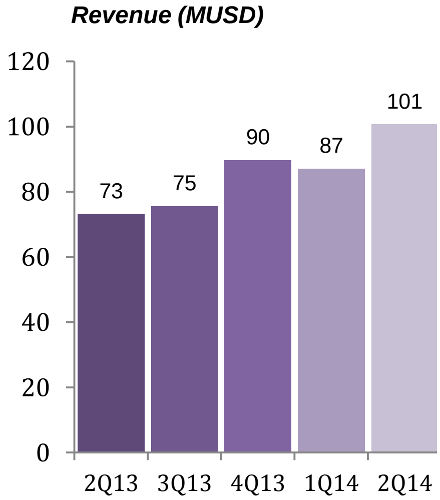
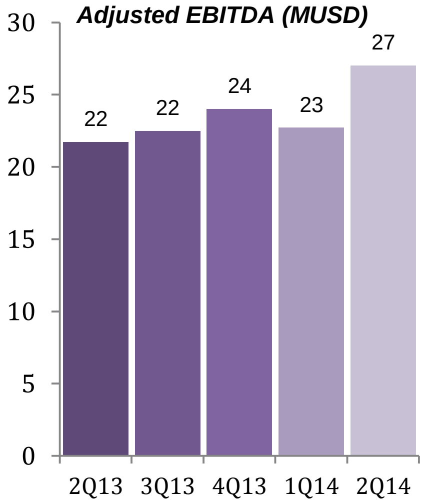
# Quarterly Report 2Q14




***Revenue growth of:***

38%

## HIGHLIGHTS

- Revenue growth of 38%
- Record revenue and adjusted EBITDA
- Strong revenue growth from Mobile Publishers and Advertisers

# Opera Quarterly Report 2Q14

Revenue was MUSD 100.6 in 2Q14, up from MUSD 73.1 in 2Q13, an increase of 38%. Adjusted EBITDA, excluding one-time extraordinary costs, was MUSD 27.0 in 2Q14 compared to MUSD 21.7 in 2Q13. EBIT, excluding one-time extraordinary costs, was MUSD 18.0 in 2Q14 compared to MUSD 15.2 in 2Q13. EBIT, including one-time extraordinary costs, was MUSD 16.1 in 2Q14 compared to MUSD 15.2 in 2Q13.

## OPERATIONAL HIGHLIGHTS

**Mobile Operators**

- Operator cloud based license/data revenue of MUSD 16.5 in 2Q14, up 11% versus 2Q13
- Operator active users (Opera Mini and Skyfire´s Horizon service) reached 113.5 million by the end of 2Q14, up 46% versus the end of 2Q13
- Released Rocket Insights as part of the Rocket Optimizer platform
- Extended and expanded partnership with Telenor

**Mobile Consumers (Opera Owned and Operated Properties)**

- Total Opera mobile consumer users reached 270.8 million at the end of 2Q14, up 8% versus the end of 2Q13
- Opera´s Android users reached 103.9 million at the end of 2Q14, up 74% versus the end of 2Q13
- Total of 31.4 billion ad requests were generated from Opera´s owned and operated properties, an increase of 52% from 2Q13
- Launched the Opera Coast web browser and Opera Mini 8 for iPhone

**Mobile Publishers & Advertisers (Opera Publisher Partner Members)**

- Revenue reached MUSD 51.1 million in 2Q14, up 83% compared to 2Q13
- Total mobile advertising impressions managed (including O&O) was 187 billion in 2Q14, up 9% compared to 2Q13
- Opera announced the acquisition of AdColony, a global leading mobile video ad platform

**Desktop Consumers**

- Desktop users reached 51 million by the end of 2Q14, down 2% versus the end of 2Q13.

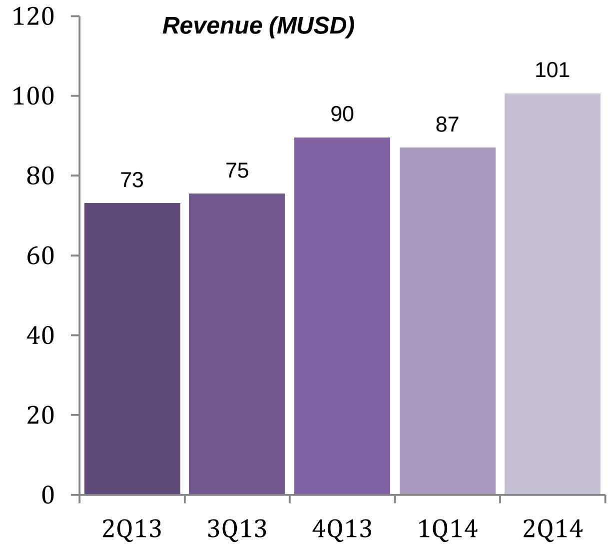
**Device OEMs**

- Announced Swisscom will pre-install the Opera TV Store application platform on its set-top boxes.

## FINANCIAL HIGHLIGHTS

**Revenue**

Revenue in 2Q14 was MUSD 100.6, up 38% from 2Q13, when revenue was MUSD 73.1.




**Operating costs**

Total operating costs, excluding one-time extraordinary costs, were MUSD 82.6 in 2Q14 compared to MUSD 58.0 in 2Q13, an increase of 42%.

**Cost of goods sold**

Cost of goods sold in 2Q14 was MUSD 23.4 compared to MUSD 13.7 in 2Q13, an increase of 71%. Cost of goods sold expenses increased in 2Q14 versus 2Q13 due to higher publisher payout costs related to higher revenue from our Mobile Publisher and Advertiser business.

**Payroll and related expenses**

Total payroll and related expenses, excluding stock-based compensation expenses, were MUSD 33.0 in 2Q14 compared to MUSD 25.3 in 2Q13, an increase of 30%. Payroll and related expenses increased in 2Q14 versus 2Q13 due to headcount growth and higher payroll costs per employee.

### Stock-based compensation expenses

Total stock-based compensation expenses for 2Q14 were MUSD 2.1 compared to MUSD 1.0 in 2Q13. 2Q14 stock based compensation costs include approximately four weeks of costs related to Opera´s new restricted stock unit (RSU) plan, which was approved by Opera´s shareholders at the 2014 Annual General Meeting held on June 3, 2014.

### Depreciation and amortization

Depreciation and amortization expenses in 2Q14 were MUSD 6.9 compared to MUSD 5.5 in 2Q13, an increase of 25%. Depreciation and amortization costs increased primarily due to higher investments in Opera Mini server infrastructure, depreciation of intangible assets related to acquisitions, and amortization of research and development costs.

### Other operating expenses

Other operating expenses in 2Q14 were MUSD 17.2 compared to MUSD 12.5 in 2Q13, an increase of 38%. Other operating expenses increased in 2Q14 versus 2Q13 primarily due to higher marketing, travel and hosting costs.

### One-Time Extraordinary Cost

In 2Q14, Opera recorded restructuring charges of MUSD 1.9 related to a strategic cost reduction that will better align costs with revenues and legal fees related to business combinations.

### Non-IFRS EBITDA ("Adjusted EBITDA") and EBIT

EBITDA, excluding stock-based compensation expenses and one-time extraordinary costs, was MUSD 27.0 compared with MUSD 21.7 in 2Q13. EBITDA, excluding one-time extraordinary costs, was MUSD 24.9 in 2Q14 compared with MUSD 20.7 in 2Q13. EBIT, excluding one-time extraordinary costs, was MUSD 18.0 in 2Q14 compared to MUSD 15.2 in 2Q13. EBIT, including one-time extraordinary costs, was MUSD 16.1 in 2Q14 compared to MUSD 15.2 in 2Q13.

### Interest income and FX gains/ (losses)

Net interest expense was MUSD 0.2 in 2Q14 compared to MUSD 0.4 in 2Q13. Opera had a foreign exchange gain of MUSD 2.1 in 2Q14 compared with a gain of MUSD 3.5 in 2Q13.

