



OPERA TO ACQUIRE ADCOLONY

Global leading mobile video ad platform

Strengthens Opera as global leader in mobile advertising, with a combined audience reach north of 700 million consumers

Acquisition price of \$75 million plus Multi-year Earn-Out

Opera Raises 2014 Guidance and 2015 Financial Aspirations

Oslo, Norway

June 24, 2014

Opera today announced that it has reached a definitive agreement to acquire AdColony, a rapidly growing and leading mobile video advertising platform, for \$75 million in cash, plus potential earn-out payments of up to \$275 million tied to ambitious 2014, 2015 and 2016 AdColony mobile video ad platform revenue and Adjusted EBITDA* targets. The acquisition is expected to close in 3Q 2014.

“Opera is growing rapidly and we are constantly looking for opportunities to bring best-of-breed services to the market. AdColony is a natural fit for Opera and our mobile advertising subsidiary, Opera Mediaworks. This acquisition will augment our services with a robust specialization around mobile video – the fastest growing segment within the mobile advertising industry,” said Lars Boilesen, CEO, Opera Software.

AdColony excels in delivering innovative, TV-like crystal-clear video ads instantly in HD across the most popular iOS and Android smartphone and tablet apps in the world. The video ads can be shown “anywhere” as part of a native app experience, not just as part of other video content. AdColony’s proprietary Instant-Play™ video ad technology eliminates latency and long load times for video, providing the highest quality video experience for advertisers, publishers and consumers, with interactive elements to drive engagement, action and results. The company’s customers include Fortune 500 brands, performance advertisers and more than 70 percent of the world’s top grossing app publishers.

“The market opportunity for mobile video advertising is significant and AdColony brings a highly differentiated solution to Opera. After a comprehensive evaluation of the market, we believe that AdColony is the clear industry-leading mobile video advertising platform”, said Opera’s CFO/CSO Erik Harrell. “This acquisition is expected to be immediately accretive. As a result of this transaction and incorporating additional investments we plan to make in our consumer and operator business areas during the second half of 2014, we are raising our 2014 full year revenue guidance range to \$435 - \$460 million and full year Adjusted EBITDA* guidance range to \$110 - \$120 million, assuming a closing of the transaction by August 15. We are also raising our 2015 financial aspirations to \$670 million in revenue and \$180 million in Adjusted EBITDA*.”

“AdColony’s team, technology and execution will elevate Opera Mediaworks’ already strong position in the mobile advertising industry. The combination will deliver an even better results-oriented, end-to-end offering to brands, agencies and publishers globally,” said Mahi de Silva, CEO, Opera Mediaworks.

AdColony will continue to support its existing customers as usual following the acquisition. Will Kassoy will continue to lead AdColony as CEO, and he will additionally take on the role of Chief Marketing Officer of Opera Mediaworks.

“Opera Mediaworks shares our vision to enhance the mobile ecosystem and deliver the highest quality mobile video experience in the world,” said Will Kassoy, CEO, AdColony. “AdColony’s keen focus on the consumer experience in mobile apps combined with the massive growth of mobile video consumption worldwide, has catapulted our growth and made us a go-to partner for app developers and advertisers. We are excited to now be part of Opera Mediaworks’ renowned global organization and look forward to unlocking tremendous synergies together.”

For advertisers, the addition of AdColony will make Opera Mediaworks the most comprehensive suite of brand and performance-based mobile ad solutions, delivering creative, targeting, analytics, measurement, programmatic buying, and video and rich-media offerings.

For publishers, the combination will offer the world’s largest mobile-focused ad server along with a larger scope of managed, self-service and programmatic tools creating powerful ways to monetize their inventory effectively.

Mobile video advertising is the fastest-growing advertising segment in all of digital advertising. Mobile advertising spend is expected to grow to \$41.9 billion by 2017, with mobile video advertising showing the highest growth rate, according to [Gartner](#), a leading information technology research and advisory firm.

