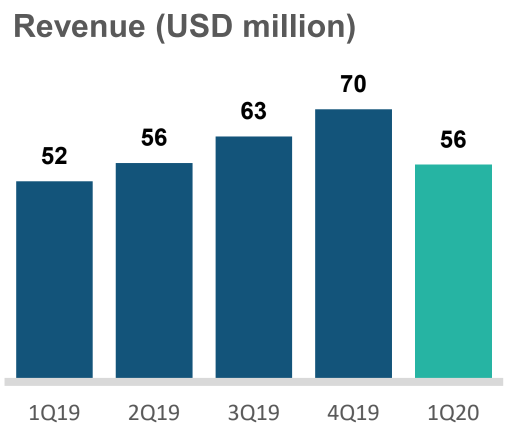
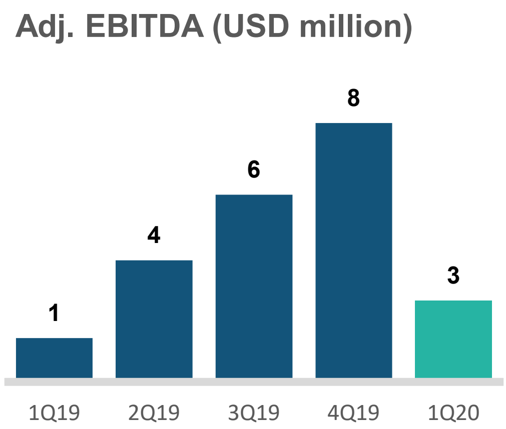
QUARTERLY REPORT

1Q 2020

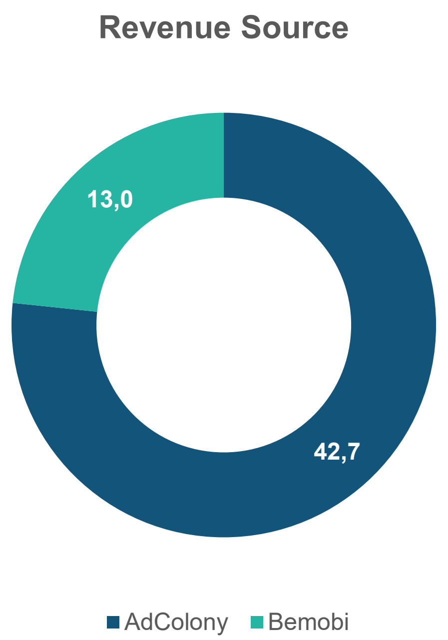
OTELLO CORPORATION ASA





HIGHLIGHTS

- Revenue was up by 8 percent vs 1Q19 to USD 55.7 million (USD 51.5 million), with growth from both AdColony & Bemobi
- Adjusted EBITDA* improved to USD 2.6 million in 1Q20 (USD 1.4 million) with growth from both AdColony & Bemobi
- Net income was USD 8.4 million in 1Q20 versus USD (9.8) million in 1Q19
- Operating cash flow was USD 6.6 million in 1Q20 versus USD (1.8) million in 1Q19
- Full year 2020 guidance unchanged for both AdColony & Bemobi



*For further information regarding Adjusted EBITDA and other alternative performance measures used by Otello, see Note 9 of the interim condensed financial statements

Key figures (USD million)	1Q20	1Q19	YTD 2020	YTD 2019
Revenue	**55.7**	**51.5**	**55.7**	**51.5**
AdColony (Mobile Advertising)	42.7	38.2	42.7	38.2
Bemobi (Apps & Games)	13.0	12.8	13.0	12.8
Corporate	0.1	0.6	0.1	0.6
Adj. EBITDA	**2.6**	**1.4**	**2.6**	**1.4**
AdColony (Mobile Advertising)	(1.3)	(2.6)	(1.3)	(2.6)
Bemobi (Apps & Games)	5.1	5.0	5.1	5.0
Corporate	(1.2)	(1.1)	(1.2)	(1.1)
EBIT	(5.0)	(7.4)	(5.0)	(7.4)
Net income	8.4	(9.8)	8.4	(9.8)
EPS (USD)	0,06	(0,07)	0,06	(0,07)

GROUP PERFORMANCE

To provide a better understanding of Otello's underlying performance, the following presentation of operating results excludes certain non-recurring and non-operational items from EBITDA, such as transaction costs, stock-based compensation, restructuring and impairment expenses, as well as other items that are of a special nature or are not expected to be incurred on an ongoing basis.

Development during the quarter

Revenue was up by 8 percent to USD 55.7 million in 1Q20 (USD 51.5 million), with revenue growth from both AdColony and Bemobi. Revenue from both AdColony and Bemobi (in local currency) came in above expectations for the quarter with 12% and 16% revenue growth respectively compared to 1Q19, above guidance of 10% for both. Despite continued softness in our Performance business, which was down 18 percent compared to 1Q19, this was more than offset by growth in our Brand business and in particular our programmatic revenue which grew over 100% vs same quarter last year. Adj. EBITDA also improved for AdColony in 1Q20 vs 1Q19 as revenue grew while Opex and gross margins were stable.

Bemobi continued its solid revenue and profit growth and delivered FX adjusted revenue growth vs 1Q19 of 16% and FX adjusted growth in Adj. EBITDA growth of 20% vs 1Q19. These represent all-time highs for both revenue and Adj. EBITDA for the quarter. Bemobi continues to execute on its strategy by launching new voice and financial services in Brazil and results show potential for international rollout in the future. Overall, revenue impact from Covid-19 was limited in 1Q20 and both across the company we are fully able to support our customers working from remote locations.

Total operating expenses (including depreciation and stock-based compensation expenses but excluding restructuring expenses) increased by 4% vs 1Q19 due to higher publisher and revenue share cost linked to revenue growth in both AdColony and Bemobi.

Publisher and revenue share cost was USD 32.1 million in the quarter (USD 29.6 million), up 9 percent from the corresponding period last year mainly due to revenue growth in AdColony.

Payroll and related expenses, excluding stock-based compensation expenses, were USD 12.9 million in the quarter, versus USD 12.5 million in 1Q19, up 3 percent from the corresponding period last year due to increased headcount in both AdColony's sales organization as well as higher headcount in Bemobi to support new services and their global rollout. Average cost per head continued its downward trend in particular due to AdColony moving non-customer facing roles to lower-cost locations.

Stock-based compensation expenses were USD 0.6 million in the quarter compared to USD 1.1 million in 1Q19.

Depreciation and amortization expenses were USD 6.9 million in the quarter (USD 7.0 million), slightly down versus the corresponding period last year with a reduction in overall depreciation and amortization from intangible assets in AdColony, partly offset by an increase in depreciation and amortization from intangible assets in Bemobi.

Other operating expenses were USD 8.1 million in the quarter (USD 8.0 million), up 1 percent from the corresponding period last year due to higher headcount related expenses in AdColony and Bemobi, offset by overall measures taken, including more efficient delivery of backend ad serving for AdColony.

Adjusted EBITDA and EBITDA

<u>Adjusted EBITDA</u>
Adjusted EBITDA was USD 2.6 million in first-quarter 2020, compared to USD 1.4 million in the corresponding period in 2019, with improvement from both AdColony and Bemobi. A total of USD 0.8 million was excluded from adjusted EBITDA, related to

restructuring expenses and stock-based compensation expenses.

EBITDA

EBITDA was USD 1.8 million in first-quarter 2020, up from USD (0.4) million in the corresponding period in 2019.

Net financial items

Otello recognized a gain from net financial items in the quarter of USD 18.7 million, compared to a loss of USD 1.9 million in the corresponding period last year. The gain is predominantly related to FX, due to a stronger USD vs NOK.

Net income

First-quarter 2020 net income was USD 8.4 million compared to USD (9.8) million in the corresponding period last year. EPS and fully diluted EPS were USD 0.06 and USD 0.06, respectively, in the first quarter 2020, compared to USD (0.07) and USD (0.07), respectively, in the first quarter 2019.

Financial position and cash flow

Otello's net cash flow from operating activities was USD 6.6 million in first-quarter 2020, compared to USD (1.8) million in the first quarter of 2019. Operating cash flow was positively impacted by strong Adj. EBITDA in 4Q19 from both Bemobi and AdColony and solid cash collections in the quarter. Cash flow from investment activities amounted to USD (3.1) million, vs USD 2.7 million from the corresponding quarter last year. 1Q19 cash flow from investment activity included USD 5.6 million in proceeds linked to the sale of SurfEasy. USD (2.7) million relates to capitalized R&D and USD (0.3) million related to purchases of property, plant and equipment (PP&E) and intangible assets. Cash flow from financing activities amounted to USD 8.8 million with USD 10 million related to drawdown of RCF, USD (0.8) million related to payment of office leases and USD (0.4) million related to share buybacks.

