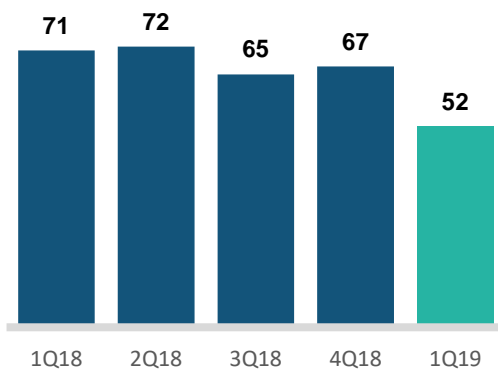


QUARTERLY REPORT

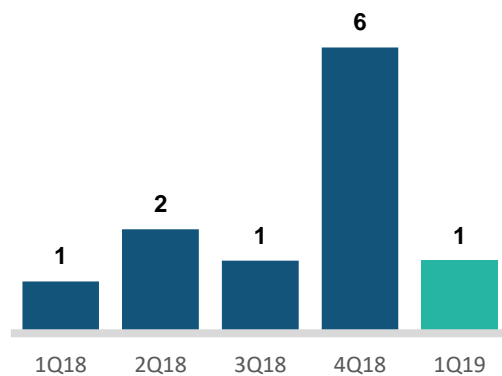
1Q 2019

OTELLO CORPORATION ASA

Revenue (USD million)



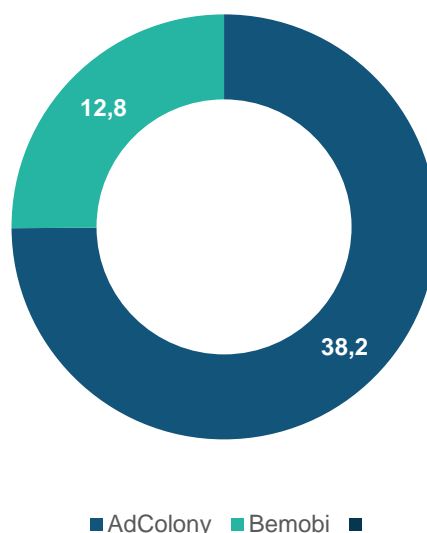
Adj. EBITDA (USD million)



HIGHLIGHTS

- Revenue was down by 28 percent to USD 51.5 million (USD 71.4 million), due to decline in revenue from AdColony.
- Adjusted EBITDA* of USD 1.4 million in 1Q19 (USD 0.7 million) due to aggressive cost savings in AdColony
- USD 0.8 million positive impact on EBITDA due to IFRS 16
- Net income was USD (9.8) million in 1Q19 versus USD 3.8 million in 1Q18
- Operating cash flow was USD (1.8) million versus USD (2.6) million in 1Q18

Revenue Source



*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)	1Q19	1Q18	YTD 2019	YTD 2018
Revenue*	51,5	71,4	51,5	71,4
AdColony (Mobile Advertising)	38,2	56,7	38,2	56,7
Bemobi (Apps & Games)	12,8	14,3	12,8	14,3
Corporate	0,6	0,4	0,6	0,4
Adj. EBITDA	1,4	0,7	1,4	0,7
AdColony (Mobile Advertising)	(2.6)	(2.7)	(2.6)	(2.7)
Bemobi (Apps & Games)	5.0	5.4	5.0	5.4
Corporate	(1.1)	(1.9)	(1.1)	(1.9)
EBIT	(7.4)	(4.9)	(7.4)	(4.9)
Net income	(9.8)	3.8	(9.8)	3.8
EPS (USD)	(0,07)	0.03	(0,07)	0.03

* Segment revenue includes intercompany transactions. In the report below, figures in brackets relate to the corresponding period in 2018. The figures are unaudited.

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 down 28 percent in first quarter 2019 compared to the same period last year, driven in particular by a decline in AdColony. The decrease in revenue in AdColony is due to a more focused organization and a result of a slow ramp up of new products linked to the move to more programmatic revenue. In addition, in 1Q19 AdColony had technical difficulties on the programmatic delivery side. This had a material impact on revenue in the quarter, which came in below expectations. Bemobi had underlying solid performance but was impacted by platform migration of major customer and platform fee in Brazil as communicated in connection with our 4Q18 presentation. Bemobi revenue came in as expected in the quarter, and the 11% revenue decrease would have been a 2% revenue increase with unchanged FX rates.

Total operating expenses (including depreciation and stock-based compensation expenses but excluding restructuring expenses) were down 24 percent from the corresponding period last year, mainly due to lower publisher costs, payroll expenses and other operating expenses, as well as lower depreciation and amortization expenses, in AdColony.

Publisher and revenue share cost was USD 29.6 million in the quarter (USD 40.8 million), down 28 percent from the corresponding period last year because of lower revenue in AdColony.

Payroll and related expenses, excluding stock-based compensation expenses, were USD 12.5 million in the quarter, versus USD 15.3 million in 1Q18, down 18 percent from

the corresponding period last year as a result of a reduction in overall headcount, and non-customer facing roles in AdColony being moved to lower cost locations.

Stock-based compensation expenses were USD 1.1 million in the quarter compared to USD (1.6) million in 1Q18.

Depreciation and amortization expenses were USD 7.0 million in the quarter (USD 7.3 million), down 5 percent from the corresponding period last year as intangible assets from prior acquisitions are gradually amortized, partly offset by an increase of USD 0.8 million following the implementation of IFRS 16 Leasing.

Other operating expenses were USD 8.0 million in the quarter (USD 14.5 million), down 45 percent from the corresponding period last year, due to overall cost control, more efficient delivery of backend ad serving for AdColony, and the reduction of office lease costs due to IFRS 16.

Adjusted EBITDA and EBITDA

Adjusted EBITDA

Adjusted EBITDA was USD 1.4 million in first quarter 2019, compared to USD 0.7 million in the corresponding period in 2018, with overall lower revenue more than offset by cost savings. A net total of USD 1.8 million was excluded from adjusted EBITDA, related to restructuring expenses and stock-based compensation expenses.