### Profit for the period

2Q14 IFRS Net Income was MUSD 9.5 compared to MUSD 6.1 in 2Q13. Non-IFRS 2Q14 Net Income was MUSD 17.5 compared to MUSD 15.1 in 2Q13. The Company´s non-IFRS Net Income in 2Q14 excludes the effects of MUSD 2.1 in non-cash stock-based compensation expenses, MUSD 1.9 in one-time extraordinary costs and MUSD 4.0 in acquisition related adjustments.

EPS and fully diluted EPS were USD 0.071 and USD 0.069, respectively, in 2Q14, compared to USD 0.051 and USD 0.049, respectively, in 2Q13. Non-IFRS EPS and fully diluted Non-IFRS EPS were USD 0.132 and USD 0.128, respectively, in 2Q14, compared to USD 0.125 and USD 0.122, respectively, in 2Q13.

### Liquidity and capital resources

The Company's net cash flow from operating activities was MUSD 4.7 in 2Q14 compared to MUSD 11.1 in 2Q13. Cash flow from operating activities was impacted positively by strong profitability and negatively by changes in working capital. Opera's cash balance was impacted positively by net cash flow from operating activities, and negatively by expenses related to acquisitions, dividend payments, investments in research and development and capital expenditures. Capital expenditures, which are primarily related to Opera's hosting operations, were MUSD 4.6 in 2Q14 versus MUSD 1.0 in 2Q13.

### Cash

Cash and cash equivalents at the end of 2Q14 were MUSD 117.0 compared to MUSD 56.4 in 2Q13. Proceeds from an equity offering (USD 125.9 million in net proceeds) consummated in late June were received in early July (booked as other receivables in 2Q14).

In 2Q14, the Company signed a MUSD 150 secured revolving credit facility with DNB Bank ASA, of which MUSD 60.0 has been drawn as of the end of 2Q14. This facility replaces a MUSD 100 secured revolving credit facility that was signed with DNB Bank ASA in February 2013.

### Organization

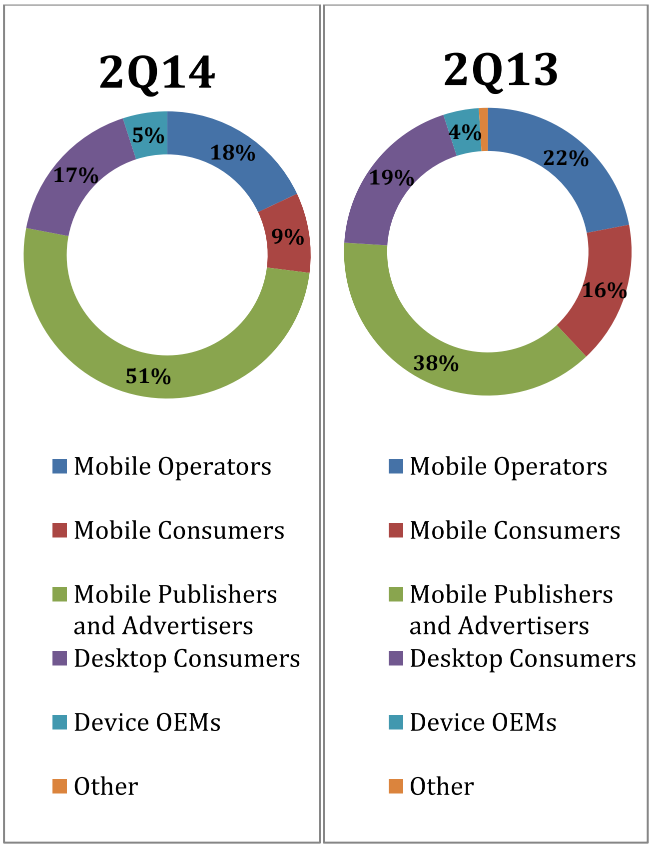
At the end of 2Q14, the Company had 1,233 full-time employees and equivalents compared to 980 at the end of 2Q13.

## REVENUE OVERVIEW

### About

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 800 million.

*Customer Type (MUSD)*




**Summary**

Revenue was MUSD 100.6 in 2Q14 compared to MUSD 73.1 in 2Q13, an increase of 38%.

| Customer Type (MUSD) | 2Q14 | 2Q13 |
|---|---|---|
| Mobile Operators | 17.7 | 15.9 |
| Mobile Consumers (Opera Owned and Operated properties) | 9.3 | 11.8 |
| Mobile Publishers and Advertisers (Opera Publisher Partner Members) | 51.1 | 27.9 |
| Desktop Consumers | 17.4 | 14.2 |
| Device OEMs | 4.9 | 2.8 |
| Other | 0.2 | 0.5 |
| **Total Revenue** | **100.6** | **73.1** |

Compared to 2Q13, 2Q14 saw strong revenue growth from Mobile Publishers and Advertisers (Opera Publisher Partner Members), revenue growth from Desktop Consumers, Mobile Operators and Device OEMs and a decrease in revenue from Mobile Consumers (Owned and Operated Properties).

Overall, Opera saw strong revenue growth from its cloud based mobile services, serving operators, consumers, advertisers and publishers. Revenue from Opera´s cloud based mobile services grew 41% to MUSD 76.9 in 2Q14, compared to MUSD 54.6 in 2Q13.

In the quarter, Mobile Publishers and Advertisers (Opera Publisher Partner Members) was the largest source of revenue (MUSD 51.1 in revenue and 51% of revenue), followed by Mobile Operators (MUSD 17.7 in revenue and 18% of revenue), Desktop Consumers (MUSD 17.4 in revenue and 17% of revenue), Mobile Consumers (MUSD 9.3 in revenue and 9% of revenue) and Device OEMs (MUSD 4.9 in revenue and 5% of revenue).

Revenue from Operators increased by 12% in 2Q14 versus 2Q13. Operator cloud based license/data revenue increased by 11% to MUSD 16.5 in 2Q14 compared to MUSD 14.8 in 2Q13.

Mobile Consumer (Opera Owned & Operated properties) revenue was down 21% compared to 2Q13, due in particular to lower licensing revenue, partly offset by growth in mobile advertising related to Opera´s owned and operated properties.

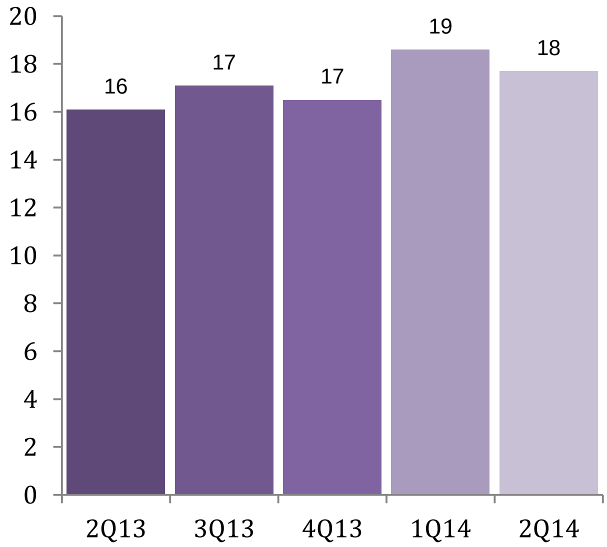
Mobile Publisher and Advertiser (Opera Publisher Partner Members) revenue grew 83% compared to 2Q13. Revenue growth was driven primarily by increased revenue from premium and performance advertisers and "app-install" driven spend from primarily the mobile gaming sector.

Revenue from Desktop increased by 23% in 2Q14 versus 2Q13, with lower search revenue offset by higher advertising and licensing revenue.

Device OEM revenue was up 74% compared to 2Q13, driven by higher license revenue from our Connected TV customers in particular.

**Mobile Operators**

*Mobile Operators (MUSD)*




As mobile operators face increasing downward pressure on average voice revenue per subscriber, and as competition heightens, operators around the world are looking for new sources of revenue, differentiation via data services and network performance/quality, and solutions to manage the explosion of mobile video and multi-media data network traffic spurred by the rapid adoption of smartphones and tablets, with video alone expected to comprise close to 70% of total mobile data traffic by 2017.

