



Opera + AdColony

Opera has chosen to boost its efforts in the mobile video space with the acquisition of AdColony

Video is the single largest medium for ad spend globally

- TV \$300B Global Market
- Digital is around \$120B, of which approximately \$18B in Mobile (15%)

Video will move from TV to mobile much faster than TV to desktop

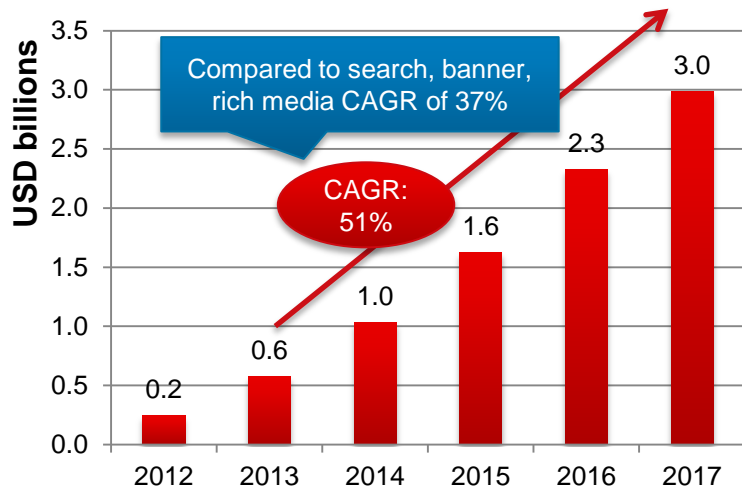
- Tablets have re-defined how consumers watch video content
- Full screen, TV-like experiences + interactivity
- Largely immune to “PVR” effect

Advertisers will follow the eyeballs

- February study from Millward Brown – More time spent on mobile screen than TV screen (155 minutes/day vs. 147 minutes/day) in U.S.
 - The advertiser spend has yet to catch up
- Video is the #1 mobile content format consumed globally, including emerging markets

Video is the fastest growing mobile advertising segment and is highly effective

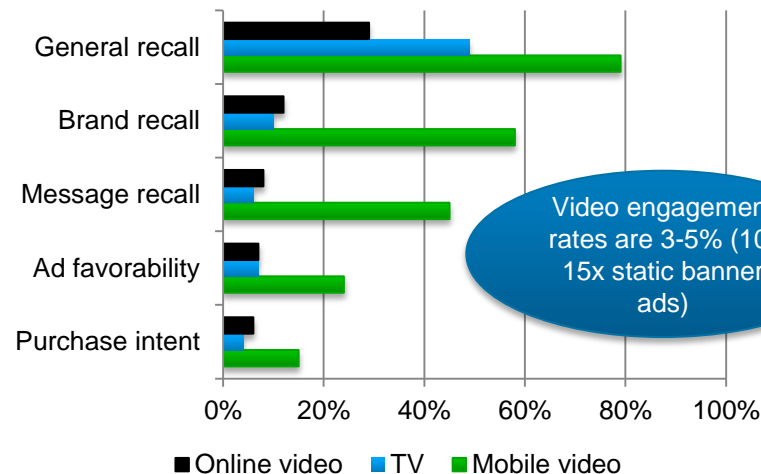
US mobile video ad spend



"Growth rates for mobile video ad spending will be far greater than for any other related channel—television, online or total digital"

eMarketer

Ad effectiveness (% of exposed respondents)



AdColony: Quick Facts

Scale: A Leading Player in the Mobile Video Space

- 2013 revenues of \$53 million with strong growth and profitability
- Audience reach of more than 340 million consumers

Technology: Market-leading Instant-Play™ HD video ads

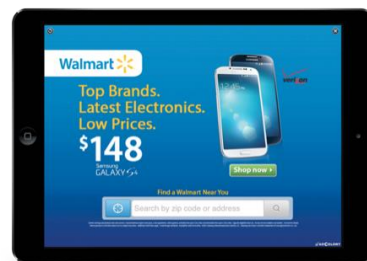
- Full-screen HD TV-like experience
- Video ads shown “anywhere” – not only as part of video content