EBITDA

EBITDA was USD (0.4) million in first quarter 2019, down from USD 2.4 million in the corresponding period in 2018. The prior period figure was increased by a reversal of stock-based compensation expense from terminated employees.

Net financial items

Otello recognized a loss from net financial items in the quarter of USD 1.9 million, compared to a net loss of USD 10.2 million in the corresponding period last year. The loss is related to FX due to a weaker USD vs NOK.

Net income

First quarter 2019 net income was USD (9.8) million compared to USD 3.8 million in the corresponding period last year. EPS and fully diluted EPS were USD (0.07) and USD (0.07), respectively, in first quarter 2019, compared to USD 0.03 and USD 0.03, respectively, in first quarter 2018.

Financial position and cash flow

Otello's net cash flow from operating activities was USD (1.8) million in first quarter 2019, compared to USD (2.6) million in first quarter 2018.

Cash flow from investment activities amounted to USD 2.7 million, vs USD (3.6) million from the corresponding quarter last year. Otello received the final payment from Symantec in the quarter relating to the sale of SurfEasy, totaling USD 5.6 million. This was partly offset by USD 2.5 million relating to capitalized R&D expenses and USD 0.5 million in PP&E purchases.

Cash flow from financing activities amounted to USD (1.3) million with USD 0.8 million related to payment of office leases and USD 0.5 million related to share buybacks.

Cash and cash equivalents at the end of the first quarter 2019 were USD 26.6 million compared to USD 79.9 million in the first quarter 2018. The vast majority of the reduction in cash is related to Otello settling all of its earn-out obligations. At the end of the first quarter 2019, Otello has no interest-bearing debt. In 2018, Otello signed a 3-year revolving credit facility of USD 100 million, which is undrawn at the end of the quarter.

The company's equity was USD 355.2 million at the end of the quarter, corresponding to an equity ratio of 79.7%.

Organization

At the end of first quarter 2018 Otello had 485 full-time employees and equivalents.

BUSINESS OVERVIEW

AdColony (Mobile Advertising)

<i>(USD million)</i>	1Q19	1Q18	YTD 2019	YTD 2018
Revenue*	38.2	56.7	38.2	56.7
Performance	16.9	26.6	16.9	26.6
Brand-Managed IO	11.7	16.7	11.7	16.7
Brand-Performance	5.3	8.6	5.3	8.6
Brand-Programmatic	4.2	4.8	4.2	4.8
Gross Profit	13.0	19.6	13.0	19.6
Adj. EBITDA	(2.6)	(2.7)	(2.6)	(2.7)
EBITDA	(2.6)	(0.9)	(2.6)	(0.9)
EBIT	(8.5)	(7.0)	(8.5)	(7.0)

* Revenue and gross profit excludes intercompany transactions

BUSINESS OVERVIEW

AdColony (Mobile Advertising)

Business Overview

AdColony, the mobile performance marketplace, is one of the largest mobile

advertising platforms in the world with a reach of more than 1.5 billion users globally. AdColony's mission is to drive business outcomes that matter for advertisers and publishers using its best-in-class mobile technology, the highest-quality mobile ad experiences and leveraging curated reach.

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.

Originally founded in 2008, AdColony has been an innovation leader in mobile advertising and monetization since Apple first introduced the App Store. AdColony is passionate about delivering the highest quality video advertising, full screen interactive rich media ads, and beyond. Founded by game developers, for game developers, and are committed to delivering an experience that makes monetizing a win for advertisers, developers, and users alike.

Financial Overview

Overall AdColony revenue for the quarter was USD 38.2 million, down by 33% compared to 1Q18. Revenue was negatively impacted by continued pressure in our Performance business as well as tech challenges in the programmatic business towards the end of the quarter. Total operating expenses continue to decrease as we streamline the organization and move non-customer facing roles to lower cost locations. Gross margins have stabilized and was virtually flat vs 1Q18.

Adjusted EBITDA amounted to USD (2.6) million in the quarter, vs USD (2.7) million in 1Q18 with lower revenue offset by lower expenses.

Gross margin in the Performance business was down slightly from 1Q18, but increased QoQ from 23.3% to 26.2%. The Brand/Exchange business has been actively working to improve margins and Brand overall gross margins are now stable around 40%.

Performance

AdColony was founded as a performance advertising company, and this still forms the core of AdColony's business. We use the term to refer to gaming app install marketers

running ads to get more installs for their gaming apps. Fundamentally, the best way for today's hottest apps to maintain long-term growth and financial success is to acquire users in other apps. AdColony's wide network of apps using its SDK for monetization gives user acquisition (UA) managers (performance) targeting options to find the perfect users for their own apps. In addition to video ads with unique end-cards, UA campaigns can take advantage of Aurora™ HD Playables, giving users the chance to preview the full in-app experience.

During 1Q 2019, performance achieved revenue stability across a number of key accounts. Thanks to concerted efforts by our account management team, the quarter saw double digit growth from Playrix, Kama, Nordcurrent, and MachineZone. This growth is on the heel of a number of improved ad units with increased interactivity and higher engagement rates.

Major progress by the product team on our CORE™ models released in late March are showing promising results on install rates, and improvements to the supply-side toolset have enabled significantly improved matching between demand and supply, improving yields for our publishers and results for advertisers.

Brand/Exchange

What we call "brand advertisers" are the companies and ads most laypersons think of when they think of digital ads. AdColony gives today's biggest brand advertisers like Disney, Toyota, Unilever, Nestlé, and many more the opportunity to reach consumers where they're spending the most time — on their mobile devices.

With AdColony's in-house creative team, advertisers can see their brand stories come to life through unique award-winning ads that take advantage of the unique characteristics of mobile devices like touch, sound, tilt, vibration, augmented reality, and more. Users continue to spend more and more in-app, up 18% since 2015, and AdColony is the prime video outlet for brands to reach audiences in the changing media landscape.