Cash and cash equivalents at the end of the first quarter 2020 were USD 35.0 million compared to USD 26.6 million in the first quarter of 2019. At the end of the first quarter of 2020, Otello had USD 30 million in interest-bearing debt. In 2018, Otello signed a 3-year revolving credit facility of USD 100 million, of which USD 30 million was drawn at the end of the quarter. In March 2020, Otello signed an amendment to the 3-year Revolving Credit Facility (RCF) agreement of 2018 with DNB Bank ASA, reducing the facility to $50 million. However, as part of this amendment, Otello has secured a payment guarantee of an amount equal to $18.6 million in favor of Pedro Ripper, CEO of Bemobi (on behalf of the former owners of Bemobi), in order to support the Otello's earn-out obligations under the agreement signed between Bemobi Holding AS, the holding company of Otello's Bemobi business, and the formers owners of Bemobi originally dated 28 May 2018 and amended on 10 January 2020.

The company's equity was USD 304.4 million at the end of the quarter, corresponding to an equity ratio of 76.5%.

Organization

At the end of the first quarter of 2020, Otello had 624 full-time employees and equivalents.

BUSINESS OVERVIEW

AdColony (Mobile Advertising)

(USD million)	1Q20	1Q19	YTD 2020	YTD 2019
Revenue	**42.7**	**38.2**	**42.7**	**38.2**
Performance	13.9	16.9	13.9	16.9
Brand-Managed IO	14.1	11.7	14.1	11.7
Brand-Performance	4.8	5.3	4.8	5.3
Brand-Programmatic	9.9	4.2	9.9	4.2
Gross Profit	**14.6**	**13.0**	**14.6**	**13.0**
Adj. EBITDA	(1.3)	(2.6)	(1.3)	(2.6)
EBITDA	(1.4)	(2.6)	(1.4)	(2.6)
EBIT	(6.5)	(8.5)	(6.5)	(8.5)

With a total reach of more than 1.5 billion users globally, AdColony is one of the largest mobile advertising platforms in the world today outside of the Google/Amazon/Facebook "triopoly." Originally founded in 2008, AdColony has been an innovation leader in mobile advertising and monetization since Apple first introduced the App Store.

AdColony is known throughout the mobile industry for its unparalleled third-party verified viewability rates, exclusive Instant-Play™ and Aurora™ HD video technologies, rich media formats, global performance advertising business, programmatic marketplace, and extensive SDK footprint in the Top 1000 apps worldwide.

In 1Q20, AdColony continued strong momentum from 2019 (including multiple industry accolades) and delivered a promising start to the next decade, despite a softer finish to the quarter due to COVID-19's impact on the advertising industry, particularly on the brand-exchange side.

AdColony also decided in late February to move our workforce to work-from-home arrangements across the globe and plan on allowing that option for as long as it is in the best interests of their health and safety. The team adjusted quickly and positively to this challenge and delivered quality results despite these challenges and continues to do so.

Financial Overview

Overall AdColony's revenue for the quarter was USD 42.7 million, up 12% compared to 1Q19, and slightly ahead of guidance. Overall AdColony saw some impact of COVID-19 towards the end of the quarter which resulted in slower spend from our Brand advertisers. This was partly offset by growth in our Performance business where stay-at-home/work-from-home fueled both available inventory and the desire from consumers to play games. The net effect is still negative as Brand contributes to around 70% of revenue. However, the Brand advertising spend that particularly the AdColony business is reliant upon, tends to return quickly to prior levels following financial or similar crises or downturns

Adjusted EBITDA amounted to USD (1.3) million in the quarter, an improvement vs USD (2.6) million in 1Q19. Gross margin for the quarter was 34.1% flat versus 1Q19. Gross margin in the Performance business was down from 26.1% to 19.5% in 1Q20 vs 1Q19, but up from 18.4% in 4Q19 and the positive sequential gross margin trend has continued in 2Q20. Overall gross margin in our Brand business was up from 40.4% in 1Q19 to 41.2% in 1Q20.

In 1Q20, AdColony made strategic investments in technology and personnel to ensure the right products and people are in place throughout 2020 as the industry faces unprecedented challenges across the globe.

Performance

At AdColony, the term “performance” currently encompasses both our mobile gaming user acquisition (UA) business and our mobile app publishing monetization groups. For most mobile app developers, new users come from advertising in other apps, and monetizing those users comes from integrating ads. AdColony provides services and tools to perform both of those functions via its performance advertising and monetization tools and technologies.

During the first quarter of 2020, AdColony’s performance business delivered its first quarter-over-quarter growth since Q3 2017 with revenue of USD 13.9 million, and an 8% growth over 4Q19. Margin during this growth came in slightly lower than forecast at 19.5%, lower than expected on account of stiff competition and reductions in margins from advanced bidding, which limits opportunity for revenue share and traditional deals, but puts AdColony squarely where the monetization market is going.

Further changes to the performance team continued, with the performance Growth team consolidated in our Istanbul office, enabling a unified account management team to manage both performance demand & publishing supply. The consolidated new business teams settled into their roles over 4Q19 and hit 1Q20 running, with great momentum with top trending apps and publishers. Azur, Fanatee, Lion Studios, X-Flow, Capcom, and several leading game publishing studios have all been added to AdColony’s inventory.

Awareness efforts from our account management team and strategic campaigns by AdColony’s marketing team resulted in the penetration of SDK 4.1 or newer at the end of the quarter increasing to 72%, with another 5% growth to date during April — a strong indicator for publishing group progress in 2Q20.

With people in lockdown across the globe, performance gaming has relative strength: more users and more game playing activity is leading to positive impressions and installs. This unique advertiser demand arrangement shores up AdColony against some of the market forces that will heavily impact the overall mobile advertising industry in 2020.

Brand/Exchange

Mobile games are where consumers are spending more and more time daily. AdColony has been giving brands like Disney, Starbucks, Unilever, Toyota, and many more, the opportunity to reach consumers in that channel for years thanks to our SDK. Strong relationships have formed the core of our brand sales business model, and those relationships have continued to bear fruit over Q1, even as cities, states, and countries made changes to flatten the coronavirus curve.

Overall, AdColony’s brand business brought in USD 28.8 million, up 36% YoY, at a gross margin of 41.2%, up from 40.4% in 1Q19. AdColony’s brand business continues to be a source of strength for the company, despite the global COVID-19 pandemic impacting brand and agency ad spend negatively across the industry.

AdColony's unique position as an ad network in an area of consumers' lives where usage is actually growing during these unprecedented times gives us an advantage overall.

On a regional basis, North American Brand delivered USD 18.6 million, up nearly 40% from 1Q19 on increases to the direct-sold business, and a staggering 135% increase in Programmatic revenue compared to the same quarter last year. EMEA Brand revenue was USD 8.2 million in the quarter, an increase of 39% versus 1Q19, thanks to strong performance from AdColony's core product offering of in-app mobile ads, as well as LinkedIn and Spotify ad reseller arrangements. Increased emphasis on programmatic growth and new clients with efficient creative opportunities will enable stability over 2020 as a whole. Across APAC, investments in growing the business in new markets led to revenue of USD 1.9 million, virtually flat versus 1Q19, as COVID-19 impacted much of the region significantly earlier than EMEA and North America. Programmatic as a proportion of overall revenue grew by 13% over 2019, and video formats also proved popular with regional advertisers, growing by 9% year on year. Japan continues to see positive early revenue growth following the launch of brand business in market during 2H19.

Product Update

Continuous investments in improving AdColony's technology infrastructure resulted in 20% lower infrastructure costs relative to 1Q19 costs, resulting in approximately $800k in cost-savings for the quarter.

During the previous quarter, we continued our investment in cost-saving initiatives by migrating the legacy AdMarvel infrastructure, portal, ad server, and SDK products and services to AdColony. Existing AdMarvel customers are being migrated to either oRTB (via the AdColony exchange) or the AdColony SDK. The Product & Technology team also kicked off a project to consolidate AdColony and AdMarvel data management. We expect to continue these cost-saving initiatives in 2020.