Opera is a trusted partner for operators globally. The Company currently offers five major cloud based solutions and services to Operators worldwide: (i) Operator/Co-branded versions of Opera Mini, whereby Operators are able to offer their mass market subscribers content compression, fast Internet download speeds, convenient access to operator portal services in order to drive incremental revenue, and lower priced data plans and data packages, capitalizing on the up to 90% data compression that Opera´s cloud services enables; (ii) Rocket Optimizer, which allows mobile operators to leverage cloud computing to optimize and compress video and other multimedia traffic on crowded cell towers, including 3G and 4G LTE networks, enabling operators to both boost the capacity of their networks by up to 60% and offer better network performance and quality to their subscribers; (iii) Horizon, a mobile browser extension and toolbar platform that allows users to personalize their smartphone browser and operators to gain new monetization opportunities, such as advertising; (iv) Opera WebPass, which allows users to easily buy time-based or content-based mobile data packages through a simple, one-click purchase, similar to how users buy apps today, enabling operators to both offer a broad array of personalized data package alternatives for their subscribers and increase average revenue generated per subscriber and (v) Opera Sponsored WebPass, where operators are able to facilitate advertisers sponsoring free Internet browsing for their subscriber base, enabling operators to generate advertising revenue.

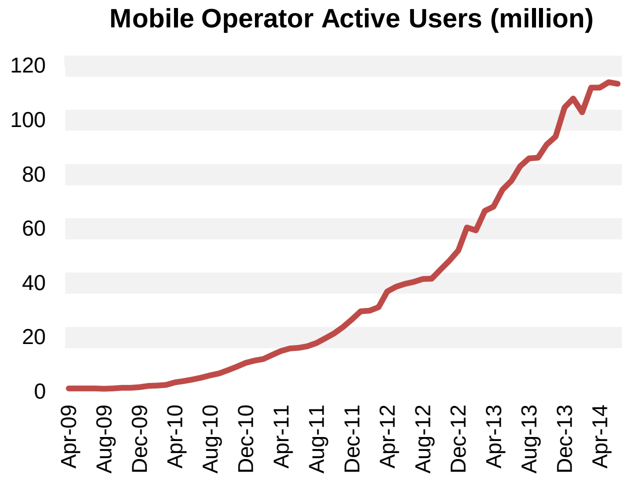
A key element of Opera´s revenue growth plan with Operators is the Rocket Optimizer mobile video/media optimization solution, which can detect when specific users are facing poor network connections and then intervene in milliseconds to improve network quality and performance for that user. Rocket Optimizer can minimize long start times, rebuffering, and stalls on video and audio streams that frustrate mobile users around the world. The Rocket Optimizer solution provides operators with an instant 60% boost in bandwidth capacity across smartphones, tablets and laptops on 3G and 4G LTE networks. Its flexible cloud architecture and intelligent traffic steering dramatically reduce an operator’s total cost of ownership, in comparison with the cost of legacy in-line hardware solutions.

Rocket Optimizer is offered to global operators under a revenue model that includes a platform fee for the core Rocket Optimizer technology and a network capacity fee that is tied to the operator´s traffic levels.

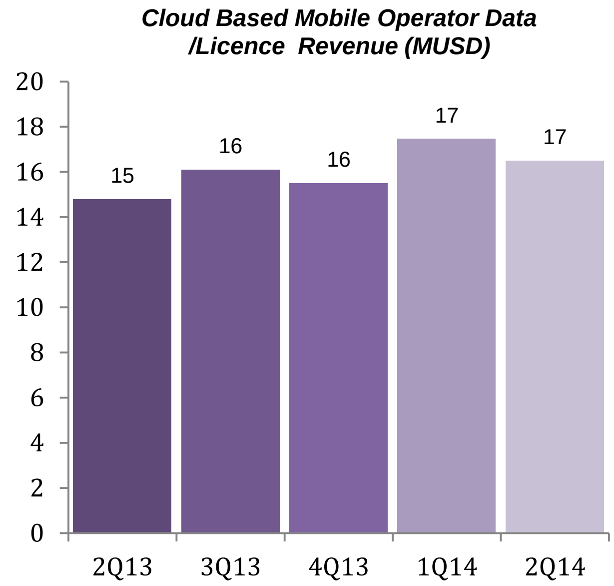
Revenue for Operator Opera Mini and Horizon is driven by active users of the respective products on the mobile operator´s network and can also include revenue share on data, advertising and m-Commerce. Revenue that Opera generates from WebPass is based on a revenue share with the operator based on actual WebPass data purchases.

At the end of 2Q14, Opera had active agreements with 54 operators worldwide (total of 130+ agreements when including all subsidiaries of global frame agreements signed), including 17 out of the top 30 operators worldwide, which have approximately 2.8 billion subscribers combined, or more than 40% of the total global subscriber base. These customer figures also include Skyfire´s customer list. Skyfire itself counts the global mobile operator Telenor and three large U.S. mobile operators as customers, with three customers for its Rocket Optimizer solution and two customers for its Skyfire Horizon solution.

During the quarter, Opera continued to see strong growth in the number of Operator Opera Mini users from its existing agreements, notably from such customers as Airtel, MTN, Telenor, Vimpelcom and Vodafone; the active user figures also include Skyfire Horizon active users from two major US operators. At the end of June 2014, the total number of Opera Mini and Horizon active users with Operators grew to 113.5 million, an increase of 46% versus the end of June 2013.



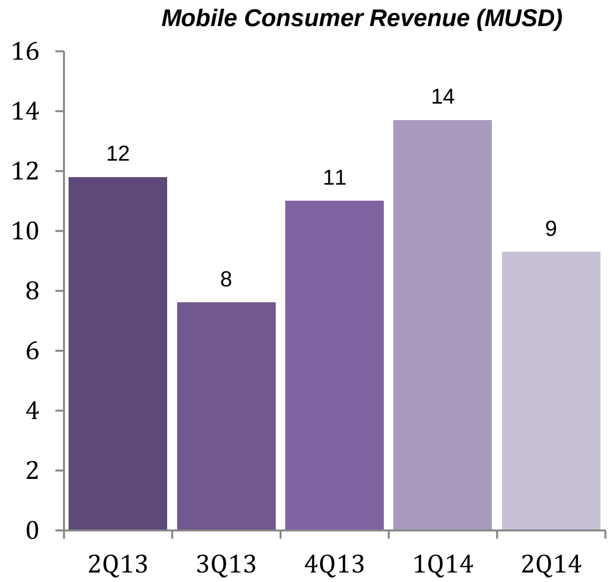

This increase in Operator active users (Opera Mini and Skyfire´s Horizon service) and revenue from Rocket Optimizer and Horizon services have driven higher cloud based revenue from operators, which reached MUSD 16.5 in 2Q14 compared to MUSD 14.8 in 2Q13, an increase of 11%.




In 2Q14, Opera released Rocket Insights as part of its Rocket Optimizer platform. Rocket Insights helps operators better manage their network loads by providing a real-time analytics dashboard that analyzes mobile video congestion. Operators can now instantly view key metrics such as stall rates, video start times, and bitrate distribution, and use this data to improve their overall network traffic management. Rocket Insights requires minimal hardware and is lightweight, highly scalable and fast to deploy. It can even be used in advance of Rocket Optimizer as a stand-alone module, in order for operators to clearly observe the disproportionate impact that over-the-top video currently has on their networks. It can also be deployed alongside existing mobile video optimization hardware.

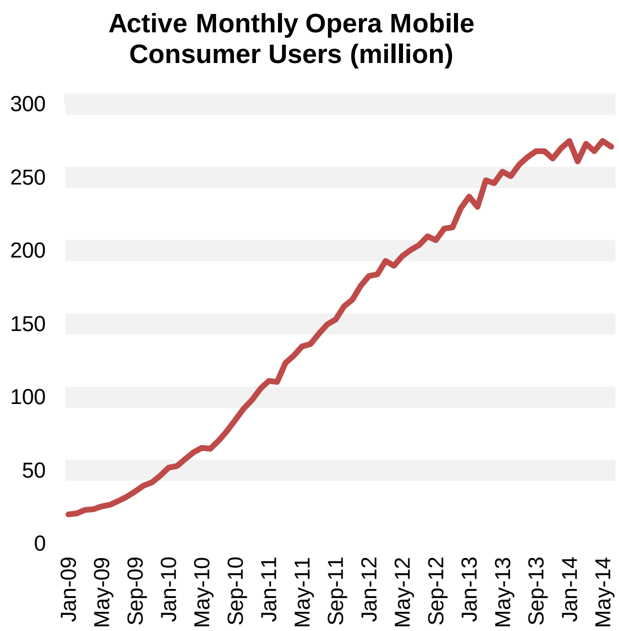
During the quarter, Opera and Telenor announced an extension of their existing partnership. Telenor-owned operators can adopt even more Opera products, such as Opera Max, into their offering, following the signing of a partnership extension agreement. With the partnership, Telenor Digital and Opera are setting a new standard in smartphone services. Products such as Opera Max, the co-branded Opera Mini web browser and Opera Web Pass are available for roll-out to Telenor subsidiaries globally, enabling a new portfolio of services.

