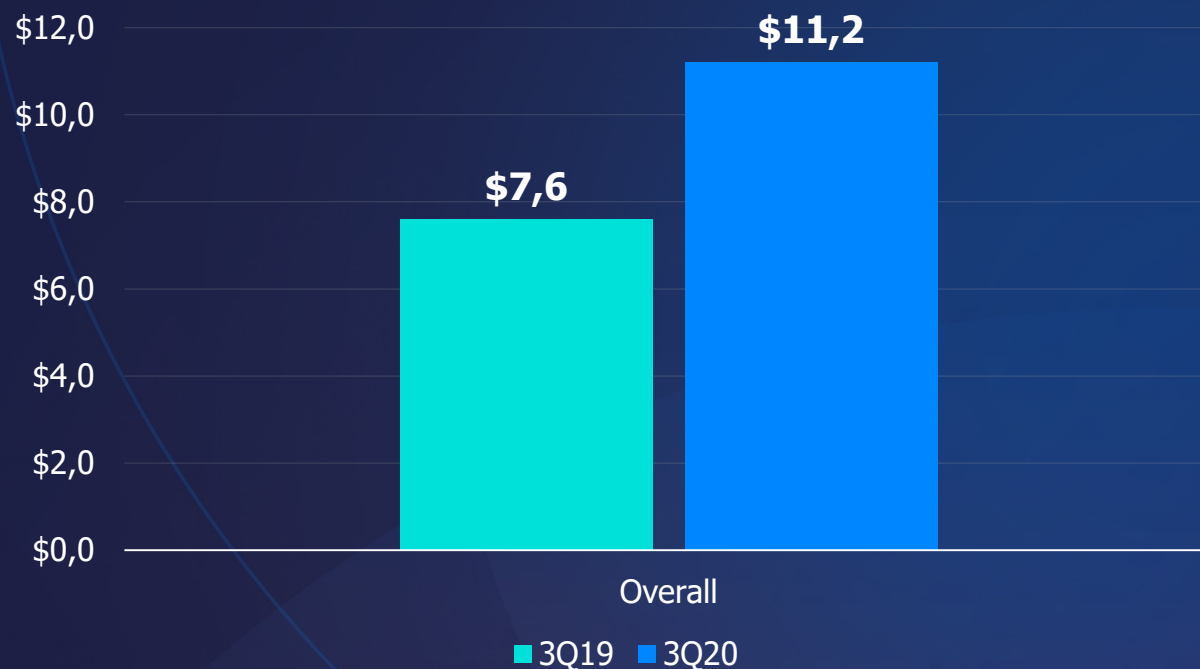
Revenue 2019 vs 2020 (Millions USD)



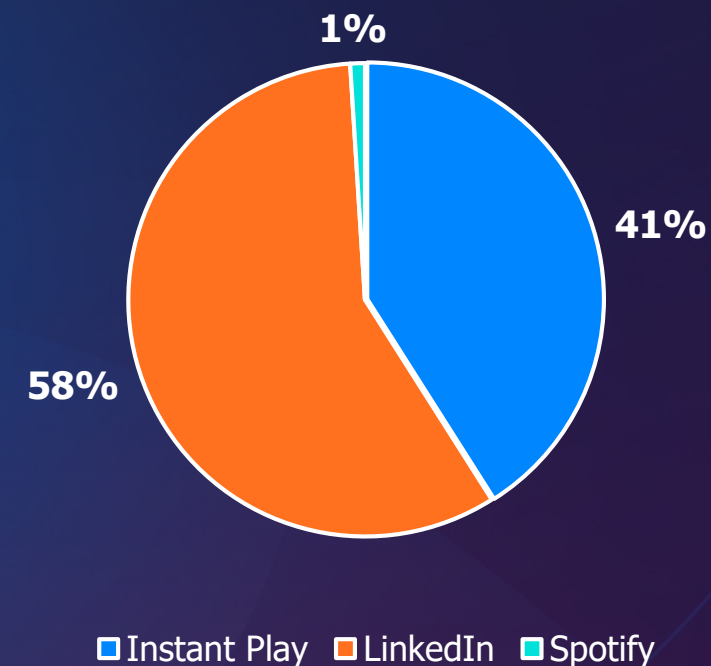


EMEA & LATAM Brand

Revenue 2019 vs 2020 (Millions USD)



3Q 2020 Sales Breakdown by Product



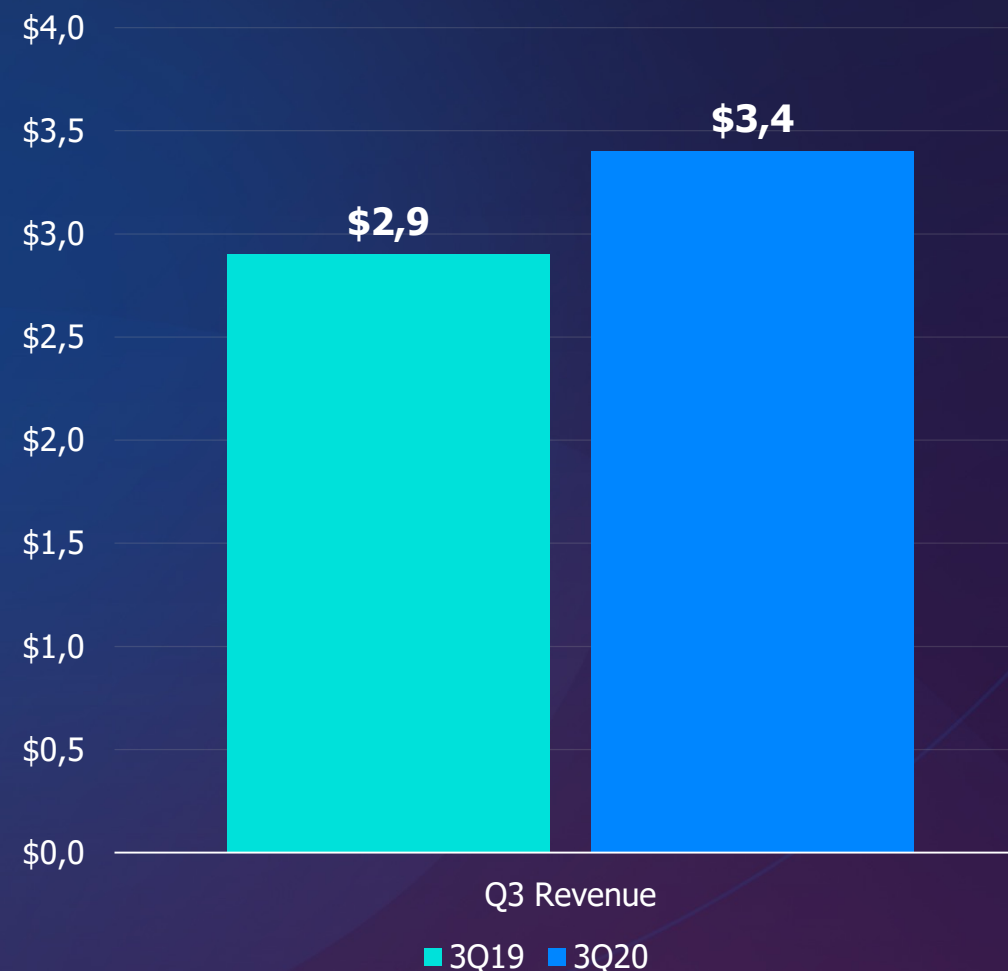
- EMEA & LATAM markets continue to grow at **rapid pace**
- **47% YoY** growth driven primarily by a **150% YoY increase on** PMP sales of our core **Instant Play** video product