Updated Financial Outlook

- Opera is updating its 2014 guidance ranges as a result of this acquisition as follows, assuming closing occurs no later than August 15, 2014:
 - \$435-460 million in revenue, up from \$390-\$410 million, incorporating \$45-50 million of revenue expected from AdColony
 - Adjusted EBITDA* of \$110-\$120 million, up from \$108-\$116 million, incorporating \$7-9 million of Adjusted EBITDA* expected from AdColony less \$5 million of additional marketing and research and development investment Opera intends to make in its consumer and operator business areas during the last 6 months of 2014.
- Opera is raising its financial aspirations for 2015 to \$670 million in revenue and \$180 million in Adjusted EBITDA*, up from \$500 million and \$150 million, respectively, as communicated at the Opera Capital Markets Day in March 2013.

Transaction and Financial Highlights

- Opera will pay \$75 million in cash for AdColony, plus excess cash on AdColony's balance sheet.
- In addition, the deal may include additional variable cash and/or stock consideration of up to \$275 million tied to ambitious 2014, 2015 and 2016 AdColony mobile video advertising revenue and Adjusted EBITDA* targets. The first \$30 million of the potential 2014 variable earn-out consideration will be paid in stock (converted to a number of shares based on a pre-determined Opera share price of \$12.323), equivalent to up to 2.43 million shares. Beyond this, the payment mix of cash versus stock for earn-out payments is largely at Opera's discretion, and payments in stock will be converted based on Opera's share price at the time of payment.
- Based on AdColony delivering the incremental revenue and Adjusted EBITDA* incorporated into Opera's updated 2014 financial guidance and 2015 financial aspirations, Opera estimates about \$170 million of the maximum \$275 million of potential earn-out payments would be made, implying an estimated total purchase price for AdColony of approximately \$245 million.
- The highlights of the variable acquisition consideration portion of the transaction for the 2014, 2015 and 2016 financial targets are as follows:

Performance components	Total Maximum Variable Consideration	Expected additional payments, resulting in an estimated \$245 million purchase price for AdColony
Escrow	<ul style="list-style-type: none"> Up to \$10 million released based on 2014 Revenue and Adjusted EBITDA* targets Up to \$15 million released based on 2015 Revenue and Adjusted EBITDA* targets 	\$25 million
2014 Revenue and Adjusted EBITDA*	<ul style="list-style-type: none"> Up to \$22.5 million based on revenue targets Up to \$52.5 million based on Adjusted EBITDA* targets 	\$50 million
2015 Revenue and Adjusted EBITDA*	<ul style="list-style-type: none"> Up to \$30 million based on revenue targets Up to \$105 million based on Adjusted EBITDA* targets 	\$75 million
2016 Revenue and Adjusted EBITDA*	<ul style="list-style-type: none"> Up to \$7.5 million based on revenue targets Up to \$32.5 million based on Adjusted EBITDA* targets 	\$20 million
Total variable components	\$275 million	\$170 million

- Should AdColony deliver even stronger incremental financial performance compared to what is incorporated into Opera's updated 2014 financial guidance and 2015 financial aspirations and Opera is required to pay higher earn-out payments, the multiples and attractiveness of the deal will improve even further.
- ABG Sundal Collier Norge ASA provided the Opera Board of Directors with a fairness opinion on the purchase price for AdColony.
- Opera was advised by Weil, Gotshal & Manges LLP as U.S. counsel and Arntzen de Besche Advokatfirma AS as Norwegian counsel.
- Opera has signed an agreement with DNB Bank ASA to increase the size of its secured revolving credit facility ("facility") from \$100 million to \$200

million. The \$100 million facility was signed and announced on February 15, 2013. The new facility will primarily be secured through a share pledge in Opera Software International AS and floating charges over accounts receivable in Opera Software ASA and certain of its U.K. and U.S. subsidiaries. The new facility has a term of 3 years and bears an interest rate of LIBOR + 1.75% p.a. (plus a utilization fee varying with the amount drawn) for a facility of \$150 million and LIBOR + 2.25% p.a. (plus a utilization fee varying with the amount drawn) for a facility of \$200 million. On the undrawn portion of the facility, a commitment fee of 35% of the applicable margin will be paid. Opera Software intends to use the financing for general corporate purposes and to fund the acquisition of AdColony.