**Mobile Consumers – Opera Owned and Operated Properties**




During the quarter, mobile Internet usage around the world continued to grow at a rapid pace. Based on statistics from Global Statcounter, over 2 billion consumers accessed the Internet via a full Web mobile browser at the end of 2Q14, an increase of more than 40% compared to 2Q13.

Opera continues to maintain its position as a global leading mobile consumer company. In June 2014, 270.8 million unique users worldwide browsed the Web using Opera's mobile consumer products.




Opera's tremendous worldwide success with mobile consumers across all mobile platforms has occurred because of Opera Mini. First, Opera Mini is faster than the competition, due to the up to 90% compression compared to a normal full Web browser. This makes for a much more enjoyable and efficient browsing experience for consumers. Second, Opera Mini is much cheaper for consumers – i.e., consumers save up to 90% browsing with Opera Mini compared to competitive products, due to Opera's unique proxy browsing technology. Third, Opera works on the vast majority of mobile phones, supporting more than 3,000 different mobile phone models. Fourth, Opera believes its user interface design and rendering quality are superior to the competition.

Opera.com continues to be key channel for distributing the Opera branded version of Opera Mini. Opera has also focused on distribution via direct agreements with mobile OEMs and chip-set manufacturers, with these channels accounting for over 50% of Opera´s mobile user base. Opera Mini is also available on several handset vendor application stores, such as Apple's iPhone App Store, Google Play, BlackBerry App World and Nokia's Ovi Store.

From a platform standpoint, Opera has put a significant focus on growing its user base on Android, both via Opera Mini and Opera for Android, Opera´s high end smartphone browser. In June 2014, the number of Opera users on Android reached 103.9 million, up 74% versus 2Q13. This makes Opera one of the leading third party browser applications on the Android platform.

In 2Q14, Opera announced Opera Max availability in Russia and the CIS. Opera Max is a free and easy-to-use data-savings app that compresses data across almost every app on a mobile device – including video, text and images. With Opera Max, users in Russia and CIS can extend the life of their MB/GB data plans by up to 50%, especially if they use video- and image-heavy apps, such as Vkontakte, Odnoklassniki or Instagram. Once the user installs and runs Opera Max, the app starts compressing and rerouting data to the Opera cloud using a Virtual Private Network (VPN). Opera Max also allows users to manage app data usage and costs by detecting when they are roaming. Users can easily block any app from using mobile data and restrict it to using Wi-Fi only. In addition, Opera Max's unique user interface gives users a timeline of app usage and how much data is saved per app because of Opera Max.

During the quarter, Opera launched the Opera Coast web browser for iPhone. Opera Coast is the first true made-for-touch mobile browser. Gestures take care of practically all of the navigation needs, with the rest handled by a bare minimum of conveniently placed buttons. Opera Coast has re-thought the way we use the most important tool of the web: search. In Opera Coast, related search words and quality website suggestions appear as you type in your search words. As you enter an internet address, suggestions for possible sites matching what you've entered pop up - a blessing for small-screen devices with screen-based keyboards. Opera Coast is also available for the iPad.

In 2Q14, Opera also introduced Opera Mini 8 - the biggest update for the Opera Mini mobile browser on iPhone and iPad to date. Available for free in the Apple App Store, Opera Mini 8 will get you to anywhere on the web faster, cheaper and with a brand new native UI look for iOS 7.

During the quarter, Opera announced that the Opera for Android browser will be preinstalled on most of Huawei's smartphone and tablet models shipped to Russia.
The first batch of smartphones and tablets with Opera for Android preinstalled has already been shipped to Russia and is now available in the market.

Overall, Opera´s extensive and burgeoning mobile user base has put the Company in an enviable position to both develop and expand its owned and operated properties and become a major global mobile publisher. These owned and operated properties include the Speed Dial page, the Smartpage, the Opera Mobile Store and the Discover page.

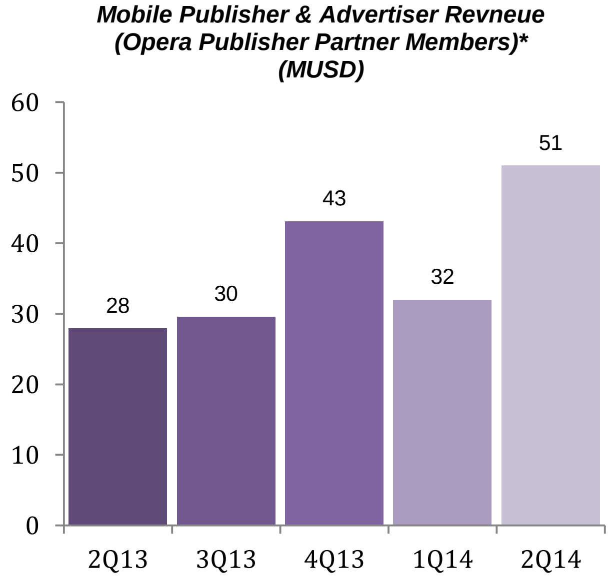
By expanding its mobile publisher properties, Opera has been able to increase usage of and user engagement with its mobile products, which, in turn, has led to higher ARPU (average revenue per user) via mobile advertising and mobile search, in particular.

Illustrating increasing usage of and engagement with Opera mobile consumer products, during the quarter, a total of 31.4 billion ad requests were generated from Opera´s owned and operated properties, an increase of 52% from 2Q13.

In addition, during the quarter, the number of application downloads from the Opera Mobile Store in 2Q14 reached 137 million, up 16% compared to 2Q13, of which 52% of our downloads were on Android devices compared to 28% in 2Q13. Moreover, the number of Opera users of the Smartpage and Discover page increased to 64.8 million users by the end of 2Q14, up from 39.6 million in 2Q13.

Ultimately, Opera has created a large and growing mobile audience, and as a result of Opera´s first-party user data, the Company has become an increasingly attractive channel for advertisers and app developers as they seek to reach the Company´s large and diverse audience base.

**Mobile Publishers & Advertisers – Opera Publisher Partner Members**



*** Refers to advertising revenue which is served on Opera´s network of third party publishers.  Advertising revenue which is served on Opera´s owned and operated properties is reported under “Mobile Consumers – Opera Owned and Operated Properties”.**

The global advertising industry continues to experience a macro shift in advertising spend from traditional offline channels, such as print, television and radio, to online channels, with mobile taking an increasing share of the online/Internet medium. This macro shift from offline to online has been fueled by several factors, namely, the increasing amount of time consumers spend online and on mobile devices and the fact that digital advertising compared to traditional offline advertising enables much better targeting, provides opportunities for more user interaction, and provides better measurement capabilities.

The rapid growth in mobile advertising in particular is being fueled by a number of factors: (i) the dramatic increase in smartphone users to over 1.5 billion entering 2014, with smartphone users spending significantly more time engaged with their mobile devices than feature phone users; (ii) reach and "anytime-anywhere" access to users – there are more than 5 billion mobile phone users worldwide overall (compared to around 2 billion desktop users, for example); (iii) strong targeting characteristics – advertisers are able to glean meaningful amounts of aggregated information about mobile users, such as location, demographics and behavior; (iv) high performance and user response rates from Android and iOS smartphone devices in particular, which support highly interactive and entertaining ad formats due to advanced display technologies, strong graphics processors and fast processing speeds; (v) wider spread access to high speed wireless data networks, which enables the consumption of high quality and rich media and video content on mobile devices; and (vi) rapid increase in consumer time spent in smartphone mobile applications in particular, as developers have been able to deliver highly intuitive, engaging and personalized content experiences "in-app", capitalizing on native operating system software development kits which facilitate the full harnessing of a mobile device's processing capabilities and functionality.