APAC Brand

- **17% YoY growth** throughout Asia at a time when many countries in the region are still facing challenges due to COVID
- **Programmatic** represented 53% of APAC's overall revenue in 3Q20 a 20% increase compared to 3Q19
- Recent **resource investments** in **Thailand, Malaysia and Japan** continue to grow and build revenue

Revenue 2019 vs 2020 (Millions USD)





Programmatic Results



Results: Programmatic

- **5th consecutive quarter** of strong YoY growth
- **Private Marketplace** business was one of the hardest hit with COVID **pauses and cancellations in Q2** and began showing a resurgence in Q3 validated by **112% QoQ growth**
- **Open Exchange and PMP** continue to show phenomenal **growth through the early stages of Q4** and we expect the momentum to carry through the quarter and beyond

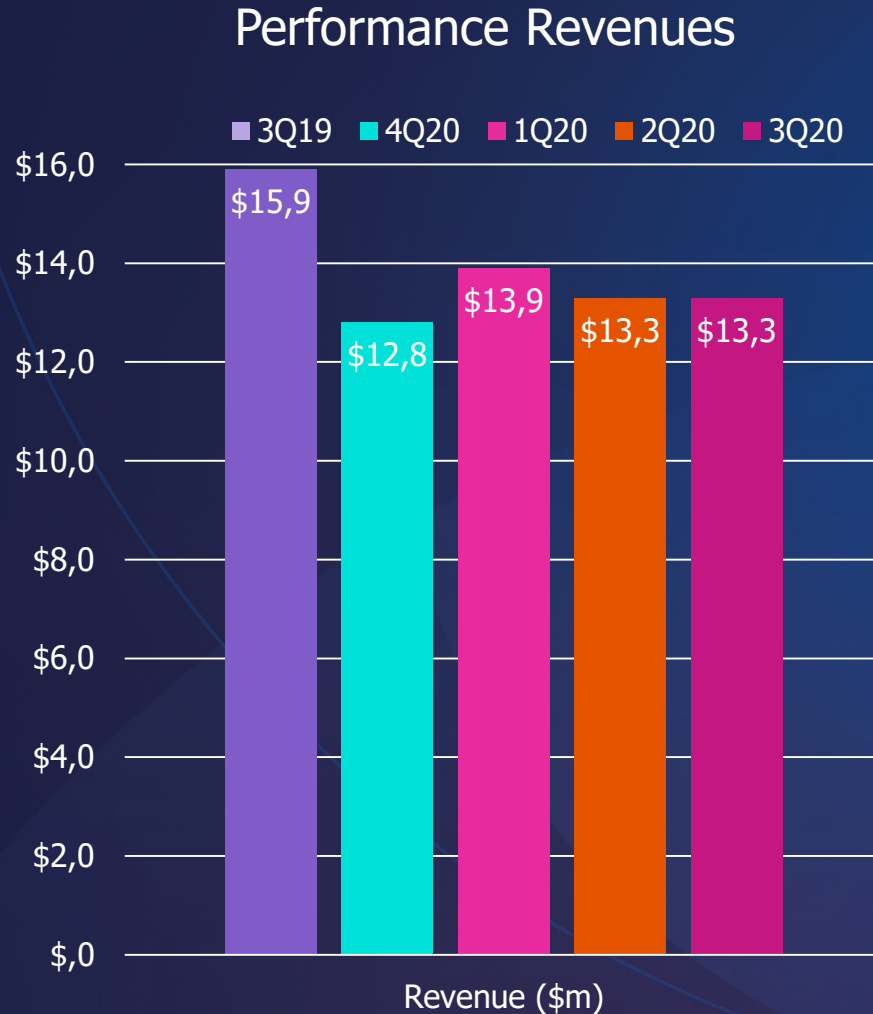
Revenue Source	3Q 2020	YoY Growth
Programmatic Open Marketplace	\$15.1MM	+ 91%
Programmatic Private Marketplace	\$6.9MM	+ 70%
TOTAL	\$22.0MM	+ 84%



Global Publishing & Performance Business



Results: Performance Advertising



- **Performance revenue stabilizing** after several quarters of consistent decline
- Increased focus in **process realignment** and **tooling** to bring us back to growth