The cost savings have enabled the team to invest in high-growth opportunities. In Q1 AdColony opened a new engineering office in Warsaw, Poland that will hire regional engineering talent for CORE™ and AdColony DSP product initiatives. AdColony aims to hire 15 engineers into this new office and has already hired 5 engineers focused on ad optimization development.

Finally, our SDK engineers completed SDK updates to ensure compliance with the California Consumer Privacy Act (CCPA) by adopting the IAB TCF 2.0 framework. We also continued investments in programmatic standards by developing cache-less advanced bidding and loss notifications.

Bemobi (Apps & Games)

(USD million)	1Q20	1Q19	YTD 2020	YTD 2020
Revenue	**13.0**	12.8	**13.0**	12.8
Gross Profit	**8.9**	8.3	**8.9**	8.3
Adj. EBITDA	**5.1**	5.0	**5.1**	5.0
EBITDA	**4.5**	4.5	**4.5**	4.5
EBIT	**3.0**	3.5	**3.0**	3.5

Business Overview

The cornerstone of Otello's Bemobi offering is Apps Club, a leading subscription-based discovery service for mobile apps in Latin America and beyond. Apps Club offers a unique, "Netflix-style" subscription service for premium Android apps. Working with mobile operators, Bemobi's proprietary app-wrapping technology allows smartphone users access to unlimited use of premium mobile apps for a small daily, weekly or monthly fee. Users pay for this service through their mobile operator billing systems, making the service highly effective in emerging markets, where credit-card and debit-card penetration is low.

In 2019, Bemobi consolidated its leading position in the subscription-based premium application distribution space across most emerging economies.

Bemobi is a so-called B2B2C company. Instead of selling directly to a consumer, or traditional B2C, Bemobi typically partners with large companies, mostly mobile carriers or in some cases smartphone OEMs.

Through partnerships with these companies, Bemobi can offer its service to consumers. Bemobi ended 1Q20 with 69 active operator agreements, of which 47 are outside LATAM, making it possible to offer subscription-based services providing access to apps and games to over 2.3 billion consumers.

In order to acquire new users to its subscription services, Bemobi develops and operates in partnership with mobile carriers' digital channel platforms that are highly scalable while at the same time very targeted. This mobile digital channel platform is called Bemobi Loop and it allows Bemobi to orchestrate which services are offered to each user at which time. Through this platform, Bemobi can scale its subscriber growth at a sustainable cost of acquisition in markets where traditional online media might not provide a payback.

Financial Overview

Revenue increased by 2% percent YoY to USD 13.0 million. Revenue was negatively impacted by the BRL depreciating vs the USD and FX neutral revenue would have been USD 14.8 million, up by 16% YoY. Of the revenue in 1Q20, 69% percent came from LATAM while 31% came from international markets.

The 1Q20 gross margin for Bemobi was 3 bps higher than the same period last year (65.0%), driven in particular by high gross margin revenue from Voice (IVR) and Financial services.

Subscriber growth continued YoY. LATAM subscribers were up from 19.8 million in 1Q19 to 25.3 million in 1Q20 (up 28%) with strong growth from new services such as Voice (IVR) and Financial services. International subscribers rose from 6.2 million in 1Q19 to 10.1 million in 1Q20 (up 62%) driven by growth in Apps Club subscribers.

Revenue from LATAM was USD 9.1 million in 1Q20, down 2% versus 1Q19. The revenue was adversely impacted by a weaker BRL vs USD and would have been USD 10.7 million, up 16% compared to 1Q19 with unchanged FX rates. International revenue was USD 4.0 million in 1Q20 compared to USD 3.6 million in 1Q19, up approximately 13%, and would have been USD 4.1 million, up 14% compared to 1Q19 with unchanged FX rates.

Adjusted EBITDA was up from USD 5.0 million in 1Q19 to USD 5.1 million in 1Q20 an increase of 2%. Adj. EBITDA would have been USD 6.0 million in 1Q20 with same FX rates as in 1Q19 (up 20%).

In terms of the impact of the COVID-19 pandemic on performance in Q1, Bemobi's revenue is dependent on the consumption of services via mobile phones, which is expected to remain resilient during the coronavirus crisis. However, the ability of Bemobi's partners to meet their obligations to Bemobi (including if any governmental actions designed to stimulate and support the telecom sector are introduced) may be impacted.

Product Update

Bemobi continues to run third-party paid advertising on our (No Data No Credit) NDNC portal in Ncell in Nepal and we have now extended paid advertising to other NDNC portals with two operators in Pakistan and one operator in Tanzania. More operators are expected to follow in the near future.

Bemobi is also bundling some of its key services as an integral part of core telecom data and voice packages in Brazil, sold by some of the main carriers in the country. This new distribution model represents an alternative incremental revenue line that helped to drive growth and diversify the revenue mix.

On the new acquisition channels development front, Bemobi is investing in expanding its No Credit and No Data web captive portal and including an interactive voice portal platform. This new interactive voice platform is now live in four of the largest carriers in Brazil and shows a lot of promise as Bemobi prepares to scale this new channel internationally.

In international markets, we are rolling out several new products. The Health Club product has been launched in 1Q20 with two more mobile carriers in CIS. 13 Health Clubs have now been launched along with 19 Kids Clubs, and we will proceed with launches in other international markets. In addition, several standalone subscription services have been launched such as Busuu Language learning and a Football service.

Bemobi has now launched 13 NDNC portals outside LATAM, with the following operators:

- Banglalink Bangladesh
- Grameenphone Bangladesh (Telenor)
- Robi Bangladesh
- Idea India
- Vodafone India
- MTS Belarus
- Ncell Nepal
- Tele2 Russia
- Vodacom Tanzania
- Vodafone Ukraine
- Jazz Pakistan
- Telenor Pakistan
- Telenor Myanmar

Outside LATAM, 32% of the subscribers come from the NDNC portals as of 1Q20. The expansion of the NDNC portals and the new Voice portals (both part of the broader Loop platform) are key elements in order to build a sustainable and profitable growth model for our subscription services.

OUTLOOK

Otello's strategic focus is to develop unique and relevant products, and scalable business models which combined should generate revenue growth and margin expansion. Otello remains positive about the Group's overall growth prospects, with the following perspective on the Group as a whole:

AdColony operates in a global advertising industry which continues to experience a macro shift in advertising spend from traditional channels to digital online channels. AdColony is well-positioned to take advantage of the macro trends and become the highest quality mobile advertising platform in the world. Otello expects AdColony revenue to grow by 10% in 2020 versus 2019 driven by our Brand and Programmatic business. Longer-term growth will be driven by our move to the more automated delivery of ads and new technology and standardization which enables additional ad formats and provides the possibility to tap into new markets.

Bemobi operates in a rapidly growing market of app subscriptions. It takes advantage of the increased use of mobile phones combined with the low penetration of credit cards in emerging markets. Otello expects to see revenue and Adj. EBITDA growth of 10% in local currency in 2020 versus 2019 driven by both new services and continued global rollout.

Otello's revenue is linked to the advertising spend of brands and game developers (AdColony) and subscriptions bought by consumers (Bemobi), and we expect Covid-19 to negatively impact revenue and profit in 2020. At this stage, it is still too early to tell how great this impact will be. Ultimately, it will be linked to the duration of the crisis and the knock-on effect of the changed behavior of our customers. The continued impact of Covid-19 therefore poses risks to the 2020 guidance provided above.

Oslo, May 6, 2020
The Board of Directors
Otello Corporation ASA

Andre Christensen Chairman (sign.)	Lars Boilesen CEO (sign.)