Information as required by the Oslo Børs Continuing Obligations section 3.4.2(1)

Parties to the agreement: AdColony's primary shareholder is Insight Venture Capital, a venture capital fund based in New York City. Management and other employees, including AdColony's CEO, Will Kassoy, hold options representing approximately 18% of the company. The rest of the share capital is held by AdColony's founder, Jon Zweig, and early angel investors. Up to \$15 million of the total pool of Adjusted EBITDA* performance based payments for 2015 and 2016 will be allocated to employees directly, capped at \$7.5 million in each year. This is in addition to what they stand to gain as option holders. This additional incentive scheme is included in the communicated variable consideration range and maximum deal size.

Type of transaction: The transaction is an acquisition by Opera Software ASA of all outstanding stock in AdColony. The transaction is structured as a reverse triangular merger resulting in the company, which will be the surviving corporation, becoming a wholly-owned subsidiary of Opera Software ASA.

Expected closing: The acquisition is expected to close in the third quarter of 2014, subject to customary closing conditions, including receipt of regulatory approvals. During the period between signing and closing, AdColony will continue operating in the ordinary course, subject to certain customary operating covenants as specified in the Purchase Agreement.

Consideration payable and financing: Initial consideration of \$75 million in cash, plus excess cash on AdColony's balance sheet. Reference is also made to the information regarding the increase of the DNB Bank facility as described above.

Special terms and conditions: As described above, the variable deal payments (up to \$275 million) include different components, such as escrow with both revenue and Adjusted EBITDA* minimum targets, revenue based earn-out payments (with associated minimum Adjusted EBITDA* targets) and pure

Adjusted EBITDA* based earn-out payments. The earn-out period runs through August 2016, with final payments in Q4 2016.

Description of the business to be acquired: AdColony is a mobile video advertising company based in Los Angeles (CA), with offices in San Francisco, Seattle, Chicago, Detroit, New York and London. The company was founded in 2008 as a mobile app developer, and did a strategic pivot to mobile advertising and video in particular in 2011. AdColony currently has approximately 100 employees. A majority of AdColony's revenue currently comes from the U.S., with the balance coming from Europe and Asia

The current members of the Board of Directors of AdColony are: William Kassoy, Ryan Hinkle, Bryan Gartner, Octavio Herrera and Jon Zweig.

The senior executives of AdColony are: William Kassoy (CEO), Michael Owen (CRO), Ty Heath (CTO), David Kurtz (CPO), Brian Kesterson (SVP Finance & Administration), Bryan Buskas (SVP Sales - Performance Advertising), Nikao Yang (SVP Marketing & Business Development), David Pokress (SVP Monetization and Publisher Relations), Greg Deutsch (SVP Legal and General Counsel) and Molly Moriarty (VP Marketing).

The following table summarizes the key financials of AdColony (2013 and 2012 are audited, 2011 is unaudited, US GAAP):

	FY 2013	FY 2012	FY 2011
Revenues	\$52.8 mm	\$11.3 mm	\$2.4 mm
Adjusted EBITDA*	\$7.9 mm	\$-2.0 mm	\$-2.4 mm
Total assets	\$30.4 mm	\$7.2 mm	\$2.4 mm
Total liabilities	\$20.0 mm	\$3.5 mm	\$0.8 mm
Equity	\$10.4 mm	\$3.7 mm	\$1.6 mm

Significance of the transaction for Opera: As shown above, the AdColony acquisition implies a meaningful uplift in our guidance and aspirations, and AdColony is expected to become a material part of Opera's mobile advertising business going forward. Given the substantial synergy potential, the acquisition

contemplates close collaboration across all business areas and full integration of AdColony's Brand Ad Sales into the rest of Opera's advertising business, Opera Mediaworks, which is planned to be executed over the coming 6-12 months.

The mobile advertising market, including Opera's existing customers, have shown a strong appetite for high quality mobile video advertising solutions -- on both the supply and demand sides of the advertising economy. Integrating AdColony's technology into Opera's end-to-end mobile advertising platform will extend Opera's leadership position in rich media advertising, establishing it as the go-to platform for mobile video advertising. AdColony's demonstrated expertise in leveraging mobile video advertising for performance advertisers is expected to further strengthen Opera's value proposition for user acquisition/app install offerings, in a market that is characterized by explosive growth. AdColony also brings a formidable portfolio of mobile publishers to Opera, including many of the top grossing mobile applications on iTunes and Google Play – who in turn can benefit from the broader capabilities of Opera Mediaworks. Finally, leveraging Opera's global footprint and accessible inventory, the AdColony technology can be applied to a much broader global audience, at a much faster rate than possible in a stand-alone scenario.