Bemobi

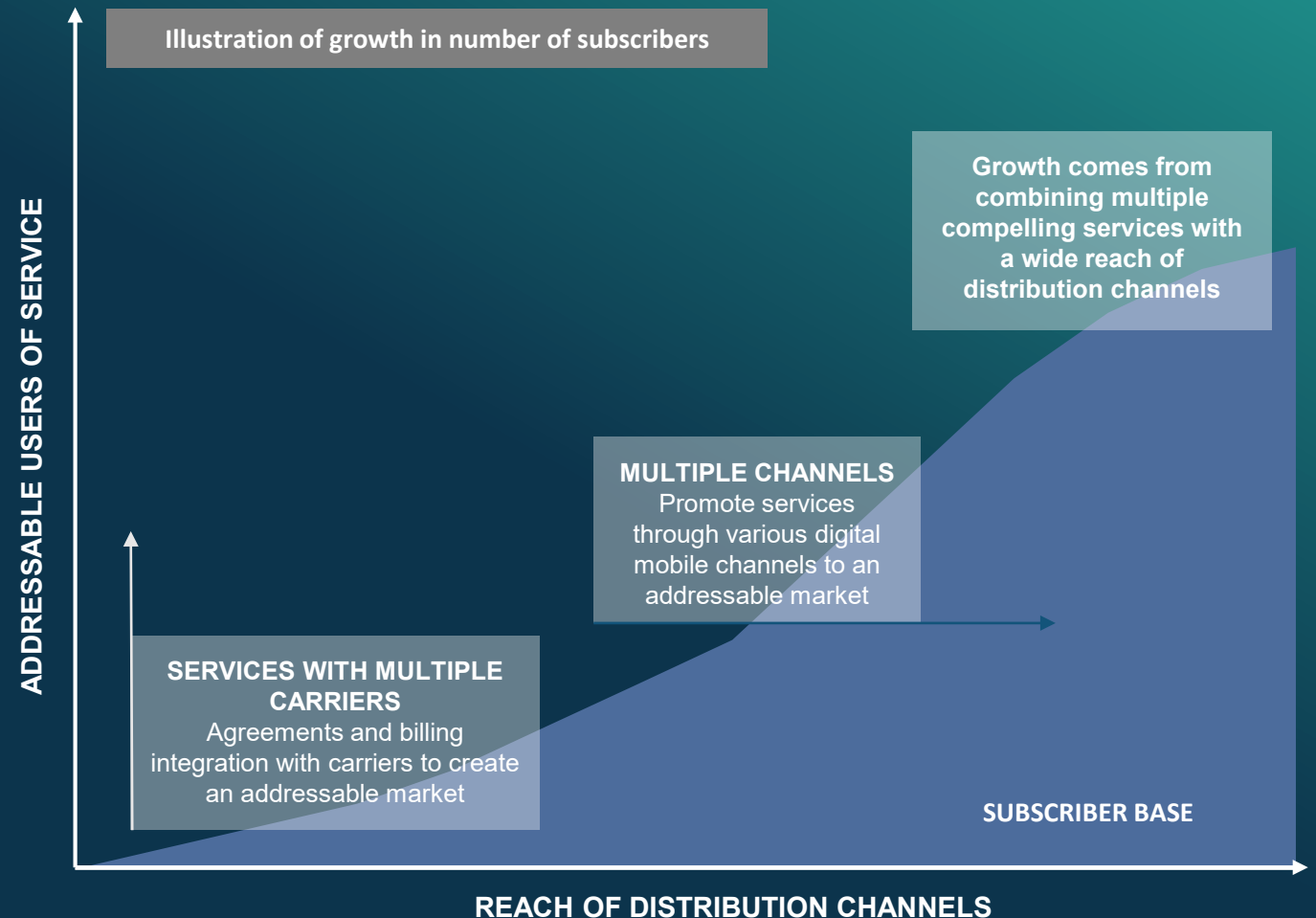
Bemobi's two pillars for sustainable profitable growth in emerging markets makes us unique

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

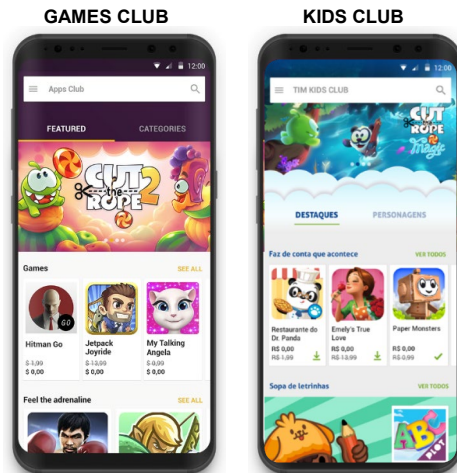
SUBSCRIPTION SERVICES

1

APPSCLUB FAMILY

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

EXAMPLES:

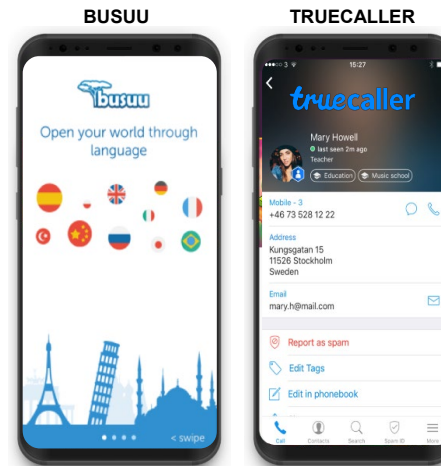


2

STANDALONE SUBSCRIPTION APPS

Distribution of standalone subscription apps

EXAMPLES:



3

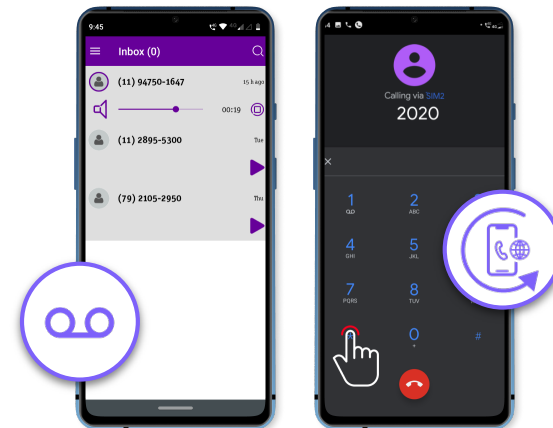
VOICE & FINANCIAL SERVICES

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

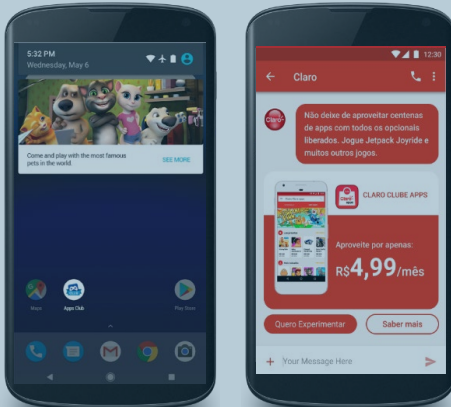
Bemobi's distribution channels

DISTRIBUTION CHANNELS

1 MOBILE CARRIERS PROMOTIONS

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

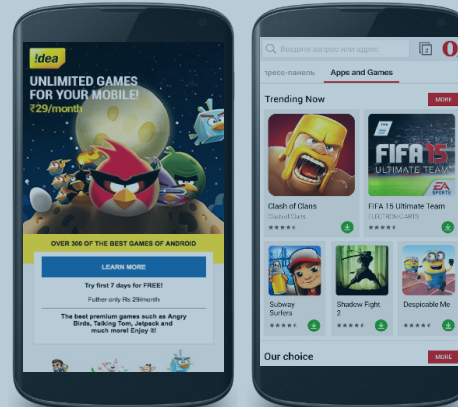
- SMS/MMS/RCS/ messages campaigns
- App Push Notifications
- Billing insert campaigns
- Store promotions and bundles
- Magazine inserts and TV spots



2 PAID ONLINE CAMPAIGNS

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

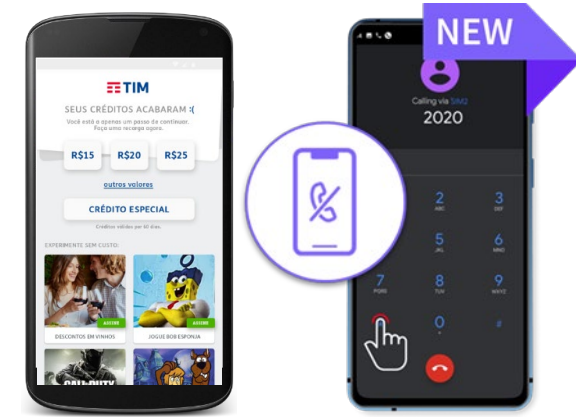
- Revenue share based (e.g. Opera Mini)
- Paid per acquisition - CPA



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

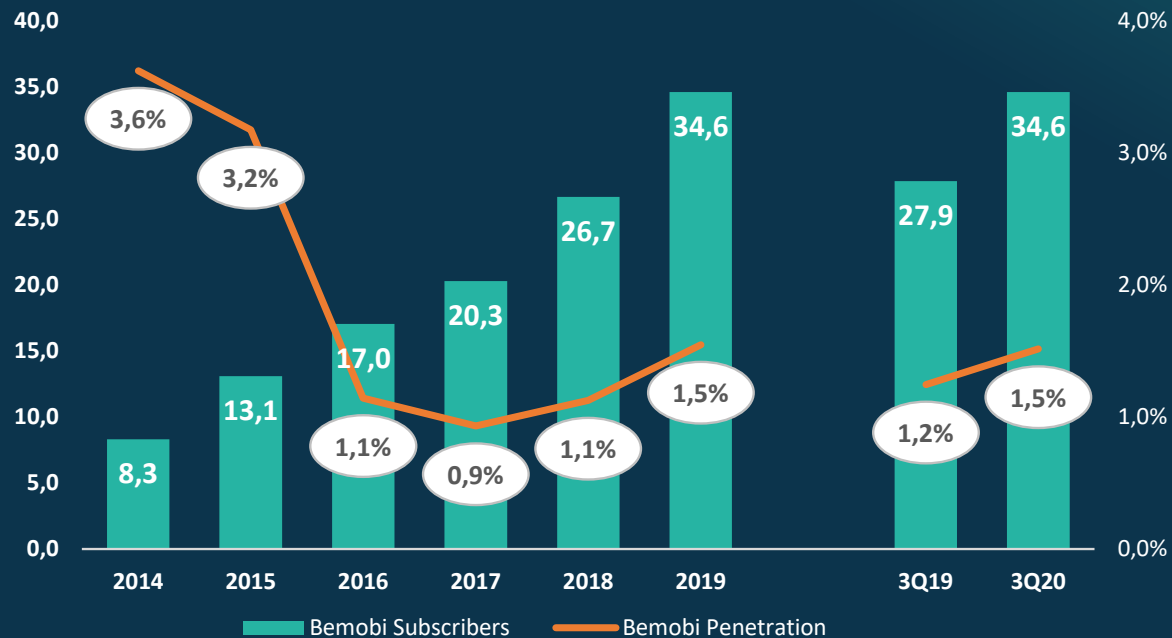
			Δ (%)
Bemobi	3Q20	3Q19	Y-o-Y
Revenue (USD M)	11,6	14,8	-21%
EBITDA (USD M)	4,7	6,2	-24%

			Δ (%)
Bemobi - Ex-FX Rate	3Q20	3Q19	Y-o-Y
Revenue (USD M)	14,5	14,8	-2%
EBITDA (USD M)	6,1	6,2	-1%

FX Rate impact YoY (3Q20 vs. 3Q19)

- LATAM BRL: - 35.4%
- INTL basket: -4.2%

Bemobi – Subscriber growth driving revenue and scale



- Total # subscribers up 6.8 million vs 3Q19
 - YoY LATAM up 5.6 million including Voice (IVR) and financial services subscribers
 - YoY International up 1.1 million (11%) due to global rollout of new products
 - Strong QoQ growth of 2.8 million (9%) from 2Q20 as COVID impacts are gradually easing off in most key geographies
- Overall service penetration on served addressable market at about 1.5%
- 70 operators live
 - 21 operators in Latam
 - 10 operators in South Asia
 - 18 operators in South-East Asia
 - 12 operators in CIS
 - 9 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