This report and the description of Otello's business and financials should be read in conjunction with the presentation given by the Company of its quarterly numbers, an audiocast of which can be found at www.otellocorp.com

Key financial figures

Continuing operations (USD million, except earnings per share)	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
Revenue	**55.7**	51.5	**55.7**	51.5
Gross profit	**23.6**	21.9	**23.6**	21.9
Net income [1]	**8.4**	(9.8)	**8.4**	(9.8)
Adjusted EBITDA [2]	**2.6**	1.4	**2.6**	1.4
EBITDA	**1.8**	(0.4)	**1.8**	(0.4)
Normalized EBIT [3]	**(4.0)**	(5.4)	**(4.0)**	(5.4)
EBIT	**(5.0)**	(7.4)	**(5.0)**	(7.4)
EPS (USD)	**0.06**	(0.07)	**0.06**	(0.07)
EPS, fully diluted (USD)	**0.06**	(0.07)	**0.06**	(0.07)
Cash flow from operating activities	**6.6**	(1.8)	**6.6**	(1.8)
Cash flow from investment activities	**(3.1)**	2.7	**(3.1)**	2.7
Cash flow from financing activities	**8.8**	(1.3)	**8.8**	(1.3)

Segment information Revenue (USD million)	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
AdColony (Mobile Advertising)	**42.7**	38.2	**42.7**	38.2
Bemobi (Apps & Games)	**13.0**	12.8	**13.0**	12.8
Corporate	**0.1**	0.6	**0.1**	0.6
Eliminations	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Total Continued Operations [4]	**55.7**	51.5	**55.7**	51.5

Segment information Adjusted EBITDA [2] (USD million)	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
AdColony (Mobile Advertising)	**(1.3)**	(2.6)	**(1.3)**	(2.6)
Bemobi (Apps & Games)	**5.1**	5.0	**5.1**	5.0
Corporate	**(1.2)**	(1.1)	**(1.2)**	(1.1)
Eliminations	**(0.0)**	0.0	**(0.0)**	0.0
Total Continued Operations (with ICP) [4]	**2.6**	1.4	**2.6**	1.4
Eliminations	**0.0**	(0.0)	**0.0**	(0.0)
Total Continued Operations (net of ICP)	**2.6**	1.4	**2.6**	1.4

[1] *Net Income corresponds to Profit (loss) in the Consolidated statement of comprehensive income*

[2] *excluding impairment and restructuring, and stock-based compensation expenses*

[3] *excluding impairment and restructuring expenses, and amortization of acquired intangible assets*

[4] *including intercompany postings (ICP) against discontinued operations.*

See Note 9 for further explanation of alternative performance measures (APM)

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Interim condensed financial statements

Consolidated statement of comprehensive income

(USD million, except earnings per share)	Note	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	% change	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	% change
Continuing operations							
Revenue	3, 5, 11	**55.7**	51.5	8 %	**55.7**	51.5	8 %
Total operating revenue		**55.7**	51.5	8 %	**55.7**	51.5	8 %
Publisher and revenue share cost	3, 5, 11	**(32.1)**	(29.6)	9 %	**(32.1)**	(29.6)	9 %
Payroll and related expenses	3, 5, 11	**(12.9)**	(12.5)	3 %	**(12.9)**	(12.5)	3 %
Stock-based compensation expenses	3, 5, 11	**(0.6)**	(1.1)	-43 %	**(0.6)**	(1.1)	-43 %
Depreciation and amortization expenses	3, 5, 11	**(6.9)**	(7.0)	-2 %	**(6.9)**	(7.0)	-2 %
Other operating expenses	3, 5, 11	**(8.1)**	(8.0)	0 %	**(8.1)**	(8.0)	0 %
Total operating expenses		**(60.6)**	(58.2)	4 %	**(60.6)**	(58.2)	4 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses		**(4.9)**	(6.7)		**(4.9)**	(6.7)	
Impairment and restructuring expenses	13	**(0.2)**	(0.7)		**(0.2)**	(0.7)	
Operating profit (loss), (EBIT)		**(5.0)**	(7.4)		**(5.0)**	(7.4)	
Net financial items	6	**18.7**	(1.9)		**18.7**	(1.9)	
Profit (loss) before income tax		**13.6**	(9.3)		**13.6**	(9.3)	
Provision for taxes [1)]		**(5.2)**	(0.6)		**(5.2)**	(0.6)	
Profit (loss)		**8.4**	(9.8)		**8.4**	(9.8)	
Discontinuing operations							
Profit (loss) from discontinuing operations, net of tax		-	-		-	-	
Profit (loss) from discontinuing operations		-	-		-	-	
Items that may or will be transferred to profit (loss)							
Foreign currency translation differences		**(43.4)**	0.3		**(43.4)**	0.3	
Discontinuing operations - reclassified to profit (loss)		-	-		-	-	
Total comprehensive income (loss)		**(34.9)**	(9.5)		**(34.9)**	(9.5)	
Earnings (loss) per share:							
Basic earnings (loss) per share (USD)		**0.06**	(0.07)		**0.06**	(0.07)	
Diluted earnings (loss) per share (USD)		**0.06**	(0.07)		**0.06**	(0.07)	
Shares used in earnings per share calculation		**137,994,778**	138,870,818		**137,994,778**	138,870,818	
Shares used in earnings per share calculation, fully diluted		**137,994,778**	138,870,818		**137,994,778**	138,870,818	
Earnings per share (continuing operations):							
Basic earnings (loss) per share (USD)		**0.06**	(0.07)		**0.06**	(0.07)	
Diluted earnings (loss) per share (USD)		**0.06**	(0.07)		**0.06**	(0.07)	
Shares used in earnings per share calculation		**137,994,778**	138,870,818		**137,994,778**	138,870,818	
Shares used in earnings per share calculation, fully diluted		**137,994,778**	138,870,818		**137,994,778**	138,870,818	

[1)] *The quarterly and YTD provision for taxes is based on an estimated tax rate for the Group.*

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Consolidated statement of financial position

(USD million)	Note	3/31/2020 (Unaudited)	3/31/2019 (Unaudited)	12/31/2019 (Audited)
Assets				
Deferred tax assets		**28.1**	41.7	32.2
Goodwill		**219.7**	231.9	230.7
Intangible assets		**17.2**	25.3	22.4
Property, plant and equipment		**6.3**	7.6	8.0
Right of use assets	10	**3.7**	5.1	4.6
Contract assets - sublease	10	**0.6**	1.9	1.9
Other investments	12	**16.8**	14.5	16.8
Other non-current assets		**0.4**	0.7	0.5
Total non-current assets		**292.8**	328.7	317.2
Accounts receivable	8	**62.5**	56.9	80.9
Contract assets - sublease	10	**1.4**	1.7	0.5
Other receivables	8	**6.2**	10.2	8.6
Cash and cash equivalents	7	**35.0**	26.6	28.3
Total current assets		**105.1**	95.5	118.2
Total assets		**397.9**	424.2	435.4

(USD million)	Note	3/31/2020 (Unaudited)	3/31/2019 (Unaudited)	12/31/2019 (Audited)
Shareholders' equity and liabilities				
Equity attributable to owners of the company		**304.7**	353.9	337.2
Non-controlling interests	4	**(0.3)**	1.2	1.9
Total equity		**304.4**	355.2	339.1
Liabilities				
Deferred tax liability		**0.0**	0.1	0.0
Lease liabilities	10	**2.1**	4.0	3.0
Loans and borrowings	7	**30.0**	-	20.0
Other non-current liabilities		**1.1**	0.9	1.1
Contingent consideration, non-current	4	-	-	-
Total non-current liabilities		**33.2**	5.0	24.1
Loans and borrowings	7	-	-	-
Lease liabilities	10	**3.5**	4.9	4.0
Accounts payable		**19.7**	19.6	22.8
Taxes payable		**2.3**	1.8	0.5
Public duties payable		**0.9**	1.3	1.4
Deferred revenue		**0.9**	1.8	1.3
Stock-based compensation liabilities		**0.0**	0.0	0.0
Other current liabilities		**32.7**	34.6	41.6
Contingent consideration, current	7	**0.4**	0.0	0.5
Total current liabilities		**60.4**	64.0	72.1
Total liabilities		**93.5**	69.0	96.3
Total equity and liabilities		**397.9**	424.2	435.4