Overall, the Brand business, which is seasonal, was soft in 1Q19. This was further exacerbated by the fact our programmatic business had challenges with delivery towards the end of the quarter.

At the heart of AdColony's advertising business is its supply, powered primarily by its SDK. A Software Development Kit (SDK) is a package of tools app developers use to perform a task, in the case of AdColony, to show ads to a user. Promoted by AdColony's international publishing team, AdColony's first-party SDK inventory offers access to audiences and optimizations no other platform can offer.

AdColony's SDK is integrated into thousands of the top apps across iOS and Android around the world. With 100% full-screen video in both landscape and vertical, and a host of integration options including user-initiated rewarded video, pre-ad post-roll, interstitials, display, and more, AdColony's SDK is amongst the most flexible monetization platforms for developers.

Using key third-party data partnerships, we are able to leverage our historical SDK data to deliver better results for our advertisers, including across programmatic campaigns. At the end of 1Q19, SDK versions 3.3.x and above, reached a penetration within AdColony's ad marketplace of well over 90% percent of publishers. The more publishers integrate the latest AdColony SDK, the greater inventory is available to advertisers, and later SDK versions enable better features for publishers and advertisers.

In 2Q 2019, we're looking forward to certification of our next SDK version by IAB's Open Measurement Working Group, which will enable security and viewability options for advertisers and allow new integrations with measurement partners, without requiring SDK updates on the part of publishers.

Product update

In 1Q 2019 the product and engineering teams executed on critical steps in our plan to become an "Open & Standardized Platform" where any demand (ads or other ad

sources) can be delivered into any supply (SDK-driven views, or other publisher sources). In 1Q, AdColony's Product team focused on expanding the network reach to "any type of supply" by developing Bidder and Universal Creative technologies.

AdColony Bidder allows demand to access supply from non-SDK sources, including supply-side platforms (SSPs) and mediation platforms in a live ad auction. Universal Creative enhances our ads by making them dynamically support multiple ad delivery formats. Together Bidder and Universal Creative make AdColony campaigns fully compatible with both direct SDK and non-SDK supply. This allows us to deliver our superior ad experiences to greater supply than ever before.

Product and engineering teams also continued to make improvements to our creative offering through more improvements to the Composer™ tool. After rigorous A/B testing two new ad templates were developed: One that includes a call-to-action overlay during video playback and another that supports responsive design. Both of these templates perform exceptionally well, and the Overlay style has been made default across all App Install campaigns.

1Q 2019 Investments in CORE™ optimization engine resulted in the release of CORE™ MetaModel 4.1, which carries a 15% increase in advertiser and publisher CPM, a 20% increase in Install Rate, and a 10% increase in Revenue and Margin for AdColony. The CORE™ team also established a feature engineering process to increase the iteration speed of new metamodel versions and decrease the product development cycle between metamodel versions, setting the stage for further improvements in 2019.

Bemobi (Apps & Games)

<i>(USD million)</i>	1Q19	1Q18	YTD 2019	YTD 2018
Revenue*	12.8	14.3	12.8	14.3
Gross Profit	8.3	10.5	8.3	10.5
Adj. EBITDA	5.0	5.4	5.0	5.4
EBITDA	4.5	5.4	4.5	5.4
EBIT	3.5	4.4	3.5	4.4

* Revenue and gross profit excludes intercompany transactions

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 2018, and into 2019 Bemobi has consolidated its leading position in the subscription-based premium application distribution space within Brazil and across LATAM, while expanding into key markets in other parts of the world.

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 the consumers. Bemobi ended 1Q19 with 64 active operator agreements, of which 43 are outside LATAM, making it possible to offer subscription-based services providing access to apps and games to over 2.4 billion consumers.

Financial Overview

Revenue decreased by 11% percent YoY to USD 12.8 million because of negative FX impact, with the BRL depreciating in value vs the USD. FX neutral revenue would have been USD 14.5 million, up by 2% YoY. Of the revenue in 1Q19, 72% percent came from LATAM while 28% came from international markets.

From 2H18 onwards Bemobi management decided to recognize investment in user acquisition as a publisher and revenue share cost, instead of an operating expense, as had previously been the case. The impact of this change is a decrease in operating expenses by the same amount as the increase in publisher and revenue share cost. Hence the gross margin will be lower, but with no impact on EBITDA. The 1Q19 gross margin for Bemobi was 65%, compared to 71% using the previous accounting classification, which is 2 percentage points lower than 1Q18.

Subscriber growth continued YoY, with LATAM subscribers up from 18.6 million in 1Q18 to 19.8 million in 1Q19 (+6%). international subscribers also rose from 5.5 million in 1Q18 to 6.2 million in 1Q19 (+13%).

Revenue from LATAM was USD 9.2 million in 1Q19, a 15% fall in comparison to 1Q18. With like for like FX rates, revenue would have been USD 10.7 million, unchanged on a YoY basis.

International revenue was USD 3.6 million in 1Q19 compared to USD 3.4 million in 1Q18, up approximately 3%. FX rate fluctuations have also impact on international revenues. With unchanged FX rates, international

revenue would be USD 3.9 million, up 12% compared to 1Q18.

Adjusted EBITDA was down from USD 5.4 million in 1Q18 to USD 5.0 million in 1Q19 a decrease of 7%, due to FX impact. Adjusted EBITDA would have been up by 7% to USD 5.8 million with like for like FX rates in 1Q19 as 1Q18.

Product update

Bemobi continues to run third party paid advertising on our (No Data No Credit) NDNC portal in Ncell in Nepal and are considering extending paid advertising on other NDNC portals in Asia. This will potentially offer a new revenue source based on the same model as in Brazil.

In 2017, Bemobi started to bundle 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 in the country during 2018.