Opera's goal is to power the mobile advertising ecosystem through innovative and differentiated mobile advertising services and technology solutions, targeting premium brand and performance advertisers, ad agencies, publishers and application developers. Opera's ultimate mission is to help both publishers increase revenue from their mobile properties and content and advertisers reach and acquire potential customers.

Under the Opera Mediaworks brand, Opera is able to offer premium brand mobile advertisers the ability to build their brands and engage with consumers by offering creative services, sophisticated audience targeting capabilities, significant audience and publisher reach, high levels of transparency and measurability on ad campaigns, and support for highly interactive and engaging advertising experiences on a full range of mobile devices, including banner display ads, interactive rich media and video ads and native advertising. Moreover, Opera offers advertisers the ability to purchase advertising through the traditional insert order (IO) method and electronically via Opera´s real time bidding (RTB) and programmatic platform.

Under the Opera Response brand, Opera is able to provide performance advertisers with comprehensive tools to better reach their target audience and acquire new customers. Opera Response facilitates real-time targeting, real-time bidding (RTB) and real-time reporting on mobile ad campaigns. Overall, Opera Response helps performance advertisers and application developers with "cost per action" (CPA) campaigns, such as campaigns to secure customer sign-ups, leads and application downloads.

For premium mobile publishers and developers, Opera offers technology solutions and services, highly intuitive reporting and analytical tools and access to premium advertisers (via Opera's own advertiser relationships and third party mobile ad networks), helping these publishers maximize revenue from their content and user base. At the core of Opera's success with premium publishers and developers is the AdMarvel technology platform and software development kit (SDK). AdMarvel's success with premium publishers stems from three major sources: (i) Its Ad Serving capabilities (powerful rich media ad serving, targeting and analytics), (ii) Its Ad Mediation capabilities (ad performance optimization and transparency and control over ad network traffic from over 120 ad sources from around the world) and (iii) Its Campaign Management capabilities (management, uploading, scheduling and control of "house" ads and directly sourced advertising). These capabilities have helped AdMarvel publisher customers drive higher fill rates and CPMs and ultimately higher revenue. Premium publisher customers include Pandora Media, Shazam, Sky, The Wall Street Journal, and Univision.

Via the Opera Mediaworks Ad Exchange (OMAX), Opera offers a real-time bidding (RTB) platform that brings advertisers, ad networks and agencies together with mobile publishers and app developers for an efficient, automated media buying and selling experience.  Through OMAX 2.0, publishers now have access to several new demand-side platforms (DSPs), facilitated by new audience segmentation and expanded targeting capabilities, designed to improve monetization of publisher properties. Publisher customers can also choose the option of setting up private marketplaces for their inventory with "programmatic direct" on OMAX. This brings in diverse demand sources while still maintaining publisher control.

Building on a legacy as a trusted partner for the management of a publisher´s private data, Opera also offers a cooperative DMP solution. Here, publishers can opt-in, consistent with their privacy policies, to share non-personally identifiable information about their consumers to improve ad targeting capabilities and drive better monetization. This helps both publishers to pool their data to provide better targeting and advertisers to more easily identify and reach their target consumer.

In 2Q14, Opera announced the acquisition of AdColony, a global leading mobile video ad platform. AdColony clearly establishes Opera as a global leader in mobile advertising, with a combined audience reach north of 800 million consumers. AdColony became a wholly-owned subsidiary of Opera on July 24, 2014.

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 AdColony acquisition was spurred by the huge demand demonstrated by Opera´s existing advertiser and publisher customers for high quality mobile video advertising solutions and the fact that mobile video is the fastest growing ad format within the mobile advertising industry.

Integrating AdColony's highly differentiated mobile video advertising platform into Opera's end-to-end mobile advertising platform makes Opera a global leader in mobile video advertising, complementing the Company´s traditional strength in rich media advertising. Moreover, AdColony's demonstrated expertise in leveraging mobile video advertising for performance advertisers is expected to further strengthen Opera's value proposition in the hyper growth user acquisition/app-install segment of the mobile advertising industry.

AdColony also significantly increases both Opera´s audience reach (adding unduplicated reach north of 200 million consumers) and Opera´s portfolio of publishers in the mobile gaming segment, which accounts for the largest amount of consumer time spent within mobile applications.

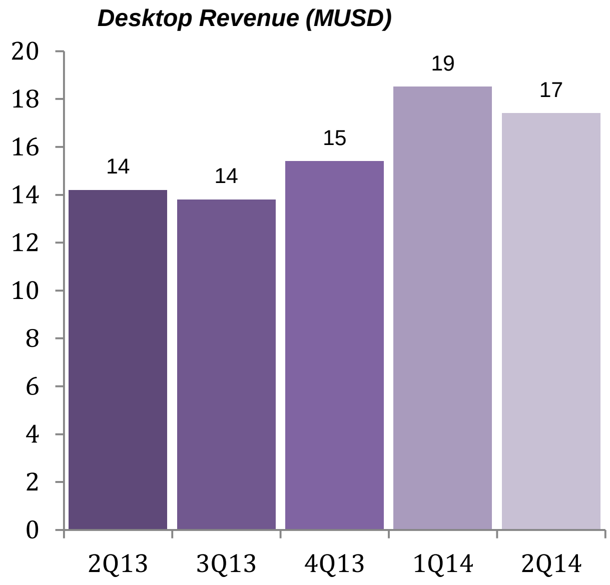
Overall, Opera's US mobile advertising operation works directly and indirectly with 24 of the top 25 Ad Age Global Advertisers. In addition, Opera powers advertising for 18 of the top 25 Global Media companies with over 64B monthly ad impressions under management.

Reflecting its strongly differentiated value proposition for brand advertisers, Opera´s Mobile Publisher and Advertiser business ran a record number of campaigns in 2Q14, attracting category leading brands and advertisers such as Google, Home Depot, Kellogg's, McDonald's, Microsoft, Samsung, Toyota, Walmart and Wells Fargo, as well as performance advertisers such as King.com and Spotify.

In the quarter, Opera revenue in the Mobile Publisher and Advertiser business (Opera Publisher Partner Members) grew to MUSD 51.1, up 83% compared to 2Q13. Revenue in 2Q14 compared to 2Q13 was fueled by expanded business with existing advertiser and publisher customers as well as new customers. Revenue growth from both our mobile advertiser and mobile publisher customers, who provide content via mobile Web properties and mobile applications, continues to be strongest on Smartphone and tablet devices, with iOS and Android constituting the leading platforms.

In 2Q14, the number of applications and websites powered by Opera Mediaworks grew to over 17,000, up from over 13,000 in 2Q13, and the number of advertising impressions managed grew to over 187 billion in 2Q14 compared to 171.5 billion in 2Q13, an increase of 9%. Opera´s platform audience reach for advertisers stood at over 500 million at the end of 2Q14 (800 million consumers when including AdColony´s audience reach), compared to 350 million consumers (Opera Publisher Partner Members) in 2Q13.

**Desktop Consumers**




Today, the desktop browser is more powerful a platform than ever. This is seen most saliently with the clear dominance of Web applications over desktop-centric computing. This trend is no more pronounced than with social networking, where Facebook, for example, has more than 800 million desktop users. In addition, the rapid adoption and innovation around HTML5 is making Web applications more powerful and always available. For example, playing video without the need for third-party applications or plug-ins and using geo-location to provide locally targeted information are some clear examples where HTML5 is making the browser and browser-based applications much more powerful than in the past.