3Q19 vs. 3Q20 (from 9.6M to 10.7M)

CHANNEL	FROM	TO	Comments
Bemobi ¹ (co-owned)	34%	34%	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	7%	3%	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	58%	62%	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

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 an international rollout in the future. Two new contracts with carriers in Brazil around voice and data microfinancing as well as one in International markets 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

- Bemobi has made a preliminary filing for a listing in Brazil.
- The preliminary filing consists of draft documentation which will be subject to review by the Brazilian Securities Commission (the "CVM"). The filing does not mean that a listing of Bemobi will definitely take place.
- As indicated during Q2, COVID 19 had a short-term negative impacts in Bemobi due to mobile pre-paid lower balance as a direct results of more depressed economies, specifically in Brazil where COVID had one of the largest impacts
- Rebound: As COVID lockdown measures are gradually easing off there is similar gradual trend of improvement month after month indicating a much faster recovery than most industries as countries go back to work

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 was held first week of October 2020 and we are now waiting for the verdict

Financial Review

Otello Corporation 3Q20

(USD million)	3Q 2020	3Q 2019	% Change
Revenue	63.2	63.1	0%
Publisher and revenue share cost	(38.9)	(35.9)	8%
Payroll and related expenses	(10.7)	(12.8)	-16%
Stock-based compensation expenses	(0.6)	(1.0)	-37%
Depreciation and amortization expenses	(5.2)	(7.3)	-29%
Other operating expenses	(7.9)	(8.4)	-6%
Total operating expenses	(63.3)	(65.4)	-3%
Adjusted EBITDA*	5.7	6.0	-5%
Operating profit (loss), (EBIT), excluding restructuring and impairment expenses	(0.1)	(2.3)	
Restructuring and impairment expenses	(0.4)	(0.6)	
Operating profit (loss), (EBIT)	(0.5)	(2.9)	
Net financial items	(5.2)	10.0	
Provision for taxes	(1.0)	(0.1)	
Profit (loss)	(6.7)	7.0	

Revenue growth in AdColony offset by revenue decline in Bemobi

Total operating expenses down 3%

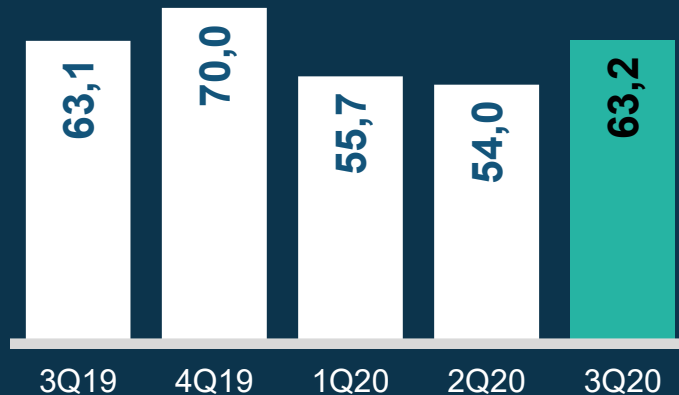
- Higher publisher cost due to revenue growth for AdColony
- Positive FX impact for Bemobi
- Headcount reduction and lower cost per head in AdColony
- Lower T&E due to Covid-19

Adj. EBITDA down 5% vs 3Q19

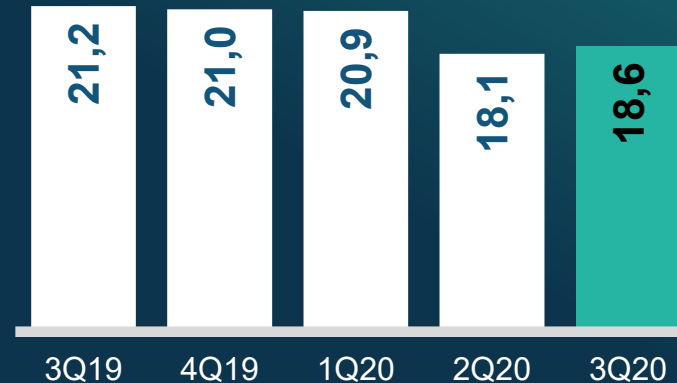
Negative Net financial items due to weaker USD vs NOK

Otello Corporation 3Q20

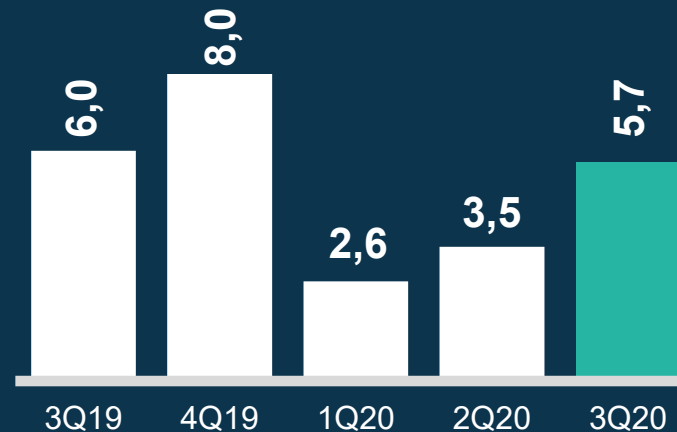
Revenue (USD million)



OPEX (USD million)



Adj. EBITDA (USD million)



Revenue growth in AdColony offset by revenue decline in Bemobi

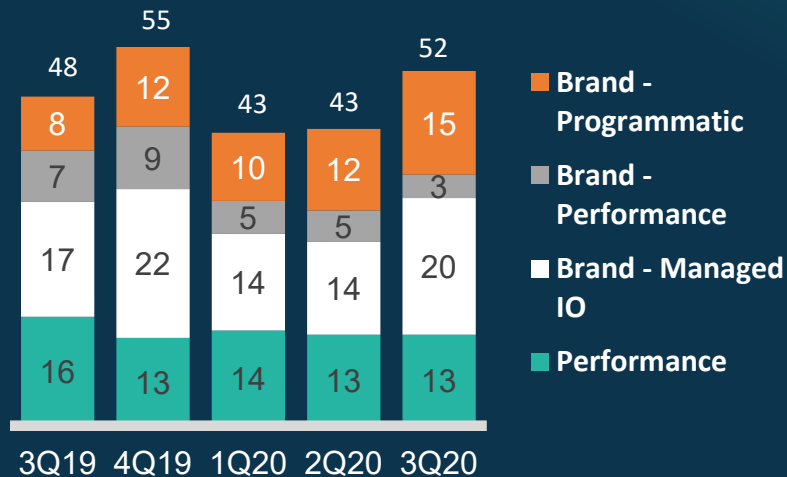
OPEX down 12% due to lower payroll expenses