In international markets, we have started rolling out our Kids Club product having launched 4 new Kids Clubs in 1Q19, in South Asia, South Eastern Asia and CIS this quarter. 13 Kids Clubs in total have now been launched, and we will proceed with launches in other international markets. Also, in 1Q19, we have launched another Health Club product in Russia, and have now launched 3 Health Clubs in total, all in CIS.

OUTLOOK

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 to be adj. EBITDA profitable in 2019. Overall, longer term growth will be driven by our move to 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 rapid growing market of app subscriptions. It takes advantage of the increased use of mobile phones in emerging markets and the low penetration of credit cards. Otello expects to see revenue and adj. EBITDA growth, in Bemobi in 2019 versus 2018, as Bemobi takes the success in Brazil to a global arena.

From 2019, Skyfire (RocketColony) is rolled into the Corporate function of Otello due to its size.

Otello's strategic focus is to develop unique and relevant products, and scalable business models which combined should generate revenue growth and margin expansion.

Oslo, May 9, 2019
The Board of Directors
Otello Corporation ASA

Audun
Iversen
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, a webcast of which can be found at www.otellocorp.com

Key financial figures

Continuing operations	1Q 2019	1Q 2018	YTD 2019	YTD 2018
(USD million, except earnings per share)	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Audited)
Revenue	51.5	71.4	51.5	71.4
Gross profit	21.9	30.5	21.9	30.5
Net income ¹⁾	(9.8)	3.8	(9.8)	3.8
Adjusted EBITDA ²⁾	1.4	0.7	1.4	0.7
EBITDA	(0.4)	2.4	(0.4)	2.4
Normalized EBIT ³⁾	(5.4)	(1.6)	(5.4)	(1.6)
EBIT	(7.4)	(4.9)	(7.4)	(4.9)
EPS (USD)	(0.07)	0.03	(0.07)	0.03
EPS, fully diluted (USD)	(0.07)	0.03	(0.07)	0.03
Cash flow from operating activities	(1.8)	(2.6)	(1.8)	(2.6)
Cash flow from investment activities	2.7	(3.6)	2.7	(3.6)
Cash flow from financing activities	(1.3)	(1.6)	(1.3)	(1.6)

Segment information	1Q 2019	1Q 2018	YTD 2019	YTD 2018
Revenue (USD million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
AdColony (Mobile Advertising)	38.2	56.7	38.2	56.7
Bemobi (Apps & Games)	12.8	14.3	12.8	14.3
Corporate	0.6	0.4	0.6	0.4
Eliminations	(0.1)	0.0	(0.1)	0.0
Total Continued Operations ⁴⁾	51.5	71.4	51.5	71.4

Segment information	1Q 2019	1Q 2018	YTD 2019	YTD 2018
Adjusted EBITDA ¹⁾ (USD million)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
AdColony (Mobile Advertising)	(2.6)	(2.7)	(2.6)	(2.7)
Bemobi (Apps & Games)	5.0	5.4	5.0	5.4
Corporate	(1.1)	(1.9)	(1.1)	(1.9)
Eliminations	0.0	(0.0)	0.0	(0.0)
Total Continued Operations (with ICP) ⁴⁾	1.4	0.7	1.4	0.7
Eliminations	0.0	0.0	0.0	0.0
Total Continued Operations (net of ICP)	1.4	0.7	1.4	0.7

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)

Interim condensed financial statements

Consolidated statement of comprehensive income

	Note	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million, except earnings per share)		(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
Continuing operations							
Revenue	3, 5, 11	51.5	71.4	-28 %	51.5	71.4	-28 %
Total operating revenue		51.5	71.4	-28 %	51.5	71.4	-28 %
Publisher and revenue share cost	3, 5, 11	(29.6)	(40.8)	-28 %	(29.6)	(40.8)	-28 %
Payroll and related expenses	3, 5, 11	(12.5)	(15.3)	-18 %	(12.5)	(15.3)	-18 %
Stock-based compensation expenses	3, 5, 11	(1.1)	1.6	-167 %	(1.1)	1.6	-167 %
Depreciation and amortization expenses	3, 5, 11	(7.0)	(7.3)	-5 %	(7.0)	(7.3)	-5 %
Other operating expenses	3, 5, 11	(8.0)	(14.5)	-45 %	(8.0)	(14.5)	-45 %
Total operating expenses		(58.2)	(76.3)	-24 %	(58.2)	(76.3)	-24 %
Operating profit (loss), (EBIT), excluding impairment and restructuring expenses		(6.7)	(5.0)		(6.7)	(5.0)	
Impairment and restructuring expenses	13, 14	(0.7)	0.0		(0.7)	0.0	
Operating profit (loss), (EBIT)		(7.4)	(4.9)		(7.4)	(4.9)	
Net financial items	6	(1.9)	(10.2)		(1.9)	(10.2)	
Profit (loss) before income tax		(9.3)	(15.1)		(9.3)	(15.1)	
Provision for taxes ¹⁾		(0.6)	18.9		(0.6)	18.9	
Profit (loss)		(9.8)	3.8		(9.8)	3.8	
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		0.3	6.3		0.3	6.3	
Discontinuing operations - reclassified to profit (loss)		-	-		-	-	
Total comprehensive income (loss)		(9.5)	10.1		(9.5)	10.1	
Earnings (loss) per share:							
Basic earnings (loss) per share (USD)		(0.07)	0.03		(0.07)	0.03	
Diluted earnings (loss) per share (USD)		(0.07)	0.03		(0.07)	0.03	
Shares used in earnings per share calculation		138 870 818	140 649 875		138 870 818	140 649 875	
Shares used in earnings per share calculation, fully diluted		138 870 818	140 912 525		138 870 818	140 912 525	
Earnings per share (continuing operations):							
Basic earnings (loss) per share (USD)		(0.07)	0.03		(0.07)	0.03	
Diluted earnings (loss) per share (USD)		(0.07)	0.03		(0.07)	0.03	
Shares used in earnings per share calculation		138 870 818	140 649 875		138 870 818	140 649 875	
Shares used in earnings per share calculation, fully diluted		138 870 818	140 912 525		138 870 818	140 912 525	