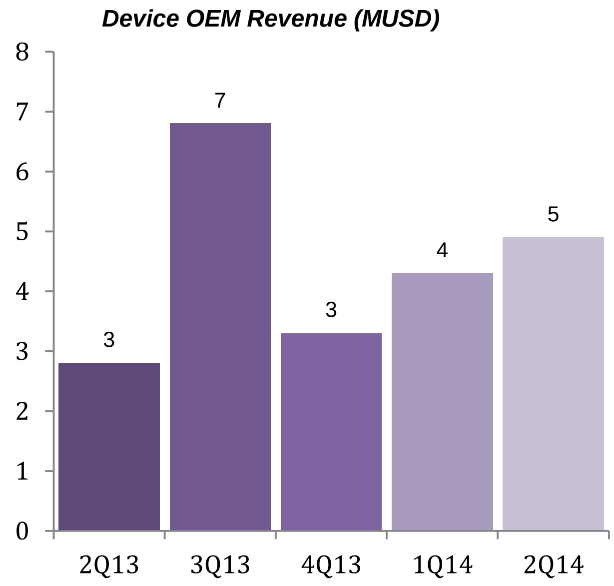
Since the first public release in 1995, Opera has continuously delivered browser innovation to desktop PCs. Opera's desktop browser provides its users with a safe, efficient, personalizable and enjoyable browsing experience.

Today, the vast majority of Opera´s desktop users are in the Russia/CIS region and in the emerging markets. Opera is particularly focused on growing users in regions where it already has a strong base of users, such as Russia.

Opera's monetization strategy for its desktop browser revolves predominantly around search, which comes pre-configured on all of the Company´s desktop versions. Google and Yandex are Opera's key strategic search partners and provide the majority of the Company´s desktop monetization. These partnerships are supplemented by local search partnerships in certain markets, such as Japan, and China, where Opera works with Yahoo! Japan and Baidu, respectively. In addition, Opera has signed up e-commerce players such as Amazon.com (USA, Germany, Japan), Booking.com (64 countries), and Ozon (Russia) to further enhance ARPU.

In June 2014, the number of Desktop users was approximately 51 million, down 2% versus 2Q13. Revenue was up 23% in the 2Q14 compared to 2Q13, with lower search revenue offset by higher advertising and licensing revenue.

**Device OEMs**




As device manufacturers and operators seek to enhance their relationships with and provide compelling applications and services to their consumers, they are increasingly developing and deploying Internet-connected devices.

Traditionally, television has been referred to as a "lean back" medium, where interaction is passive. Today, television manufacturers and operators are trying to encourage consumers to become more actively engaged with their TV sets, referred to as a "lean-forward" model, by providing Web applications, Web browsing and other digital content on TVs. This has been spurred not only by the desire of the TV manufacturers and operators to differentiate, obtain premium pricing for their product and service offerings and generate new revenue streams, but also by the perceived opportunity to bring many of the same services that have been deployed successfully in the mobile phone eco-system, such as mobile Web browsing and application stores, to their TV consumer customers.

With the Opera Devices Software Developer Kit (SDK), device manufacturers and operators are able to offer not only Web browsing capabilities and full Internet access to their consumer end customers, but also customized Web applications which are accessible from the home screen of the device. Moreover, with the Opera Devices SDK, device manufacturers and operators are able to use their own (and third-party) developers to create user interfaces, widgets and menu systems using Web technologies, such as HTML5 and CSS, HbbTV and OIPF, while accelerating time to market for new consumer electronic devices.

The Opera TV Store, an HTML5-based app store for connected TVs, set-top boxes and media players, offers a selection of high-quality, easily navigated web apps. Side-by-side applications allow viewers to use TV apps without losing focus on the program they are watching. The Opera TV Store has also been enhanced with the ability to display ads, thereby enabling publishers and content providers to inject pre-roll ads and to monetize their applications. The Opera TV Store, which contains hundreds of TV apps from popular content providers such as Vimeo, Facebook and Fashion TV, has already shipped on tens of millions of devices, including Internet TVs and Blu-ray Disc players. In addition, with innovative toolkits such as Opera TV Snap, brands and content owners can quickly repurpose their online video inventory into HTML5-based TV apps, at zero cost.

In 2Q14, Opera and Switzerland's leading telecom provider, Swisscom, announced that the Opera TV Store application platform will be pre-installed on Swisscom set-top boxes. It is the first European pay-TV operator to bring the Opera TV Store on board, as operators embrace over-the-top content to satisfy viewers' hunger for on-demand services. The partnership also marks the Opera TV Store's first fully customized and co-branded deployment.

The Opera Devices SDK powers the web experience on tens of millions of devices made by over 50 customers, including Altech, Amino, Arris, Cisco, Humax, Samsung, Sharp, Sony, TCL, TiVo and Vestel. Opera´s web products for Smart TV devices also include the Opera TV Store app platform and the Opera TV browser.

**Outlook**

Opera remains positive about the Company's overall growth prospects, which is expected to be driven primarily by our mobile businesses going forward.

Within our mobile business, Opera continues to drive a compelling value proposition for operators, helping them increase data and services revenue streams and profitability. With the continued rollout of the cloud-based Rocket Optimizer™ solution and other smartphone-targeted products and services to the Company's existing and prospective operator customers, Opera expects to generate solid revenue growth from our operator business in 2014, compared to 2013.

Moreover, the Company continues to deliver a very compelling value proposition to our rapidly burgeoning mobile consumer base, providing a fast and data saving, and therefore cheaper, browsing experience. Opera's strategy is to capitalize on our over 270 million mobile browser user base by building and expanding Opera's owned and operated properties and monetizing these properties via mobile advertising, mobile search and mobile applications. Opera expects to generate solid revenue growth from our mobile-consumer user base in 2014, versus 2013, due to much larger mobile advertising revenue streams in particular from our owned and operated mobile properties, including the Smart Page and the Opera Mobile Store.

Within Opera's Mobile Publisher & Advertiser business (Opera Publisher Partner members), Opera expects to generate meaningfully more revenue from this business in

2014, compared to 2013, as Opera continues to ramp up revenue from brand and performance advertisers and application developers.

Opera's key operational priorities in 2014 include continuing to (i) sign operator agreements for Opera's existing and new products and services, including the Rocket Optimizer™ solution; (ii) grow revenues and users of Opera's mobile consumer products, particularly on the Android and iOS smartphone platforms, and expand usage and monetization of Opera's owned and operated properties; (iii) increase revenue from Mobile Publishers and Advertisers (Opera Publisher Partner members), by expanding Opera's demand-side advertising reach and capabilities; (iv) grow Opera's desktop user base, particularly in Russia/CIS; and (v) increase Opera's overall profitability and margins.

Oslo, August 20, 2014
The Board of Directors
Opera Software ASA

| | |
|---|---|
| Sverre Munck | Lars Boilesen |
| Chairman | CEO |
| (sign.) | (sign.) |

This report and the description of Opera'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.opera.com.