- Positive FX impact for Bemobi
- Headcount reduction and lower cost per head in AdColony
- Lower T&E due to Covid-19

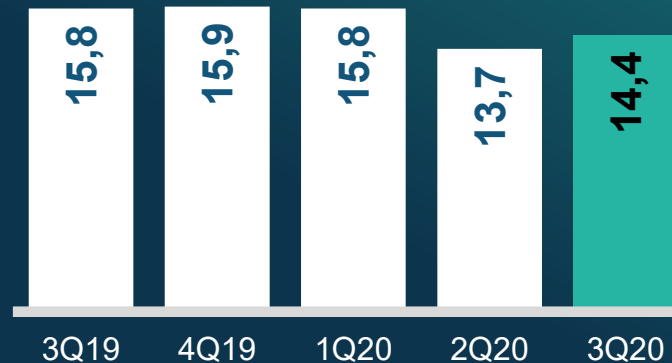
Adj. EBITDA down 5% vs 3Q19

AdColony

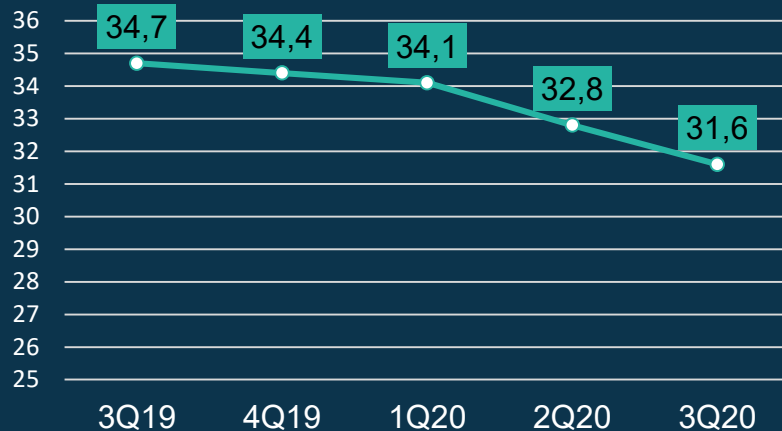
Revenue USD million)



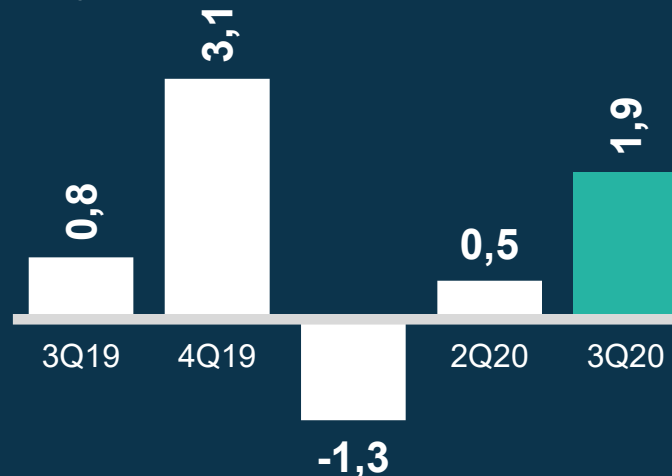
OPEX (USD million)



Gross Margin %

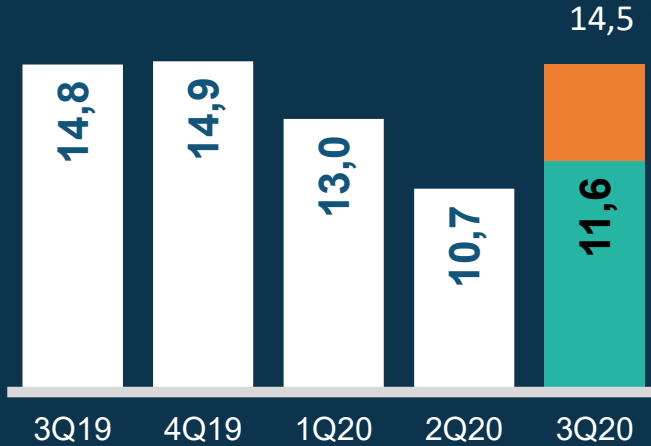


Adj. EBITDA (USD million)

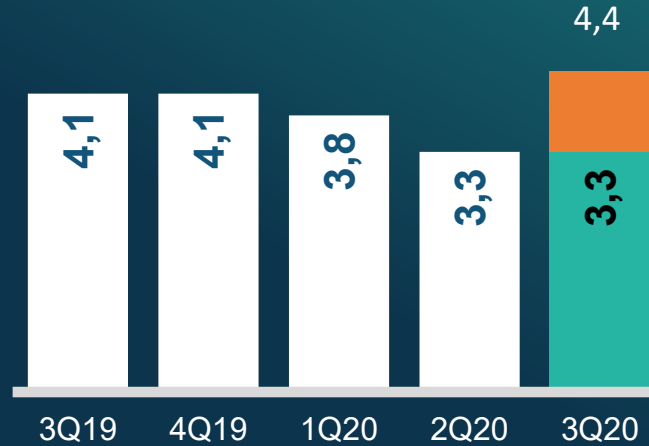


- Revenue in line with expectations in 3Q20, very strong Programmatic revenue
- Performance business stable last 4 quarters
- Cost down significantly in 3Q20
 - Ongoing savings from lower headcount (USD 1 million)
 - Lower expenses on T&E
- Annualized OPEX now below USD 60 million
- Gross margins down due to greater mix of programmatic revenue
- Adj. EBITDA up significantly vs last year and last quarter