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

Consolidated statement of financial position

(USD million)	Note	3/31/2019 (Unaudited)	3/31/2018 (Unaudited)	12/31/2018 (Audited)
Assets				
Deferred tax assets		41.7	37.2	40.5
Goodwill		231.9	322.8	232.4
Intangible assets		25.3	56.4	28.3
Property, plant and equipment		7.6	11.0	8.0
Right of use assets	10	5.1	-	-
Contract assets - sublease	10	1.9	-	-
Other investments		14.5	14.8	14.4
Other non-current assets		0.7	0.8	0.6
Total non-current assets		328.7	443.0	324.3
Accounts receivable	8	56.9	77.6	67.1
Contract assets - sublease	10	1.7	-	-
Other receivables	8	31.5	14.1	36.6
Cash and cash equivalents	7	26.6	79.9	27.5
Total current assets		116.8	171.5	131.2
Total assets		445.4	614.5	455.5

(USD million)	Note	3/31/2019 (Unaudited)	3/31/2018 (Unaudited)	12/31/2018 (Audited)
Shareholders' equity and liabilities				
Equity attributable to owners of the company		353.9	478.0	362.7
Non-controlling interests	4	1.2	-	1.2
Total equity		355.2	478.0	364.0
Liabilities				
Deferred tax liability		0.1	6.5	0.1
Lease liabilities	10	4.0	-	-
Loans and borrowings	7	-	-	-
Other non-current liabilities		0.9	3.5	2.1
Provisions	4	-	17.5	-
Total non-current liabilities		5.0	27.5	2.1
Loans and borrowings	7	-	-	-
Lease liabilities	10	4.9	-	-
Accounts payable		19.6	20.8	23.4
Taxes payable		1.8	(6.5)	1.4
Public duties payable		1.3	2.5	1.8
Deferred revenue		1.8	3.2	2.1
Stock-based compensation liabilities		0.0	-	0.0
Other current liabilities		34.6	50.5	39.5
Provisions	4	21.3	38.6	21.3
Total current liabilities		85.3	109.0	89.4
Total liabilities		90.3	136.5	91.5
Total equity and liabilities		445.4	614.5	455.5

Consolidated statement of cash flows

(USD million)	Note	1Q 2019 (Unaudited)	1Q 2018 (Unaudited)	YTD 2019 (Unaudited)	YTD 2018 (Unaudited)
Cash flow from operating activities					
Profit (loss) before taxes		(9.3)	(15.1)	(9.3)	(15.1)
Income taxes paid		(0.5)	(3.4)	(0.5)	(3.4)
Depreciation and amortization expense		7.0	7.3	7.0	7.3
Net (gain) loss from disposals of PP&E, and intangible assets		0.1	(0.0)	0.1	(0.0)
Net (gain) loss from sale of discontinued operations, net of tax		(0.0)	(0.0)	(0.0)	(0.0)
Impairment losses on intangible assets and goodwill		-	-	-	-
Changes in inventories, trade receivables, trade and other payables		3.4	12.1	3.4	12.1
Other net finance items		0.1	-	0.1	-
Changes in other operating working capital		(6.1)	(11.6)	(6.1)	(11.6)
Share of net income (loss) and net (gain) loss from disposal of associated companies		-	0.1	-	0.1
Share-based remuneration		1.2	(1.6)	1.2	(1.6)
Earnout cost and cost for other contingent payments	4	-	1.9	-	1.9
Net (gain) loss from disposals of subsidiaries and other share investments		-	(0.0)	-	(0.0)
Dividends received from associated companies		-	-	-	-
FX differences related to changes in balance sheet items		2.3	7.6	2.3	7.6
Net cash flow from operating activities		(1.8)	(2.6)	(1.8)	(2.6)
- of which included in continuing operations		(1.8)	(2.6)	(1.8)	(2.6)
- of which included in discontinuing operations		-	-	-	-
Cash flow from investment activities					
Proceeds from sale of property, plant, and equipment (PP&E) and intangible assets		-	0.0	-	0.0
Purchases of property, plant and equipment (PP&E) and intangible assets		(0.5)	(0.4)	(0.5)	(0.4)
Capitalized R&D costs		(2.5)	(3.2)	(2.5)	(3.2)
Loans to related parties		-	0.0	-	0.0
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed ¹⁾		5.6	-	5.6	-
Net cash flow from investment activities		2.7	(3.6)	2.7	(3.6)
- of which included in continuing operations		2.7	(3.6)	2.7	(3.6)
- of which included in discontinuing operations		-	-	-	-
Cash flow from financing activities					
Proceeds from exercise of treasury shares (incentive program)		-	-	-	-
Purchase of treasury shares		(0.5)	(1.5)	(0.5)	(1.5)
Proceeds from issuance of shares, net (equity increase)		(0.0)	(0.0)	(0.0)	(0.0)
Repayments of loans and borrowings	7	-	(0.1)	-	(0.1)
Payment of finance lease liabilities	10	(0.8)	-	(0.8)	-
Net cash flow from financing activities		(1.3)	(1.6)	(1.3)	(1.6)
- of which included in continuing operations		(1.3)	(1.6)	(1.3)	(1.6)
- of which included in discontinuing operations		-	-	-	-
Net change in cash and cash equivalents		(0.4)	(7.8)	(0.4)	(7.8)
Cash and cash equivalents (beginning of period) ²⁾		27.5	86.0	27.5	86.0
Effects of exchange rate changes on cash and cash equivalents		(0.5)	1.6	(0.5)	1.6
Cash and cash equivalents ²⁾		26.6	79.9	26.6	79.9
- of which included in cash and cash equivalents in the balance sheet		26.6	79.9	26.6	79.9
- of which included in the assets of the disposal group (assets held for sale)		-	-	-	-

¹⁾ In Q1 2019, Otello received \$5.6 (YTD: 5.6) million of escrow payments related to sale of the SurfEasy business.