Consolidated statement of cash flows

(USD million)	Note	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
Cash flow from operating activities					
Profit (loss) before taxes		**13.6**	(9.3)	**13.6**	(9.3)
Income taxes paid		**0.5**	(0.5)	**0.5**	(0.5)
Depreciation and amortization expense		**6.9**	7.0	**6.9**	7.0
Net (gain) loss from disposals of PP&E, and intangible assets		**(0.0)**	0.1	**(0.0)**	0.1
Changes in inventories, trade receivables, trade and other payables		**7.5**	3.4	**7.5**	3.4
Other net finance items		**0.1**	0.1	**0.1**	0.1
Changes in other operating working capital		**(3.9)**	(6.1)	**(3.9)**	(6.1)
Share of net income (loss) and net (gain) loss from disposal of associated companies		-	-	-	-
Share-based remuneration		**0.6**	1.2	**0.6**	1.2
Net (gain) loss from disposals of subsidiaries and other share investments		**0.0**	-	**0.0**	-
FX differences related to changes in balance sheet items		**(18.7)**	2.3	**(18.7)**	2.3
Net cash flow from operating activities		**6.6**	(1.8)	**6.6**	(1.8)
- of which included in continuing operations		*6.6*	*(1.8)*	*6.6*	*(1.8)*
- of which included in discontinuing operations		-	-	-	-
Cash flow from investment activities					
Proceeds from sale of property, plant, and equipment (PP&E) and intangible assets		**(0.1)**	-	**(0.1)**	-
Purchases of property, plant and equipment (PP&E) and intangible assets		**(0.3)**	(0.5)	**(0.3)**	(0.5)
Capitalized R&D costs		**(2.7)**	(2.5)	**(2.7)**	(2.5)
Purchases of subsidiaries and associated companies, net of cash acquired	4	**(0.0)**	5.6	**(0.0)**	5.6
Net cash flow from investment activities		**(3.1)**	2.7	**(3.1)**	2.7
- of which included in continuing operations		*(3.1)*	*2.7*	*(3.1)*	*2.7*
- of which included in discontinuing operations		-	-	-	-
Cash flow from financing activities					
Proceeds from exercise of treasury shares (incentive program)		**0.0**	-	**0.0**	-
Purchase of treasury shares		**(0.4)**	(0.5)	**(0.4)**	(0.5)
Proceeds from issuance of shares, net (equity increase)		**(0.0)**	(0.0)	**(0.0)**	(0.0)
Proceeds from loans and borrowings	7	**10.0**	-	**10.0**	-
Payment of finance lease liabilities	10	**(0.8)**	(0.8)	**(0.8)**	(0.8)
Net cash flow from financing activities		**8.8**	(1.3)	**8.8**	(1.3)
- of which included in continuing operations		*8.8*	*(1.3)*	*8.8*	*(1.3)*
- of which included in discontinuing operations		-	-	-	-
Net change in cash and cash equivalents		**12.3**	(0.4)	**12.3**	(0.4)
Cash and cash equivalents (beginning of period) [3)]		**28.3**	27.5	**28.3**	27.5
Effects of exchange rate changes on cash and cash equivalents		**(5.5)**	(0.5)	**(5.5)**	(0.5)
Cash and cash equivalents [1)]		**35.0**	26.6	**35.0**	26.6
- of which included in cash and cash equivalents in the balance sheet		**35.0**	26.6	**35.0**	26.6
- of which included in the assets of the disposal group (assets held for sale)		-	-	-	-

[1)] *Of which $1.0 (3/31/2019: $0.7) million is restricted cash and cash equivalents as of March 31, 2020.*

Consolidated statement of changes in equity

(USD million) (Unaudited)	Number of shares	Paid-in capital	Other reserves	Reserve for own shares	Translation reserve	Other equity	Non-controlling interests	Total equity
Equity as of 12/31/2019	**137.9**	**348.1**	**53.6**	**(67.6)**	**(14.1)**	**17.2**	**1.9**	**339.1**
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	8.1	0.3	8.4
Other comprehensive income (loss)								
Foreign currency translation differences		-	-	-	(40.8)	-	(2.6)	(43.4)
Total comprehensive income (loss)		**-**	**-**	**-**	**(40.8)**	**8.1**	**(2.2)**	**(34.9)**
Contributions by and distributions to owners								
Dividends		-	-	-	-	-	-	-
Issuance of ordinary shares related to business combinations		-	-	-	-	-	-	-
Issuance of ordinary shares related to incentive program		-	-	-	-	-	-	-
Issuance of ordinary shares related to equity increase		-	-	-	-	-	-	0.0
Capital decrease		(0.0)	-	-	-	-	-	(0.0)
Treasury shares purchased	**(0.4)**	-	-	(0.4)	-	-	-	(0.4)
Treasury shares sold	**0.0**	-	-	-	-	-	-	0.0
Tax deduction on equity issuance costs		-	-	-	-	-	-	0.0
Share-based payment transactions		-	0.6	-	-	-	-	0.6
Total contributions by and distributions to owners	**(0.4)**	**(0.0)**	**0.6**	**(0.4)**	**-**	**-**	**-**	**0.2**
Other equity changes								
Divestment of a subsidiary		-	-	-	-	-	-	0.0
Other changes		-	(0.0)	-	-	0.0	-	(0.0)
Total other equity changes		**-**	**(0.0)**	**-**	**-**	**0.0**	**0.0**	**(0.0)**
Equity as of 3/31/2020	**137.6**	**348.1**	**54.2**	**(68.0)**	**(54.9)**	**25.2**	**(0.3)**	**304.4**

Non-controlling interests
On May 29, 2018, Otello Corporation ASA divested 11.2% of the shares in Bemobi Holding AS. Please see Note 4 for further information.

Share capital decrease
Reference is made to the resolution by the annual general meeting on June 4, 2019 where a resolution was passed to reduce the share capital of the parent company, Otello Corporation ASA, by cancellation of 2,000,000 treasury shares. The share capital reduction has been registered with the Norwegian Register of Business Enterprises in February 2020, and the new registered share capital of the parent company is NOK 2,769,548.58, and the total share count is 138,477,429.

Treasury shares and ordinary share
During 1Q 2020, Otello purchased 368,372 (YTD: 368,372) treasury shares for $0.4 million (YTD: $0.4 million), and sold 0 (YTD: 0) treasury shares for $0.0 million (YTD: 0.0 million). As of March 31, 2020, Otello owned 913,372 treasury shares.

During 1Q 2020, Otello issued 0 (YTD: 0) ordinary shares related to the incentive program, 0 (YTD: 0) ordinary shares related to business combinations, and 0 (YTD: 0) ordinary shares related to an equity increase.

(USD million) (Unaudited)	Number of shares	Paid-in capital	Other reserves	Reserve for own shares	Translation reserve	Other equity	Non-controlling interests	Total equity
Equity as of 12/31/2018	**138.7**	**348.2**	**51.6**	**(67.6)**	**(10.3)**	**40.9**	**1.2**	**364.0**
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	(9.9)	0.1	(9.8)
Other comprehensive income (loss)								
Foreign currency translation differences		-	-	-	0.4	-	(0.0)	0.3
Total comprehensive income (loss)		**-**	**-**	**-**	**0.4**	**(9.9)**	**0.01**	**(9.5)**
Contributions by and distributions to owners								
Dividends		-	-	-	-	-	-	-
Issuance of ordinary shares related to business combinations		-	-	-	-	-	-	-
Issuance of ordinary shares related to incentive program		-	-	-	-	-	-	-
Issuance of ordinary shares related to equity increase		(0.0)	-	-	-	-	-	(0.0)
Capital decrease		-	-	-	-	-	-	-
Treasury shares purchased	**(0.3)**	-	-	(0.5)	-	-	-	(0.5)
Treasury shares sold		-	-	-	-	-	-	-
Tax deduction on equity issuance costs		-	-	-	-	-	-	-
Share-based payment transactions		-	1.2	-	-	-	-	1.2
Total contributions by and distributions to owners	**(0.3)**	**(0.0)**	**1.2**	**(0.5)**	**-**	**0.0**	**0.0**	**0.7**
Other equity changes								
Divestment of a subsidiary		-	-	-	-	-	-	0.0
Other changes		-	-	-	-	0.0	-	0.0
Total other equity changes		**0.0**	**0.0**	**-**	**-**	**0.0**	**-**	**0.0**
Equity as of 3/31/2019	**138.4**	**348.2**	**52.8**	**(68.1)**	**(9.9)**	**31.0**	**1.2**	**355.2**

Notes to the condensed consolidated interim financial statements

Note 1 - Corporate information

Otello ("the Group") consists of Otello Corporation ASA ("the company") and its subsidiaries. Otello Corporation ASA (formerly Opera Software ASA) is a public limited liability company domiciled in Norway. The condensed consolidated interim financial statements ("interim financial statements") comprise Otello Corporation ASA and its subsidiaries (together referred to as the "Group"), and the Group's investments in associates. Otello Corporation ASA is traded under the ticker "Otello" on the Oslo Stock Exchange.

The Otello Group’s main business activities comprise mobile advertising via its AdColony business, and mobile app subscription services via its Bemobi business. The principal activities for Otello’s various business areas are described in more details in Note 11 - Segments.

Note 2 - Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The interim financial statements do not include all of the information and disclosures required for a complete set of financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019. The interim financial statements have not been subject to audit or review.