Agreements with senior employees or members of the board: Apart from being entitled to consideration and limited third-party benefits under the Merger Agreement and taking part in the variable contingent consideration, including the consideration that will be directed directly to employees, and except for entering into employment contracts in the ordinary course, no member of AdColony management or the AdColony board of directors has been or is expected to be party to any agreements providing for any specific benefits in connection with the transaction except for the following pre-existing agreements between AdColony and certain employees: In addition to his equity interest, Will Kassoy will receive cash payments as a result of the transaction which will result in him receiving a minimum percentage of the transaction consideration, and three other members of senior management will receive cash bonuses as a result of the transaction. All such cash amounts arise from existing arrangements between AdColony and the individuals and will be deducted from the proceeds payable to AdColony's other equity holders. No current member of the Opera senior management or Board of Directors has been or is expected to be party to any arrangements providing for any specific benefits in connection with the transaction.

This Press Release contains forward-looking statements. These statements include, among other things, statements regarding future operations and business strategies and future financial condition and prospects. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences are covered in the Opera Software FY 2013 Annual Report under the heading "Risk Factors." We undertake no obligation to revise or publicly release the results of

any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

**"Adjusted EBITDA*", or Non-IFRS EBITDA* (for Opera) or non-USGAAP EBITDA* (for AdColony), refers to EBITDA* excluding stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs.

Conference Call Information

Opera will host a 30-minute conference call to discuss the acquisition at 8:30 am PST / 5:30 pm CET today. The dial-in numbers for the call are:

Norway: +47 2195 3231
UK +44 (0) 20 8150 0793
Int'l Toll: 719-386-0001
US/CAN Toll free: 866-564-7442

Participant Passcode: 290583

A replay of this conference call will be available at the Opera Investor Relations website at <http://www.operasoftware.com/company/investors>. Opera uses the website as a means of disclosing material non-public information.

Following the call, a replay will be available at the same website.

About Opera Software

Opera enables more than 350 million internet consumers worldwide to connect with the content and services that matter most to them and more than 130 mobile operators to deliver the very best possible internet experience to their subscriber base. Opera also helps publishers monetize their content through advertising and advertisers reach the audiences that build value for their businesses, capitalizing on a global consumer audience reach that exceeds 500 million.

Opera and Opera Mediaworks are trademarks of Opera Software ASA. All other trademarks are the property of their respective owners.

About Opera Mediaworks

Opera Mediaworks is the world's largest mobile advertising platform, deployed by 18 of the world's top 25 media companies and servicing 23 of the world's top 25 brands. With a focus on technological innovation, transparency and trust, Opera Mediaworks enables advertisers to reach their target audiences and publishers

optimize ad monetization. Opera Mediaworks' mission is to deliver relevant ads to the right people at the right time across today's most important medium—mobile.

Headquartered in Silicon Valley, California, Opera Mediaworks has additional offices in San Francisco, New York, Los Angeles, Chicago, Miami, London, Hamburg, Buenos Aires, Sao Paulo, Mexico City, Bogota, San Jose (Costa Rica), Santiago, Dublin, Oslo, Moscow, Singapore, Jakarta and New Delhi. Opera Mediaworks is a wholly-owned subsidiary of Opera Software ASA, which is listed on the Oslo Stock Exchange under the ticker symbol OPERA. Learn more about Opera Mediaworks at www.operamediaworks.com.

About AdColony

AdColony is a mobile video advertising company whose proprietary Instant-Play™ technology serves razor sharp, full-screen video ads instantly in HD across its extensive network of iOS and Android apps, eliminating the biggest pain points in mobile video advertising: long load times and grainy, choppy video. As a leading mobile video advertising and monetization platform, AdColony works with both Fortune 500 brands and the world's top grossing publishers. The company's reach, targeting and optimization tools and services provide advertisers with a superior way to engage mobile audiences at scale. AdColony's app developer tools and services provide publishing partners with ways to maximize monetization while gaining insight needed to continuously optimize content and advertising offerings. AdColony is a privately held company backed by Insight Venture Partners and has offices in Los Angeles, San Francisco, Seattle, Chicago, Detroit, New York and London. To learn more about AdColony, visit www.AdColony.com.