Engagement: Dynamic End Cards that drive post-viewing interaction with consumers

- Deliver immersive brand experiences, location, social media sharing, app installs
- Strong traction with both brand advertisers and performance advertisers

Team: Strong management and 100-person team

- Leadership from Apple, Yahoo!, AT&T, Activision etc.
- Based in LA, other offices in SF, NYC, Seattle, Chicago, Detroit and London



AdColony delivers a video advertising product with massive traction among both advertisers and publishers

Instant-Play™ HD Video

- Razor sharp quality
- Lightning fast speed; never buffers
- Full-screen experience
- Superior audio quality



AdColony: Featured Advertising Partners



AdColony: Featured Publishing Partners



AdColony combines the power of TV with the engagement of digital, at scale

In-App Environment



User engaged in a native app on their smartphone or tablet – typically long session-time apps where users are highly engaged and in a state of “want” (vs. “need”) – entertainment, news, music, games and social



Full-Screen Instant-Play™ HD Video ad



Superior-quality HD video ad plays at normal breaks in the experience, full screen with no buffering



Customizable Dynamic End Card



Video resolves to completely customizable Dynamic End Card to accomplish multiple calls-to-action



AdColony is an excellent strategic fit for Opera

Industry Leader in Mobile Video Advertising

- Establishes Opera as the leader in mobile video advertising
- Highly differentiated combined platform – leading the innovation curve
- Addresses huge demand for mobile video inventory from our brand advertisers
- Very attractive market with strong underlying growth

Expands Publisher Base

- Highly complementary addition of a broad range of top-tier mobile publishers
- Attractive new inventory for rich media and banner ads

Strong Brand & Performance Offering

- Strengthens Opera's portfolio in high growth mobile ad market

Global Opportunity

- Opera can take AdColony beyond U.S. footprint and expand to international markets (starting with a solid foothold in the U.K., Germany, Brazil and Mexico)



Overview of transaction terms

Component	Maximum consideration and earn-out drivers	Form of consideration	Total estimated purchase price at expected performance
Upfront consideration	\$75m, plus payment for excess cash	Cash	\$75m, plus payment for excess cash
Performance based consideration	<ul style="list-style-type: none"> Escrow: \$25m total, both revenue and adj. EBITDA targets, of which <ul style="list-style-type: none"> 2014: \$10m total escrow pool 2015: \$15m total escrow pool 2014 earn-out: \$75m total pool <ul style="list-style-type: none"> 30% revenue¹, 70% adj. EBITDA 2015 earn-out: \$135m total pool <ul style="list-style-type: none"> 22% revenue¹, 78% adj. EBITDA 2016 earn-out: \$40m total pool <ul style="list-style-type: none"> 19% revenue¹, 81% adj. EBITDA 	<ul style="list-style-type: none"> Escrow: Cash Earn-outs: Cash or stock, largely at Opera's discretion Up to \$15m of the potential EBITDA-driven earn-out payments are dedicated to employees, \$7.5m in each of 2015 and 2016, and will be paid in cash 	<ul style="list-style-type: none"> Escrow: \$25m 2014 earn-out: \$50m 2015 earn-out: \$75m 2016 earn-out: \$20m
Total	\$350m		\$245m



¹ Revenue targets also include minimum adj. EBITDA targets

Updated 2014 Financial Guidance and 2015 Financial Aspirations in light of the AdColony acquisition

2014 guidance

	<u>Revenue</u>	<u>Adj. EBITDA</u>
Existing guidance	\$390-410m	\$108-116m
 Opera AdColony expectation¹	\$45-50m	\$7-9m
 Add'l investments² in Consumer and Operator businesses	—	(\$5m)
Updated guidance	\$435-460m	\$110-120m

2015 Financial Aspirations

	<u>Revenue</u>	<u>Adj. EBITDA</u>
Existing Aspirations	\$500m	\$150m
 Opera AdColony estimate	\$170m	\$30m
 Updated aspirations	\$670m	\$180m

1: AdColony represents 15 August – 31 December in 2014

2: Marketing and R&D



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