

AdColony update

AdColony continued the strong growth in 4Q20 delivering revenue growth of 34% vs 4Q19. This is substantially above guidance of 10-15% revenue growth provided at our 3Q20 presentation and above the 30% updated guidance we provided in our profit warning on 21. December 2020.

4Q20

Our Brand business continues to outgrow the market and posted 43% YoY growth in 4Q20 vs 4Q19, driven in particular by our Programmatic business. In addition, our Performance business delivered in 4Q20 the first quarter with quarter with YoY growth since 2016. Despite the strong revenue growth, we saw total OPEX down 4% in 4Q20 vs 4Q19, a testament to the scalability of our business. The strong revenue growth combined with lower OPEX and strong gross margins (up as guided vs 3Q20) led to Adj. EBITDA growth of 182% in 4Q20 vs 4Q19.

2020

Overall, 2020 was a very positive year for AdColony despite negative impact from Covid-19. Total revenue grew by 15% in 2020 vs 2019 above the 10% guidance which was provided before the world started to grapple with the pandemic. Our Brand Performance and managed Brand business, was and still is, hit hardest as many of the verticals such as travel, restaurants, movie theaters and the overall entertainment industry have very limited spend. Some of this has been offset by new and growing verticals catered to the work-from-home reality. In addition, we continue to see our customers embracing our programmatic offering when they chose how to spend their ad budgets.

Guidance

2020 was a turnaround year where we returned to growth for both our Brand and Performance business and ended with fourth quarter with 30% + revenue growth and double-digit EBITDA margins.

We expect what we saw in 2020 to continue and to accelerate further in 2021 where AdColony should see growth from both the Brand and Performance business. We also expect to deliver the revenue growth described below with similar gross margins and limited increases in OPEX vs 2020, which should lead to a very significant jump in profitability and positive free cashflow for 2021.

1Q21 Guidance:

Revenue of \$55-60million (versus 42.7million in 1Q20), midpoint growth of 35%

2021 Guidance

Revenue of \$250-290million (versus \$211.4million in 2020), midpoint growth of 28%

Bemobi update

Following the successful IPO of Bemobi on Bovespa in Brazil, Otello Corporation ASA ("Otello") is now a major shareholder in Bemobi Brazil with an ownership below 50%. Consequently, Bemobi financials will not be consolidated into Otello's accounts going forward but will be booked according to the equity method.

Furthermore, due to Brazilian regulatory requirements, Otello will not be able to provide any financial information for Bemobi prior to Bemobi Brazil reporting their numbers to the Brazilian Stock Exchange, which has to happen by the end of March 2021.

Bemobi (BMOB3) had its first day of trading on February 10th on the Bovespa stock exchange in Brazil. Otello ownership pre-IPO was 34 553 860 shares in Bemobi, equal to 83.92% ownership, with other shareholders holding 6 622 610 shares (16.08% ownership) and hence a full sharecount of 41 176 470. The base offering for the IPO was 49 732 622 shares, hence giving a total sharecount post-IPO of 90 909 092 shares and with Otello ownership reduced to 38.01%.

As part of the use of proceeds in connection with the IPO a dividend will be paid from Bemobi Mobile Tech S.A to Bemobi Holding AS pre-IPO (based on their ownership) of R\$431,637,688.80 (approximately \$80million) of which R\$362,215,321.83 (approximately \$67million) goes to Otello Corporation ASA.

The managers in the IPO have a greenshoe option where Otello could be selling up to 6 388 478 additional shares at the IPO price (R\$22) be reducing its ownership to 30.98% and resulting in a payment to Otello of up to R\$140 546 516 (approximately \$26million).

Bemobi Mobile Tech SA (BMOB3), closing price on 25th of February was R\$25.19.