²⁾ Of which \$0.7 million (3/31/2018: \$1.8 million) is restricted cash and cash equivalents as of March 31, 2019.

Consolidated statement of changes in equity

(USD million) (Unaudited)	Number of shares	Paid-in capital	Other reserves	Reserve for own shares	Trans- lation 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)	0.0	(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)	0.7	0.0	-	-	-	0.7
Other equity changes								
Divestment of a subsidiary ⁷⁾		-	-	-	-	-	-	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	52.3	(67.6)	(9.9)	31.0	1.2	355.2

⁷⁾ On May 29, 2018, Otello Corporation ASA divested 11.2% of the shares in Bemobi Holding AS. Please see note 4 for further information.

During 1Q 2019, Otello purchased 303,000 (YTD: 303,000) treasury shares for \$0.5 million (YTD: \$0.5 million), and sold 0 (YTD: 0) treasury shares for \$0.0 million (YTD: 0.0 million). As of March 31, 2019, Otello owned 2,057,000 treasury shares.

During 1Q 2019, 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.

Equity as of 12/31/2017	141.0	348.5	51.0	(62.1)	9.5	121.1	0.0	468.0
Comprehensive income (loss)								
Profit (loss)		-	-	-	-	3.8	-	3.8
Other comprehensive income (loss)								
Foreign currency translation differences		-	-	-	6.3	-	-	6.3
Total comprehensive income (loss)		-	-	-	6.3	3.8	-	10.1
Contributions by and distributions to owners								
Dividends		-	-	-	-	-	-	0.0
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)
Treasury shares purchased	(0.4)	(0.0)	-	(1.5)	-	-	-	(1.5)
Treasury shares sold		-	-	-	-	-	-	-
Tax deduction on equity issuance costs		-	-	-	-	-	-	-
Share-based payment transactions		-	1.4	-	-	-	-	1.4
Total contributions by and distributions to owners	(0.4)	(0.0)	1.4	(1.5)	-	0.0	0.0	(0.1)
Other equity changes								
Other changes		-	-	-	-	0.0	-	0.0
Total other equity changes		-	0.0	-	-	0.0	-	0.0
Equity as of 3/31/2018	140.6	348.4	52.5	(63.6)	15.8	124.9	0.0	478.0

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 Group's business activities comprise mobile advertising via its AdColony business, mobile-app subscription services via its Bemobi business, and licensing of Rocket Optimizer™ technology via its Skyfire business. See note 11 for operating segment information.

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, 2018. 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, 2018.

IFRS 16 Leasing: effective for accounting periods beginning on or after January 1, 2019

The Group's financial statements are subject to changes in IFRS. IFRS 16 Leasing which is effective for annual reports beginning on or after January 1, 2019, has significantly changed how the group accounts for its lease contracts for offices and other assets previously accounted for as operating leases. The standard requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right of use assets for all leases with a lease term of more than 12 months, unless the underlying asset is of low value.

Otello is using the modified approach and, therefore, has recognized leases in the statement of financial position as of January 1, 2019. Prior periods have not been restated.

The standard has a positive impact on EBITDA in the Group's consolidated statement of comprehensive income. See note 10 for further information regarding the effects of this standard on the interim financial statements.

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 31 December 2018.

Note 4 - Contingent liabilities and provisions

Otello settles Bemobi earnout

On May 29, 2018, Otello reached a final agreement ("SPA") with the Bemobi Earnout Participants ("EPs"), where the existing Bemobi earnout was terminated, and a significant part of the future earnout to the EPs was converted into the right of the EPs to receive ownership in Bemobi Holding AS ("Bemobi"). A total of USD 20 million has been paid in cash to the EPs with USD 10 million paid on the effective date, May 29, 2018, and USD 10 million paid on September 30, 2018. The remaining earnout was converted into the right to ownership in Bemobi giving the EPs a total ownership of 11.2%. The release of Bemobi shares (recognized as an asset held in escrow) will then settle the earnout liability with no cash effect.

Certain clauses were included in the SPA in the event of a major transaction (qualified sale, spin-off or IPO) not being completed or Otello's shareholders not having approved a qualified spin-off within March 31, 2020 and/or October 1, 2020, which would result in the EPs share of Bemobi equity being sold back to Otello.

The transaction was recognized in the interim financial statements, as follows:

- Otello estimated the remaining earnout liability to be USD 21.3 million
- The right to ownership of Bemobi Holding AS shares was recognized as an asset held in escrow of USD 21.3 million which is classified as Other receivables in the statement of financial position, with no future cash flow effect when settling the remaining part of the earnout liability
- USD 14.9 million was recognized against Shareholder's equity related to the divestment of 11.2% of Bemobi shares. The minority interest of 11.2% was recognized as Non-controlling interests.

Valuation techniques and significant unobservable inputs related to contingent considerations:

Please see note 11 in the 2018 Annual Report for information regarding the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Contingent consideration - Net present value

(USD million)

Non-current consideration	-
Current consideration	21.3
Balance as of 3/31/2019	21.3

Earnout payments made in 2019

No earnout payments were made during Q1 2019.

Estimated future payments

Following the settlement of the earnout agreement described above, Otello has an obligation to release the Bemobi shares held in escrow (no cash effect).

Contractual maximum payments

(USD million)

The contractual maximum payment is dependent on the fact that fallback payments, due to the scenarios stated above (i.e. a qualified sale, spin-off or IPO not taking place by March 31, 2020 and/or October 1, 2020), do not occur. However, at this stage, Otello does not believe the scenarios resulting in fallback payments are likely to occur. Such fallback payments would be calculated according to the previous earnout agreement as described in note 11 of the Group's consolidated financial statements for the year ended December 31, 2018.

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. Please note that some revenue numbers are impacted by changes in local currencies which are the basis for invoicing of customers.