## Consolidated Statement of Comprehensive Income

*(Numbers in MUSD, except per share amounts)*

| | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | % Change | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) | % Change |
|---|---|---|---|---|---|---|
| Revenue | **100.6** | 73.1 | 38% | **187.6** | 135.1 | 39% |
| **Total operating revenue** | **100.6** | 73.1 | 38% | **187.6** | 135.1 | 39% |
| Cost of goods sold | **23.4** | 13.7 | 71% | **39.4** | 22.5 | 75% |
| Payroll and related expenses, excluding stock option costs | **33.0** | 25.3 | 30% | **64.7** | 49.2 | 32% |
| Stock-based compensation expenses | **2.1** | 1.0 | 108% | **3.2** | 1.9 | 66% |
| Depreciation and amortization expenses | **6.9** | 5.5 | 25% | **13.6** | 8.7 | 56% |
| Other operating expenses | **17.2** | 12.5 | 38% | **33.8** | 23.4 | 45% |
| **Total operating expenses** | **82.6** | 58.0 | 42% | **154.7** | 105.7 | 46% |
| **Results from operating activities ("EBIT"), excl. restructuring costs** | **18.0** | 15.2 | | **32.9** | 29.4 | |
| Costs for restructuring the business | **1.9** | 0.0 | | **3.2** | 1.5 | |
| **Results from operating activities ("EBIT")** | **16.1** | 15.2 | | **29.7** | 28.0 | |
| Other interest income/expense, net | **(0.2)** | (0.4) | | **0.2** | (0.4) | |
| Interest expense related to contingent consideration | **(1.4)** | (4.9) | | **(5.1)** | (9.2) | |
| FX gains/losses related to contingent consideration, net | **(0.1)** | (3.4) | | **0.8** | (6.5) | |
| Other FX gains/losses, net (negative amount = losses) | **2.1** | 3.5 | | **0.7** | 6.2 | |
| Revaluation of contingent consideration | **(0.5)** | (0.4) | | **(5.3)** | (0.2) | |
| Share of the profit/loss of associates accounted for using the equity method | **1.9** | 2.3 | | **1.9** | 1.2 | |
| **Profit before income tax** | **17.8** | 11.8 | | **22.9** | 19.1 | |
| Provision for taxes* | **8.4** | 5.6 | | **11.0** | 9.4 | |
| **Profit for the period** | **9.5** | 6.1 | | **11.9** | 9.7 | |
| Foreign currency translation differences for foreign operations | **(2.6)** | 0.7 | | **(1.6)** | (0.3) | |
| **Total comprehensive income for the period** | **6.9** | 6.8 | | **10.3** | 9.3 | |
| **Earnings per share:** | | | | | | |
| Basic earnings per share (USD)** | **0.071** | 0.051 | | **0.090** | 0.080 | |
| Diluted earnings per share (USD)** | **0.069** | 0.049 | | **0.087** | 0.078 | |
| Shares used in earnings per share calculation | **132,586,088** | 120,874,952 | | **132,423,446** | 121,078,727 | |
| Shares used in earnings per share calculation, fully diluted | **137,594,288** | 123,729,790 | | **137,559,906** | 123,549,566 | |
| **Number of employees** | **1,233** | 980 | | **1,233** | 980 | |

*The quarterly and year to date provision for taxes is based on an estimated tax rate for the Group.
**Earnings per share is calculated based on the profit for the period.

## IFRS to Non-IFRS Reconciliations

*(Numbers in MUSD, except per share amounts)*

| | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| **IFRS Profit for the period** | **9.5** | 6.1 | **11.9** | 9.7 |
| Non-cash stock-based compensation | **2.1** | 1.0 | **3.2** | 1.9 |
| Acquisition-related adjustment - depreciation of acquired intangible assets | **2.2** | 2.1 | **4.4** | 2.8 |
| **Items excluded from operating expenses** | **4.3** | 3.1 | **7.6** | 4.7 |
| Non-operations related costs | **1.9** | 0.0 | **3.2** | 1.5 |
| **Items excluded from costs for restructuring the business** | **1.9** | 0.0 | **3.2** | 1.5 |
| Acquisition-related adjustment - non-cash interest expense, net | **1.4** | 4.9 | **5.1** | 9.2 |
| Acquisition-related adjustment - non-cash FX gains/losses, net | **0.1** | 3.4 | **(0.8)** | 6.5 |
| Gain/losses on non-controlling strategic equity interest | **0.0** | (2.3) | **0.0** | (1.2) |
| Acquisition-related adjustment - other non-cash items, net | **0.5** | 0.4 | **5.3** | 0.2 |
| **Items excluded from finance costs** | **2.0** | 6.5 | **9.6** | 14.7 |
| Acquisition-related adjustment - non-cash income taxes | **(0.2)** | (0.6) | **(0.4)** | (0.9) |
| **Items excluded from provision for taxes*** | **(0.2)** | (0.6) | **(0.4)** | (0.9) |
| **Non-IFRS Profit for the period***** | **17.5** | 15.1 | **31.9** | 29.7 |
| Basic earnings per share (USD)** | **0.132** | 0.125 | **0.241** | 0.246 |
| Diluted earnings per share (USD)** | **0.128** | 0.122 | **0.232** | 0.241 |

*The quarterly and year to date provision for taxes is based on an estimated tax rate for the Group.
**Earnings per share is calculated based on the profit for the period.
***From time to time Opera Software ASA may publicly disclose certain “Non-IFRS” financial measures in the course of its financial presentations, earnings releases, earnings conference calls and otherwise. The management uses certain Non-IFRS performance measures and ratios in managing the business and may provide users of this financial information with additional meaningful comparisons between current results and results in prior operating periods. We consider the use of non-IFRS financial information helpful in understanding the performance of our business, as it excludes acquisition related adjustments to revenue and expenses and other non-cash items. While our management uses the non-IFRS financial information as a tool to enhance their understanding of certain aspects of our financial performance, our management does not consider these measures to be a substitute for, or superior to, the information provided by IFRS numbers and financial information. Consistent with this approach, we believe that disclosing non-IFRS financial information to the readers of our financial statements provides such readers with useful supplemental data that, while not a substitute for IFRS numbers and financial information, allows for greater transparency in the review of our financial and operational performance.

## Consolidated Statement of Financial Position

*(Numbers in MUSD)*

| | 6/30/2014 (Unaudited) | 6/30/2013 (Unaudited) | 12/31/2013 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | **165.3** | 153.8 | 149.5 |
| Other intangible assets | **46.9** | 47.2 | 46.6 |
| **Total intangible assets** | **212.2** | 201.0 | 196.2 |
| **Property, plant, and equipment** | | | |
| Office machinery, equipment, etc. | **16.9** | 13.1 | 15.4 |
| **Total property, plant, and equipment** | **16.9** | 13.1 | 15.4 |
| **Financial assets and deferred tax assets** | | | |
| Deferred tax assets | **23.0** | 0.0 | 23.6 |
| Other investments and deposits | **9.3** | 1.9 | 5.0 |
| **Total financial assets and deferred tax assets** | **32.4** | 1.9 | 28.6 |
| **Total non-current assets** | **261.5** | 216.1 | 240.1 |
| **Current assets** | | | |
| **Trade and other receivables** | | | |
| Accounts receivable | **62.3** | 55.0 | 61.5 |
| Unbilled revenue | **48.9** | 21.0 | 32.4 |
| Other receivables | **150.0** | 41.2 | 35.6 |
| **Total trade and other receivables** | **261.2** | 117.2 | 129.5 |
| **Cash and cash equivalents** | **117.0** | 56.4 | 163.4 |
| **Total current assets** | **378.2** | 173.6 | 292.9 |
| **Total assets** | **639.7** | 389.7 | 533.0 |

## Consolidated Statement of Financial Position

*(Numbers in MUSD)*

| | 6/30/2014 (Unaudited) | 6/30/2013 (Unaudited) | 12/31/2013 (Audited) |
|---|---|---|---|
| **Shareholders' equity and liabilities** | | | |
| **Equity** | | | |
| **Paid in capital** | | | |
| Share capital | **0.5** | 0.4 | 0.4 |
| Share premium reserve | **183.6** | 89.9 | 184.2 |
| Other reserves | **146.9** | 17.3 | 18.9 |
| **Total paid in capital** | **331.0** | 107.6 | 203.6 |
| **Retained earnings** | | | |
| Other equity | **117.9** | 59.6 | 110.4 |
| **Total retained earnings** | **117.9** | 59.6 | 110.4 |
| **Total equity** | **448.8** | 167.2 | 314.0 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liability | **0.0** | 5.6 | 0.0 |
| Other long-term liabilities | **60.1** | 60.1 | 60.1 |
| Provisions | **15.1** | 32.7 | 14.8 |
| **Total non-current liabilities** | **75.2** | 98.4 | 74.9 |
| **Current liabilities** | | | |
| Accounts payable | **21.6** | 17.0 | 22.2 |
| Taxes payable | **14.4** | 5.3 | 20.2 |
| Social security, VAT, and other taxation payable | **6.1** | 6.1 | 9.8 |
| Deferred revenue | **18.4** | 15.5 | 17.9 |
| Option liability | **0.3** | 0.0 | 0.0 |
| Other short-term liabilities | **42.7** | 19.1 | 29.1 |
| Provisions | **12.2** | 61.1 | 44.9 |
| **Total current liabilities** | **115.6** | 124.1 | 144.1 |
| **Total liabilities** | **190.8** | 222.5 | 219.0 |
| **Total equity and liabilities** | **639.7** | 389.7 | 533.0 |