The interim financial statements are presented in US dollars (USD), unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

Note 3 - Accounting policies and critical accounting estimates

Accounting policies
The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2019.

Critical accounting estimates
The preparation of interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2019.

Note 4 - Contingent considerations

Contingent liability for Bemobi non-controlling shareholders
The Group acquired the Brazilian subsidiary Bemobi Midia e Entretenimento Ltda in 2015. As part of the acquisition agreement, an earn-out agreement was entered into with the former owners. In 2018, this earn-out agreement was renegotiated with a partial cash settlement of USD 20 million and 11.2 % shares in the intermediate holding company Bemobi Holding AS. The shares are held in escrow until a major transaction in relation to Bemobi takes place (a qualified sale or an IPO). If such a major transaction does not take place within certain deadlines, the non-controlling shareholders may require Otello to acquire the shares at a fixed amount. The deadline and amount was renegotiated ultimo 2019 and signed on January 10, 2020 and is now set at December 31, 2020 and the fixed amount is USD 18.6 million. Until the renegotiation, the dates were March 31 and/or October 1, and the fixed amount was USD 21.3 million.

As the Group's judgment is that it controls the process of selling Bemobi within the timeframe, the amount is not recognised as a liability in the statement of financial position, and that it is probable that a major transaction will take place within the deadline. If, during 2020, the circumstances change so that it is no longer probable that a major transaction will take place within the deadline, the liability will be recognized with a corresponding reduction in equity (no effect on the income statement). Upon a potential payment of the contingent liability, this will be recognized directly in equity as a redemption of non-controlling interests.

Novitech acquisition
During 2019, Bemobi acquired certain assets from a Brazilian company, Novitech. The transaction included the following assets: physical assets such as hardware and software, intellectual property, a few commercial agreements related to the development, deployment, maintenance and technical support with major Brazilian and Central American telecommunication carriers as well as a few selected employees.

Bemobi regards this is an important strategic acquisition in many aspects. It enhances our channel offer and our current distribution platform, bringing a more diverse set of channels to our portfolio beyond the NDNC portals by adding a Voice based No Credit Portal. Further, it considerably raises our service distribution scale for our own services.

The Group acquired the assets with an earn-out mechanism that is recognized as a liability at fair value in the statement of financial position of USD 0.4 million.

Note 5 - Financial risk

The majority of the financial risk that the Group is exposed to relates to currency risk. Both revenue and operating expenses are exposed to foreign exchange rate fluctuations. These effects are specified in the table below.

Revenue by currency *(USD million)*	1Q 2020	%		YTD 2020	%
USD	**36.7**	65.9%	USD	**36.7**	65.9%
BRL	**8.5**	15.3%	BRL	**8.5**	15.3%
DKK	**4.2**	7.5%	DKK	**4.2**	7.5%
TRY	**3.1**	5.5%	TRY	**3.1**	5.5%
IDR	**0.2**	0.3%	INR	**0.2**	0.3%
Other	**3.0**	5.5%	Other	**3.0**	5.5%
Total	**55.7**	100.0%	**Total**	**55.7**	100.0%

Operating expenses by currency [1] *(USD million)*	1Q 2020	%		YTD 2020	%
USD	**(41.9)**	69.2%	USD	**(41.9)**	69.2%
BRL	**(5.8)**	9.5%	BRL	**(5.8)**	9.5%
DKK	**(3.8)**	6.3%	DKK	**(3.8)**	6.3%
TRY	**(3.5)**	5.9%	TRY	**(3.5)**	5.9%
Other	**(5.5)**	9.1%	Other	**(5.5)**	9.1%
Total	**(60.6)**	100.0%	**Total**	**(60.6)**	100.0%

[1] *Operating expenses by currency excludes impairment and restructuring expenses*

The impact on revenue and expenses for this quarter using comparative quarter constant foreign exchange rates is shown below. These effects are included in the specification below.

Revenues and expenses for the current quarter recalculated on a constant currency basis:

(USD million)	Recalculated with 4Q 2019 rates	FX effect using 4Q 2019 rates	Recalulated with 1Q 2019 rates	FX effect using 1Q 2019 rates
Revenue	**56.6**	**0.9**	**57.3**	**1.6**
Expenses	**(61.3)**	**(0.7)**	**(62.0)**	**(1.5)**

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Note 6 - Financial items

Financial items *(USD million)*	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
Other interest income (expense), net	**(0.2)**	0.0	**(0.2)**	0.0
Interest expense related to contingent consideration	**-**	-	**-**	-
FX gains (losses) related to contingent consideration, net	**-**	-	**-**	-
Negative goodwill	**-**	-	**-**	-
Other FX gains (losses), net	**19.8**	(1.9)	**19.8**	(1.9)
Profit (loss) sale of shares	**(1.0)**	(0.1)	**(1.0)**	(0.1)
Revaluation of contingent consideration	**-**	-	**-**	-
Share of profit (loss) from associated companies	**0.0**	-	**0.0**	-
Net financial items (loss)	**18.7**	(1.9)	**18.7**	(1.9)

Note 7 - Liquidity risk

Credit facility

In March 2020, Otello signed an amendment to the 3 year Revolving Credit Facility (RCF) agreement of 2018 with DNB Bank ASA, reducing the facility to $50 million. However, as part of this amendment, Otello has secured a payment guarantee of an amount equal to USD 18,561,118 in favour of Pedro Ripper, CEO of Bemobi, (on behalf of the former owners of Bemobi) related to the agreement signed between Bemobi Holding AS, the holding company of Otello's Bemobi business, and the former owners of Bemobi originally dated 28 May 2018 and amended on 10 January 2020. See Note 4 for further information.

The facility is primarily secured through a pledge in shares in Bemobi Holding AS, AdColony Holding AS, and Performance and Privacy Ireland Ltd, as well as charges over accounts receivables in the parent company.

The loan and credit facility have the following covenants: i) the Leverage Ratio to be below 2.00:1. ii) the Equity Ratio to hold the minimum level of 35%. The Group is compliant as of March 31, 2020.

The RCF bears an interest rate of LIBOR, 3 months + a Margin of 2.50 % p.a. There is no utilization fee. On the undrawn portion of the facility, a commitment fee of 35% of the Margin will be paid.

As at March 31, 2020, $30 million of the revolving credit facility had been drawn up in addition to the secured payment guarantee of $18.6 million.

Note 8 - Accounts receivable and other receivables

Accounts receivable and other receivables *(USD million)*	3/31/2020 (Unaudited)	3/31/2019 (Unaudited)
Accounts receivable	**41.2**	36.8
Unbilled revenue	**21.3**	20.0
Other receivables	**6.2**	10.3
Total	**68.7**	67.1

Accounts receivable represent the part of receivables that have been invoiced to customers but are not yet paid. Unbilled revenue is revenue recognized in the quarter which was not invoiced to the customers at quarter end and which will be invoiced to customers in the subsequent period.

Other receivables consists of escrow payments related to sales and acquisitions, non-trade receivables, and prepayments.

Note 9 - Alternative performance measures

Otello discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with IFRS. Otello believes that the alternative performance measures provide useful supplemental information to management, investors, financial analysts and other stakeholders, and are meant to provide an enhanced insight into the financial development of Otello's business operations and to improve comparability between periods.

EBITDA and EBIT terms are presented as they are commonly used by investors and financial analysts. Certain items are excluded in the alternative performance measures Adjusted EBITDA and Normalized EBIT to provide enhanced insight into the underlying financial performance of the business operations and to improve comparability between different periods.

Alternative performance measures:
Gross profit:
This comprises revenues minus publisher and revenue share cost.

EBITDA:
This is short for Earnings before financial items, taxes, depreciation and amortization. EBITDA corresponds to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income excluding depreciation and amortization expenses.

Adjusted EBITDA:
This represents EBITDA excluding stock-based compensation, impairment and restructuring expenses. Adjusted EBITDA corresponds, therefore, to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income excluding depreciation and amortization, stock-based compensation, and impairment and restructuring expenses.

EBIT:
This is short for Earnings before financial items. This is presented both including and excluding impairment and restructuring expenses in the Consolidated statement of comprehensive income. In the KPIs section of this report and the reconciliation below, EBIT represents earnings before financial items including impairment and restructuring expenses, and corresponds to Operating profit (loss), (EBIT) in the Consolidated statement of comprehensive income.

Normalized EBIT:
This represents EBIT excluding impairment and restructuring expenses, and amortization of acquired intangible assets.