Revenue by currency (USD million)	1Q 2019	%		YTD 2019	%
USD	34.7	67.4%	USD	34.7	67.4%
BRL	8.5	16.6%	BRL	8.5	16.6%
DKK	2.7	5.3%	DKK	2.7	5.3%
TRY	2.4	4.7%	TRY	2.4	4.7%
AUD	0.5	0.9%	AUD	0.5	0.9%
Other	2.7	5.2%	Other	2.7	5.2%
Total	51.5	100.0%	Total	51.5	100.0%

Operating expenses by currency ¹⁾ (USD million)	1Q 2019	%		YTD 2019	%
USD	(41.8)	71.8%	USD	(41.8)	71.8%
BRL	(4.5)	7.7%	BRL	(4.5)	7.7%
NOK	(3.2)	5.5%	NOK	(3.2)	5.5%
TRY	(2.5)	4.3%	TRY	(2.5)	4.3%
Other	(6.3)	10.8%	Other	(6.3)	10.8%
Total	(58.2)	100.0%	Total	(58.2)	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. Please note that some revenue numbers are impacted by changes in local currencies which are the basis for invoicing of customers. 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 1Q 2018 rates	FX effect using 1Q 2018 rates	Recalculated with 4Q 2018 rates	FX effect using 4Q 2018 rates
Revenue	54.0	2.5	51.1	(0.4)
Expenses	(60.7)	(2.5)	(58.1)	0.1

Note 6 - Financial items

Financial items (USD million)	1Q 2019 (Unaudited)	1Q 2018 (Unaudited)	YTD 2019 (Unaudited)	YTD 2018 (Audited)
Other interest income (expense), net	0.0	0.0	0.0	0.0
Interest expense related to contingent consideration	-	(1.6)	-	(1.6)
FX gains (losses) related to contingent consideration, net	-	0.0	-	0.0
Other FX gains (losses), net	(1.9)	(7.8)	(1.9)	(7.8)
Profit (loss) sale of shares	(0.1)	(0.4)	(0.1)	(0.4)
Revaluation of contingent consideration	-	(0.4)	-	(0.4)
Share of profit (loss) from associated companies	-	(0.1)	-	(0.1)
Net financial items (loss)	(1.9)	(10.2)	(1.9)	(10.2)

Note 7 - Liquidity risk

Credit facility

In May 2018, Otello signed an agreement for a new 3 year Revolving Credit Facility (RCF) of USD 100 million with DNB Bank ASA. As at March 31, 2019, the revolving credit facility was undrawn.

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 trade receivables in the parent company.

The credit facility has the following financial 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, 2019.

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.

Note 8 - Accounts receivable and other receivables

Accounts receivable and other receivables (USD million)	3/31/2019 (Unaudited)	3/31/2018 (Audited)
Accounts receivable	36.8	49.7
Unbilled revenue	20.0	27.9
Other receivables	31.5	14.1
Total	88.4	91.6

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. As of March 31, 2019, \$21.3 million consisted of escrow bookings related to the settlement of the Bemobi earnout. Please see note 4 for further information related to the settlement of the Bemobi earnout.

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	1Q 2019	1Q 2018	YTD 2019	YTD 2018
(USD million)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total operating revenue	51.5	71.4	51.5	71.4
Publisher and revenue share cost	(29.6)	(40.8)	(29.6)	(40.8)
Gross profit	21.9	30.5	21.9	30.5

Reconciliation of operating profit (loss) to EBITDA and adjusted EBITDA	1Q 2019	1Q 2018	YTD 2019	YTD 2018
(USD million)	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Audited)
Operating profit (loss), (EBIT)	(7.4)	(4.9)	(7.4)	(4.9)
Depreciation and amortization expenses	7.0	7.3	7.0	7.3
Impairment expenses	-	-	-	-
EBITDA	(0.4)	2.4	(0.4)	2.4
Restructuring expenses	0.7	(0.0)	0.7	(0.0)
Stock-based compensation expenses	1.1	(1.6)	1.1	(1.6)
Adjusted EBITDA	1.4	0.7	1.4	0.7

Reconciliation of operating profit (loss) to normalized EBIT	1Q 2019	1Q 2018	YTD 2019	YTD 2018
(USD million)	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)
Operating profit (loss), (EBIT)	(7.4)	(4.9)	(7.4)	(4.9)
Impairment and restructuring expenses	0.7	(0.0)	0.7	(0.0)
Amortization of acquired intangible assets	1.3	3.3	1.3	3.3
Normalized EBIT	(5.4)	(1.6)	(5.4)	(1.6)

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 USD 10.0 million in right of use (ROU) assets and USD 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, 2018.

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

Lease liabilities

(USD million)

Lease liabilities (beginning balance)

Additions	10.0
Translation differences	0.0
Lease payments for the principal portion of the lease liability	(1.3)
Interest expense on lease liabilities	0.1
Lease liabilities as of 3/31/2019	8.8

Of which:

Current lease liabilities (less than 1 year)	4.9
Non-current lease liabilities (more than 1 year)	4.0

Balance as of 3/31/2019 **8.8**

Right of use assets

(USD million)

Right of use assets (beginning balance)

Additions	10.0
Adjustment to Contract asset - sublease	(4.1)
Depreciation	(1.2)
Adjustment for depreciation related to Contract asset - sublease	0.4
Translation differences	-
Right of use assets as of 3/31/2019	5.1

Lower of remaining lease term or economic life

0 - 3 years

Depreciation plan

Linear

Contract assets - sublease

(USD million)

Contract assets - sublease (beginning balance)

Additions	4.1
Sublease payments	(0.5)
Adjustment of interest expense	0.0
Translation differences	-
Contract assets - sublease as of 3/31/2019	3.7

Of which:

Current contract assets (less than 1 year)	1.7
Non-current contract assets (more than 1 year)	1.9

Balance as of 3/31/2019 **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 in Q1 2019

(USD million)

Operating lease expenses recognized under operating expenses decreased	(0.8)
Depreciation expense increased as a result of depreciation of ROU assets	0.8
Net interest expense increased as a result of recognition of the lease liability	0.1
Net effect	0.0

Profit for the period is not affected significantly.