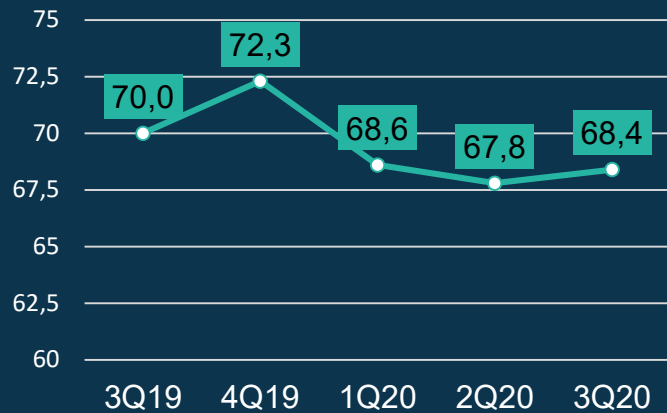
Revenue (USD million)



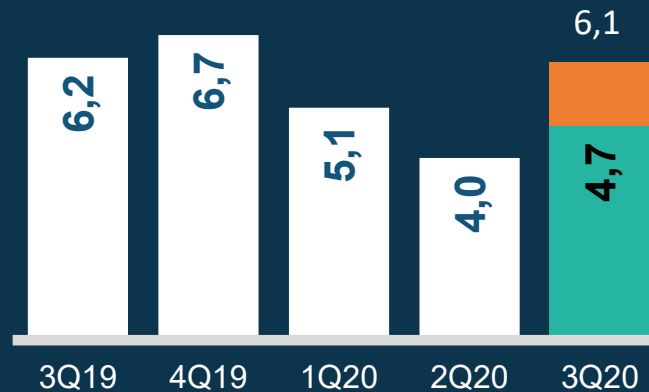
OPEX (USD million)




Gross Margin %



Adj. EBITDA (USD million)



- Reported revenue and Adj EBITDA would have been respectively down 2% and 1% YoY with neutral FX rates
- As COVID19 lockdown measurements gradually reduces, Revenues and Adj. EBITDA are starting to rebound and are up 9% and 24% QoQ with neutral FX rates

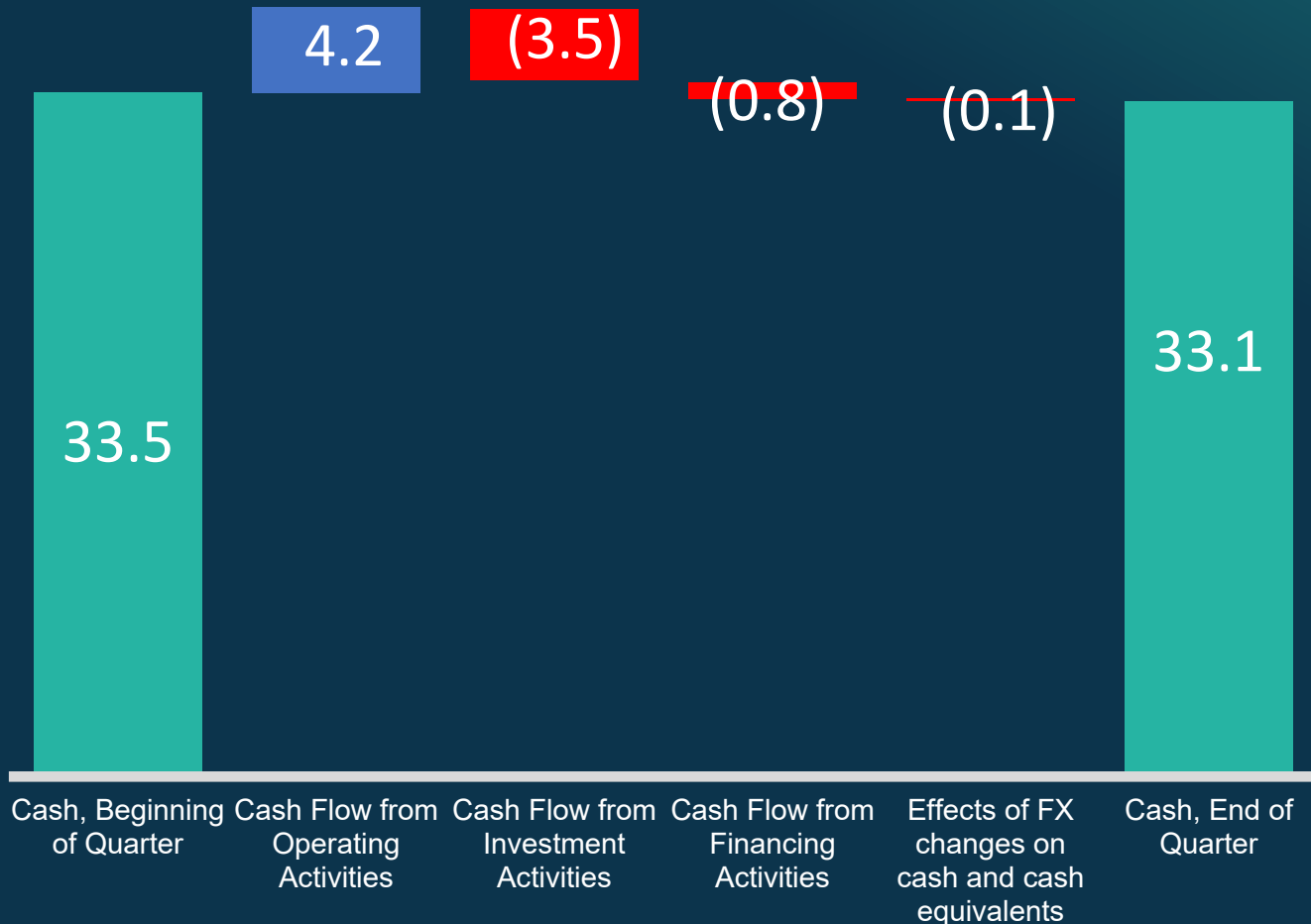
 FX impact
3Q20 vs 3Q19

FX Rate impact YoY (3Q20 vs. 3Q19)