See below for reconciliations from Operating profit to EBITDA, Adjusted EBITDA and Normalized EBIT for all periods presented.

Revenues and expenses on a constant currency basis:
Revenues and expenses for the current quarter are re-calculated, on a constant currency basis, using last year's and prior quarter's average FX rates.

See note 5 for further information regarding revenue on a constant currency basis, showing the impact of the currency effect.

Reconciliation of gross profit *(USD million)*	**1Q 2020** (Unaudited)	**1Q 2019** (Unaudited)	**YTD 2020** (Unaudited)	**YTD 2019** (Unaudited)
Total operating revenue	**55.7**	51.5	**55.7**	51.5
Publisher and revenue share cost	**(32.1)**	(29.6)	**(32.1)**	(29.6)
Gross profit	**23.6**	21.9	**23.6**	21.9

Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA *(USD million)*	**1Q 2020** (Unaudited)	**1Q 2019** (Unaudited)	**YTD 2020** (Unaudited)	**YTD 2019** (Unaudited)
Operating profit (loss), (EBIT)	**(5.0)**	(7.4)	**(5.0)**	(7.4)
Depreciation and amortization expenses	**6.9**	7.0	**6.9**	7.0
Impairment expenses	**-**	-	**-**	-
EBITDA	**1.8**	(0.4)	**1.8**	(0.4)
Restructuring expenses	**0.2**	0.7	**0.2**	0.7
Stock-based compensation expenses	**0.6**	1.1	**0.6**	1.1
Adjusted EBITDA	**2.6**	1.4	**2.6**	1.4

Reconciliation of operating profit (loss) to normalized EBIT *(USD million)*	**1Q 2020** (Unaudited)	**1Q 2019** (Unaudited)	**YTD 2020** (Unaudited)	**YTD 2019** (Unaudited)
Operating profit (loss), (EBIT)	**(5.0)**	(7.4)	**(5.0)**	(7.4)
Impairment and restructuring expenses	**0.2**	0.7	**0.2**	0.7
Amortization of acquired intangible assets	**0.8**	1.3	**0.8**	1.3
Normalized EBIT	**(4.0)**	(5.4)	**(4.0)**	(5.4)

Note 10 - Right-of-use assets and lease liabilities (IFRS 16)

IFRS 16 was implemented for the Group with effect as of January 1, 2019. On transition to IFRS 16, the Group recognized $10.0 million in right of use (ROU) assets and $10.0 million in lease liabilities. The ROU assets and lease liabilities comprise office lease contracts. For financial subleasing contracts, the Group has recognized a contract asset in the statement of financial position, with a corresponding reduction in the ROU asset.

Accounting principles applied are described in the Group's consolidated financial statements for the year ended December 31, 2019.

The movements of the Group's right of use assets, contract assets and lease liabilities are presented below:

Lease liabilities *(USD million)*	**3/31/2020** *(Unaudited)*	**3/31/2019** *(Unaudited)*
Balance as of 1/1	7.1	-
Additions	(0.1)	10.0
Translation differences	(0.3)	0.0
Lease payments for the principal portion of the lease liability	(1.2)	(1.3)
Interest expense on lease liabilities	0.1	0.1
Lease liabilities as of 3/31	**5.5**	**8.8**
Of which:		
Current lease liabilities (less than 1 year)	3.5	4.9
Non-current lease liabilities (more than 1 year)	2.1	4.0
Balance as of 3/31	**5.5**	**8.8**

Right of use assets *(USD million)*	**3/31/2020 (Unaudited)**	**3/31/2019 (Unaudited)**
Balance as of 1/1	4.6	-
Additions	(0.1)	10.0
Adjustment to Contract asset - sublease	-	(4.1)
Depreciation	(1.2)	(1.2)
Adjustment for depreciation related to Contract asset - sublease	0.4	0.4
Translation differences	-	-
Right of use assets as of 3/31	**3.7**	**5.1**
Lower of remaining lease term or economic life	0 - 3 years	0 - 3 years
Depreciation plan	Linear	Linear

Contract assets - sublease *(USD million)*	**3/31/2020 (Unaudited)**	**3/31/2019 (Unaudited)**
Balance as of 1/1	2.4	-
Additions	-	4.1
Sublease payments	(0.4)	(0.5)
Adjustment of interest expense	0.0	0.0
Translation differences	-	-
Contract assets - sublease as of 3/31	**2.0**	**3.7**
Of which:		
Current contract assets (less than 1 year)	1.4	1.7
Non-current contract assets (more than 1 year)	0.6	1.9
Balance as of 3/31	**2.0**	**3.7**

Translation differences arise due to translation of lease contracts in local currencies to USD.

IFRS 16 effects on the consolidated statement of comprehensive income *(USD million)*	**1Q 2020** (Unaudited)	**1Q 2019** (Unaudited)	**YTD 2020** (Unaudited)	**YTD 2019** (Unaudited)
Operating lease expenses recognized under operating expenses decreased	(0.8)	(0.8)	(0.8)	(0.8)
Depreciation expense increased as a result of depreciation of ROU assets	0.8	0.8	0.8	0.8
Net interest expense increased as a result of recognition of the lease liability	0.0	0.1	0.0	0.1
Translation differences	(0.3)	-	(0.3)	-
Net effect	**(0.3)**	**0.0**	**(0.3)**	**0.0**

Profit for the period is not affected significantly.

Further information about the impact of IFRS 16, 'Leases', is provided in Note 2 in the Annual report for 2019.

Note 11 - Segments

Revenue	1Q 2020	1Q 2019	%	YTD 2020	YTD 2019	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	**42.7**	38.2	12 %	**42.7**	38.2	12 %
Bemobi (Apps & Games)	**13.0**	12.8	2 %	**13.0**	12.8	2 %
Corporate	**0.1**	0.6	-90 %	**0.1**	0.6	-90 %
Eliminations	**(0.1)**	(0.1)	2 %	**(0.1)**	(0.1)	2 %
Total continued operations [1)]	**55.7**	51.5	8 %	**55.7**	51.5	8 %

[1)] *including intercompany postings (ICP) against discontinued operations.*

Gross profit	1Q 2020	1Q 2019	%	YTD 2020	YTD 2019	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	**14.6**	13.0	12 %	**14.6**	13.0	12 %
Bemobi (Apps & Games)	**8.9**	8.3	8 %	**8.9**	8.3	8 %
Corporate	**0.1**	0.6	-90 %	**0.1**	0.6	-90 %
Eliminations	**0.0**	0.0	-34 %	**0.0**	0.0	-34 %
Total continued operations [1)]	**23.6**	21.9	7 %	**23.6**	21.9	7 %

[1)] *including intercompany postings (ICP) against discontinued operations.*

Adjusted EBITDA [2)]	1Q 2020	1Q 2019	%	YTD 2020	YTD 2019	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	**(1.3)**	(2.6)	50 %	**(1.3)**	(2.6)	50 %
Bemobi (Apps & Games)	**5.1**	5.0	2 %	**5.1**	5.0	2 %
Corporate	**(1.2)**	(1.1)	-14 %	**(1.2)**	(1.1)	-14 %
Eliminations	**(0.0)**	0.0	100 %	**(0.0)**	0.0	100 %
Total continued operations [1)]	**2.6**	1.4	87 %	**2.6**	1.4	87 %

[1)] *including intercompany postings (ICP) against discontinued operations.*
[2)] *excluding impairment and restructuring, and stock-based compensation expenses.*

EBITDA	1Q 2020	1Q 2019	%	YTD 2020	YTD 2019	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	**(1.4)**	(2.6)	48 %	**(1.4)**	(2.6)	48 %
Bemobi (Apps & Games)	**4.5**	4.5	1 %	**4.5**	4.5	1 %
Corporate	**(1.3)**	(2.2)	41 %	**(1.3)**	(2.2)	41 %
Eliminations	**(0.0)**	0.0	-370 %	**(0.0)**	0.0	-370 %
Total continued operations [1)]	**1.8**	(0.4)	598 %	**1.8**	(0.4)	598 %

[1)] *including intercompany postings (ICP) against discontinued operations.*

Note 11 - Segments (continued)

Normalized EBIT [2] (USD million)	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	% change	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	% change
AdColony (Mobile Advertising)	**(6.1)**	(7.8)	21 %	**(6.1)**	(7.8)	21 %
Bemobi (Apps & Games)	**3.6**	4.1	-12 %	**3.6**	4.1	-12 %
Corporate	**(1.5)**	(1.7)	15 %	**(1.5)**	(1.7)	15 %
Eliminations	**0.0**	(0.0)	466 %	**0.0**	(0.0)	466 %
Total continued operations [1]	**(4.0)**	(5.4)	25 %	**(4.0)**	(5.4)	25 %

[1] *including intercompany postings (ICP) against discontinued operations.*
[2] *excluding amortization of acquired intangible assets*

EBIT (USD million)	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	% change	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)	% change
AdColony (Mobile Advertising)	**(6.5)**	(8.5)	23 %	**(6.5)**	(8.5)	23 %
Bemobi (Apps & Games)	**3.0**	3.5	-14 %	**3.0**	3.5	-14 %
Corporate	**(1.5)**	(2.4)	38 %	**(1.5)**	(2.4)	38 %
Eliminations	**0.0**	(0.0)	1700 %	**0.0**	(0.0)	1700 %
Total continued operations [1]	**(5.0)**	(7.4)	32 %	**(5.0)**	(7.4)	32 %

[1] *including intercompany postings (ICP) against discontinued operations.*

For further information regarding the alternative performance measures above, see Note 9.