Further information about the impact of IFRS 16, 'Leases', is provided in Note 1 in the Annual report for 2018.

Note 11 - Segments

Revenue	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	38.2	56.7	-33 %	38.2	56.7	-33 %
Bemobi (Apps & Games)	12.8	14.3	-11 %	12.8	14.3	-11 %
Corporate	0.6	0.4	59 %	0.6	0.4	59 %
Eliminations	(0.1)	0.0	-276 %	(0.1)	0.0	-276 %
Total continued operations ¹⁾	51.5	71.4	-28 %	51.5	71.4	-28 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

Gross profit	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	13.0	19.6	-33 %	13.0	19.6	-33 %
Bemobi (Apps & Games)	8.3	10.5	-21 %	8.3	10.5	-21 %
Corporate	0.6	0.4	45 %	0.6	0.4	45 %
Eliminations	0.0	0.0	1471 %	0.0	0.0	1471 %
Total continued operations ¹⁾	21.9	30.5	-28 %	21.9	30.5	-28 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

Adjusted EBITDA ²⁾	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	(2.6)	(2.7)	-7 %	(2.6)	(2.7)	-7 %
Bemobi (Apps & Games)	5.0	5.4	-7 %	5.0	5.4	-7 %
Corporate	(1.1)	(1.9)	-46 %	(1.1)	(1.9)	-46 %
Eliminations	0.0	(0.0)	0 %	0.0	(0.0)	0 %
Total continued operations ¹⁾	1.4	0.7	89 %	1.4	0.7	89 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

²⁾ excluding impairment and restructuring, and stock-based compensation expenses.

EBITDA	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	(2.6)	(0.9)	-193 %	(2.6)	(0.9)	-193 %
Bemobi (Apps & Games)	4.5	5.4	-18 %	4.5	5.4	-18 %
Corporate	(2.2)	(2.1)	-4 %	(2.2)	(2.1)	-4 %
Eliminations	0.0	(0.0)	-156 %	0.0	(0.0)	-156 %
Total continued operations ¹⁾	(0.4)	2.4	115 %	(0.4)	2.4	115 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

Note 11 - Segments (continued)

Normalized EBIT ²⁾	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	(7.8)	(4.7)	-64 %	(7.8)	(4.7)	-64 %
Bemobi (Apps & Games)	4.1	5.1	-20 %	4.1	5.1	-20 %
Corporate	(1.7)	(2.0)	14 %	(1.7)	(2.0)	14 %
Eliminations	(0.0)	0.0	110 %	(0.0)	0.0	110 %
Total continued operations ¹⁾	(5.4)	(1.6)	-228 %	(5.4)	(1.6)	-228 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

²⁾ excluding amortization of acquired intangible assets

EBIT	1Q 2019	1Q 2018	%	YTD 2019	YTD 2018	%
(USD million)	(Unaudited)	(Unaudited)	change	(Unaudited)	(Unaudited)	change
AdColony (Mobile Advertising)	(8.5)	(7.0)	-21 %	(8.5)	(7.0)	-21 %
Bemobi (Apps & Games)	3.5	4.4	-21 %	3.5	4.4	-21 %
Corporate	(2.4)	(2.3)	-3 %	(2.4)	(2.3)	-3 %
Eliminations	(0.0)	0.0	102 %	(0.0)	0.0	102 %
Total continued operations ¹⁾	(7.4)	(4.9)	-49 %	(7.4)	(4.9)	-49 %

¹⁾ including intercompany postings (ICP) against discontinued operations.

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

AdColony (Mobile Advertising)

AdColony revenue is primarily based on the activity of mobile users viewing ads through 3rd Party Publishers, such as developer applications and mobile websites. Advertising revenue is recognized each time a user views, or clicks a mobile ad, and/or installs a game. The performance obligations are satisfied on a point in time basis.

Bemobi (Apps & Games)

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, a feature phone platform, when a user purchases a premium app. Bemobi revenues consist of performance obligations that are satisfied on an over time basis.

Skyfire (Performance & Privacy)

See below under Corporate.

Corporate

Corporate costs comprise primarily of 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.

From 2019, Skyfire (Performance & Privacy) is no longer reported as a separate segment but has been rolled into the Corporate segment due to its size.

Note 12 - Other investments

Other investments (USD million)	3/31/2019 (Unaudited)	3/31/2018 (Unaudited)
Investments in associated companies	8.1	9.0
Loans to associated companies	5.6	5.0
Investments in other shares	0.8	0.8
Total	14.5	14.8

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 2019 (Unaudited)	YTD 2019 (Unaudited)
Revenue	10.9	10.9
EBIT	3.1	3.1
Net profit (loss)	-	-
Assets		160.8
Non-current liabilities		119.8
Current liabilities		11.2
Equity		29.8
Otello's share of equity		8.0

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 accrued interest of \$0.6 million, as at March 31, 2019.

Note 13 - Impairment and restructuring expenses

During 2019, 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 2019 (Unaudited)	1Q 2018 (Unaudited)	YTD 2019 (Unaudited)	YTD 2018 (Audited)
Salary restructuring expenses	(0.3)	(0.4)	(0.3)	(0.4)
Option restructuring expenses	0.0	0.0	0.0	0.0
Office restructuring expenses	(0.0)	0.7	(0.0)	0.7
Impairment expenses	0.0	0.0	0.0	0.0
Legal and other costs related to business combinations and disposals	(0.4)	(0.3)	(0.4)	(0.3)
Other restructuring expenses	0.0	(0.0)	0.0	(0.0)
Total	(0.7)	0.0	(0.7)	0.0

Note 14 - Potential sale of Vewd minority stake

Judgment handed down in 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 is listed to take place in March 2020. Prior to that date, there will be documentary discovery and exchange of written witness and expert evidence.

Note 15 - Events after the reporting date

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