- LATAM BRL: - 35.4%
- INTL basket: -4.2%

Cash flow

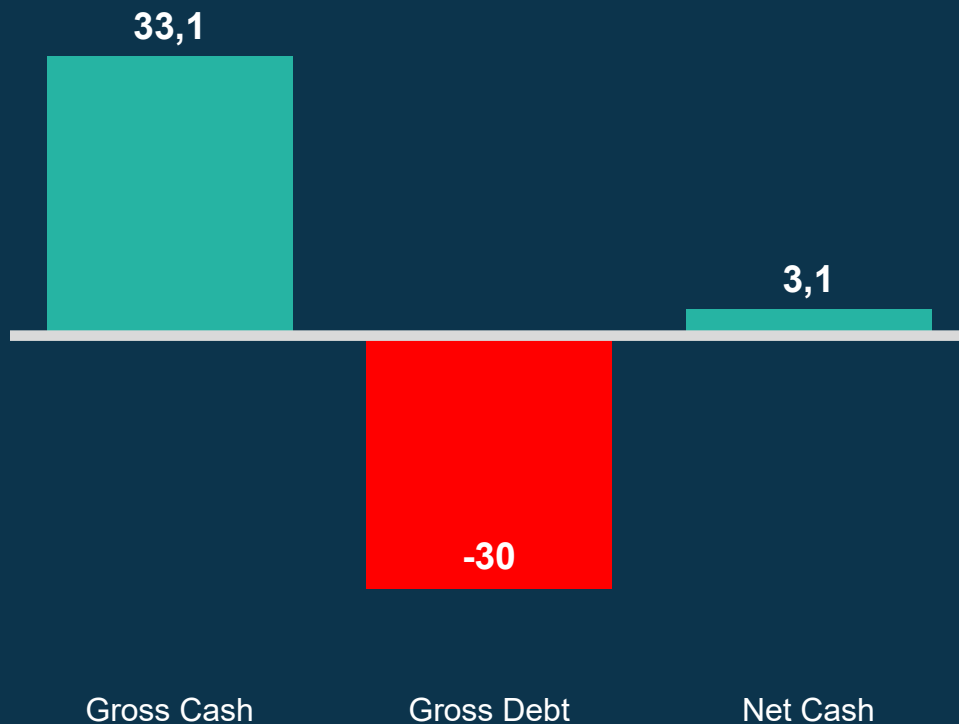
Cash flow (USD million)



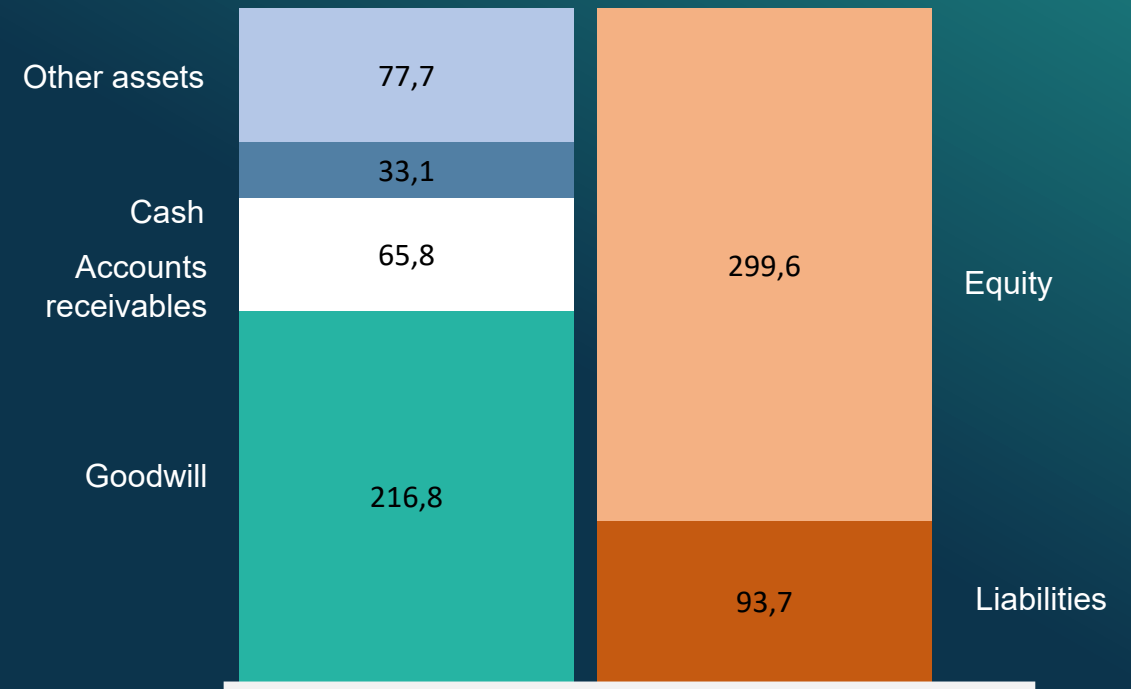
- Operating cash flow: USD 4.2 million
 - Positively impacted by positive Adj. EBITDA and good cash collection
- Cash flow from Investment: USD (3.5) million
 - Capitalized R&D: USD (2.6) million
 - CAPEX: USD (0.8) million
- Cash flow from Financing: USD (0.8) million
 - Payment on RCF: USD (0.2) million
 - Lease liabilities: USD (0.6) million (IFRS 16)
- FX impact on cash position: USD (0.1) million
- Cash end of quarter: USD 33.1 million

Financial position

Financial Position (USD million)



Balance sheet (USD million)



Outlook AdColony

4Q20*

Revenue: Up 10-15%
Gross margin: Down
OPEX: Down
Adj. EBITDA: Up

2020**

Revenue: Up ~10%
Gross margin: Down
OPEX: Down
Adj. EBITDA: Up

*Vs 4Q19

**Vs 2019

Outlook Bemobi

- Not able to provide forward-looking statements due to IPO filing

Q&A