AdColony (Mobile Advertising)
AdColony is one of the largest mobile advertising platforms in the world with a reach of more than 1.5 billion users globally. AdColony provides an end-to end platform for brands, agencies, publishers and application developers to deliver advertising to consumers on mobile devices around the world. AdColony delivers highly interactive and engaging advertising experiences across all mobile formats with particular strength in video and full screen interactive rich media ads.

AdColony's advertising revenue is primarily based on the activity of mobile users viewing ads through 3rd party publishers, such as developer applications and mobile websites. Revenue is recognized when Otello's advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ads delivered, or views, clicks or actions by users of mobile advertisements.

Bemobi (Apps & Games)
Bemobi's revenues are primarily generated from Apps Club, a subscription-based discovery service for mobile apps. Apps Club offers a unique, “Netflix-style” subscription service for premium Android apps. Working with mobile operators, Bemobi’s proprietary app-wrapping technology allows smartphone users access to unlimited use of premium mobile apps for a daily, weekly or monthly fee. Users pay for this service through their mobile operator billing systems. Bemobi is a so-called B2B2C company. Instead of selling directly to a consumer, Bemobi typically partners with large companies, mostly mobile operators or in some cases smartphone original equipment manufacturers (OEMs). Through partnerships with these companies, Bemobi can offer its service to consumers.

Bemobi revenue is primarily comprised of: i) subscription revenue when an Android user purchases a subscription from a "co-branded" mobile store, or a white-label operator-controlled version of the mobile store, known as Apps Club, and ii) the Bemobi Mobile Store (formerly Opera Mobile Store), a feature phone platform, when a user purchases a premium app. This feature phone platform, acquired by Bemobi's parent Otello from the acquisition of Handster in 2011, is to be phased out.

Corporate costs
Corporate costs comprise primarily i) costs related to personnel working in functions that serve the Group as a whole, including CEO/Board of Directors, corporate finance and accounting, legal, HR and IT, and ii) legal and other costs related to business combinations and restructuring processes.

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Note 12 - Other investments

Other investments *[USD million]*	3/31/2020 (Unaudited)	3/31/2019 (Unaudited)
Investments in associated companies	**10.1**	8.1
Loans to associated companies	**5.9**	5.6
Investments in other shares	**0.8**	0.8
Total	**16.8**	14.5

Investments in associated companies

Otello finalized an agreement on December 19, 2016 to sell its TV business ("Opera TV") for $80 million. As part of this agreement, Otello retained an approximately 27% equity interest in Last Lion Holdings Ltd, through preferred shares, which indirectly owns Opera TV through Last Lion Holdco AS. In 2017, Opera TV AS changed its name to Vewd Software AS. See note 14 for further information regarding the investment in Last Lion Holdings Ltd.

Information regarding Last Lion Holdings Ltd *(USD million)*	1Q 2020 (Unaudited)	YTD 2020 (Unaudited)
Revenue	10.9	10.9
EBIT	4.4	4.4
Net profit (loss)	0.0	0.0
Assets		164.4
Non-current liabilities		117.5
Current liabilities		9.3
Equity		37.5
Otello's share of equity		10.1

The investment in Last Lion Holdings Ltd is recognized using the equity method.

Loans to associated companies

The Group entered into a loan agreement in 2017 of $5 million with Vewd Software AS (formerly Opera TV AS). This loan is outstanding, with an accured interest of $0.9 million, as at March 31, 2020.

Note 13 - Impairment and restructuring expenses

During 2020, Otello recognized restructuring expenses in connection with a strategic cost reduction that will better align costs with revenues, and for legal and other costs related to business combinations and restructuring processes.

Impairment and restructuring expenses *(USD million)*	1Q 2020 (Unaudited)	1Q 2019 (Unaudited)	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
Salary restructuring expenses	**(0.1)**	(0.3)	**(0.1)**	(0.3)
Option restructuring expenses	-	-	-	-
Office restructuring expenses	-	(0.0)	-	(0.0)
Impairment expenses	-	-	-	-
Legal and other costs related to business combinations and disposals	**(0.1)**	(0.4)	**(0.1)**	(0.4)
Other restructuring expenses	-	-	-	-
Total	**(0.2)**	(0.7)	**(0.2)**	(0.7)

Note 14 - Potential sale of Vewd minority stake

Otello's case regarding the potential sale of Vewd minority stake
As reported to the market on September 14, 2018, Otello was successful in its claim in the High Court of Justice of England and Wales against Moore Frères & Co LLC ("MFC") and Last Lion Holdings Limited (“Last Lion”), arising from the refusal of the Board of Last Lion, which is controlled by appointees of MFC, to approve the sale of Otello’s remaining ownership stake in Last Lion, being approximately 27-28.5% in the Vewd Software business. The judge granted Otello the injunction it sought requiring the Board to approve the buyer.

The buyer did not purchase the shares on the terms of the expired Share Purchase Agreement. Otello has now restored the proceedings in order to pursue alternative remedies, including (1) an order from the Court that MFC be required to buy Otello's shares (and related Loan Note) at the higher of the current valuation of those shares and the price that the buyer was prepared to pay, and (2) that in the event that MFC is unable to purchase the shares at such price, an order that all shares in Last Lion (or Last Lion’s shares in Last Lion Holdco AS) be sold and Otello be paid the sum found to be due to it out of the proceeds of such sale. A trial to determine the relief to which Otello is entitled was listed to take place in a rolling five day window from March 23, 2020. On March 18, 2020 the Court decided to postpone the trial until the court term commencing in October 2020 because of the impact of the ongoing corona virus pandemic. The Court has now listed the trial to commence in a rolling five-day window from October 5, 2020. The trial is expected to last for five days plus one day of pre-reading.

Note 15 - Events after the reporting date

Impact of COVID-19
The world is grappling with the direct and indirect impacts of the Covid -19 virus. In this challenging situation, the primary focus of Otello has been the health and safety of our employees. Since mid-March, the Group entities have successfully managed to shift the vast majority of the operations to remote home offices. The operational impact is limited to a minimum and all business activities continue to operate as before the crisis. Due to the nature of our business in both AdColony and Bemobi, in terms of not having physical products and being reliant on the use of consumers mobile phones, we are in relatively fortunate position. However, as our revenue is linked to the advertising spend of companies (AdColony) and subscriptions bought by consumers (Bemobi), we expect Covid-19 to negatively impact revenue and profit in 2020. At this stage, it is still too early to tell how great this impact will be. Ultimately, this will be dependent on the duration of the crisis and the knock-on effect of the changed behavior of our customers.

GDPR
As reported in the media, on January 14, the Norwegian Consumer Council (NCC) filed a complaint to the Norwegian Data Protection Authority (DPA) against Grindr and five other companies, including AdColony, who is a supplier to Grindr. The NCC requests that the DPA investigate certain alleged breaches of the General Data Protection Regulation (GDPR) relating to the processing of personal data about Grindr users received from Grindr through the Grindr app. As of the date of this notification, AdColony has not received any formal notification or complaint from the DPA. AdColony is currently looking into the NCC’s complaint and will provide further information if and when necessary. The Company has not recognized any contingent liabilities in the interim financial statements related to this matter.

No events have occurred after the reporting date that would require the interim financial statements to be adjusted.