## Consolidated Statement of Cash Flows

*(Numbers in MUSD)*

| | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/loss before taxes | **17.8** | 11.8 | **22.9** | 19.1 |
| Taxes paid | **(6.4)** | (2.7) | **(16.0)** | (5.1) |
| Depreciation and amortization expenses | **6.9** | 5.5 | **13.6** | 8.7 |
| Profit/loss from sales of property, plant, and equipment | **0.0** | 0.0 | **0.2** | 0.0 |
| Impairment of intangible assets | **0.0** | 0.0 | **0.0** | 0.0 |
| Changes in accounts receivable ** | **(15.7)** | (5.3) | **(14.4)** | (11.3) |
| Changes in accounts payable | **5.3** | (0.2) | **(3.2)** | (4.6) |
| Changes in other liabilities and receivables, net | **(2.0)** | (5.7) | **7.8** | (6.4) |
| Equity method accounting for associate companies | **0.0** | 0.0 | **0.0** | 1.6 |
| Share-based remuneration | **1.7** | 1.1 | **2.8** | 1.8 |
| Interest and FX related to contingent payment */*** | **2.0** | 8.8 | **9.6** | 15.9 |
| Conversion discrepancy | **(4.9)** | (2.0) | **(3.2)** | (5.2) |
| **Net cash flow from operating activities** | **4.7** | 11.1 | **20.1** | 14.5 |
| **Cash flow from investment activities** | | | | |
| Capital expenditures | **(4.6)** | (1.0) | **(6.2)** | (3.5) |
| Investment in R&D **** | **(3.2)** | (4.2) | **(6.3)** | (6.6) |
| Acquisitions *** | **(16.1)** | (0.5) | **(46.0)** | (62.7) |
| Other investments***** | **(1.8)** | 0.0 | **(4.3)** | 0.0 |
| **Net cash flow from investment activities** | **(25.5)** | (5.7) | **(62.7)** | (72.8) |
| **Cash flow from financing activities** | | | | |
| Proceeds from exercise of own shares (incentive program) | **0.0** | 0.0 | **0.0** | 1.5 |
| Proceeds of share issues, net (incentive program) | **0.0** | 1.7 | **1.4** | 2.0 |
| Proceeds of share issues, net (equity increase) | **0.0** | 0.0 | **0.0** | 0.0 |
| Proceeds from sale of shares | **0.0** | 0.0 | **0.0** | 0.0 |
| Proceeds from loans and borrowings | **0.0** | 0.0 | **0.0** | 60.0 |
| Payments of loans and borrowings | **0.0** | 0.0 | **0.0** | (1.6) |
| Dividends paid | **(5.2)** | (4.4) | **(5.2)** | (4.4) |
| Purchase of own shares | **0.0** | 0.0 | **0.0** | 0.0 |
| **Net cash flow from financing activities** | **(5.2)** | (2.7) | **(3.8)** | 57.5 |
| **Net change in cash and cash equivalents** | **(26.1)** | 2.8 | **(46.4)** | (0.8) |
| Cash and cash equivalents (beginning of period) | **143.0** | 53.6 | **163.4** | 57.2 |
| **Cash and cash equivalents ******** | **117.0** | 56.4 | **117.0** | 56.4 |

# Consolidated Statement of Cash Flows

## Consolidated Statement of Cash Flows **(continued)**

*Interest income and interest expenses are included in the profit and loss. Interest paid and interest received are recognized in the same quarter that interest income and interest expenses are recognized in the profit and loss, with the exception of interest related to re-evaluation of the contingent payment related to acquisitions. Conversion differences and interest related to re-valuation of the contingent payment are booked on a separate line as net cash flow from operating activities.

**Changes in unbilled revenue are included in changes in accounts receivables in the statement of cash flows.

***In 2Q 2014, a cash payment of MUSD 5.4, for an immaterial transaction, has been included in acquisitions in the statement of cash flows. At the same time, a second payment of MUSD 0.9 was set in escrow. Net cash of MUSD 0.2, existing on the day of acquisition, has been netted in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 2Q 2014, Opera paid the FY 2013 earnout payment of MUSD 10.0 related to an immaterial acquisition. The payment has been included in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 1Q 2014, a cash payment of MUSD 2.5, for an immaterial transaction, has been included in acquisitions in the statement of cash flows. At the same time, a second payment of MUSD 2.5 was set in escrow and is to be released if certain financial targets are achieved. Net cash of MUSD 0.6, existing on the day of acquisition, has been netted in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 1Q 2014, Opera paid the FY 2013 earnout payment of MUSD 31.3 related to the Mobile Theory acquisition deal. MUSD 7.0 of the 2013 earnout payment had no cash effect in 1Q 2014. The payment has been included in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 1Q 2014, Opera paid the FY 2013 earnout payment of MUSD 4.8 and released and escrow payment of MUSD 1.0 related to the 4th Screen Advertising acquisition deal. The escrow release payment had no cash effect in 1Q 2014. The payment has been included in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 1Q 2014, Opera paid the FY 2013 earnout payment of MUSD 1.4 related to an immaterial acquisition. The payment has been included in acquisitions in the statement of cash flows. Please see note 10 for more information.

In 1Q 2014, the escrow agent repaid MUSD 5.0 of the indemnity escrow fund to Opera as Skyfire Labs did not meet the performance targets related to the escrow.

****In 2Q 2014, MUSD 3.2 (YTD: 6.3) of Opera's investment in product development was capitalized in the consolidated statement of financial position.

*****In 2Q 2014, Opera granted nHorizon Innovation a loan of MUSD 2.0 ( YTD: 4.3) together with a minor re-payment of a third party loan of MUSD 0.2. Please see note 11 for more information.

******As of June 30, 2014, the conversion discrepancy profit booked on cash and cash equivalents was MUSD -1.2.

Note: The financial figures have been prepared based upon management’s interpretation of the current International Financial Reporting Standards (IFRS).

## Consolidated Statement of Changes in Equity

*(Numbers in MUSD)*

| | Number | Share capital | Share premium | Other reserves | Reserve for own shares | Translation reserve | Other equity | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of 12/31/2013** | **132.3** | **0.4** | **186.9** | **20.9** | **0.0** | **1.8** | **103.8** | **314.0** |
| **Comprehensive income for the period** | | | | | | | | |
| **Profit for the period** | | | | | | | 11.9 | 11.9 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | | | | | | -1.6 | | -1.6 |
| **Total comprehensive income for the period** | | **0.0** | **0.0** | **0.0** | **0.0** | **-1.6** | **11.9** | **10.3** |
| **Contributions by and distributions to owners** | | | | | | | | |
| Dividend to equity holders | | | | | | | -5.2 | -5.2 |
| Issue of ordinary shares related to business combinations | | | | | | | | 0.0 |
| Issue of ordinary shares related to the incentive program | 0.3 | 0.0 | 1.4 | | | | | 1.4 |
| Issue of ordinary shares related to equity increase | | | | 125.9 | | | | 125.9 |
| Own shares acquired | | | | | | | | 0.0 |
| Own shares sold | | | | | | | | 0.0 |
| Tax deduction on equity bookings | | | | | | | | 0.0 |
| Share-based payment transactions | | | | 2.8 | | | | 2.8 |
| **Total contributions by and distributions to owners** | **0.3** | **0.0** | **1.4** | **128.6** | **0.0** | **0.0** | **-5.2** | **124.8** |
| **Other equity changes** | | | | | | | | |
| Other changes | | | -0.1 | | | | -0.1 | -0.3 |
| **Total other equity changes** | | **0.0** | **-0.1** | **0.0** | **0.0** | **0.0** | **-0.1** | **-0.3** |
| **Balance as of 6/30/2014** | **132.6** | **0.4** | **188.2** | **149.6** | **0.0** | **0.2** | **110.4** | **448.8** |

***Capital increase***

On June 27, 2014, Opera Software ASA announced the successful completion of the offering of 10 million shares, equal to 7.5% of the existing share capital of the Company (the "Offering"). Gross proceeds from the Offering amount to MNOK 800, and the transaction expenses amount to MNOK 25.7. Net proceeds of MUSD 125.9 has been reflected in the equity reconciliation. The capital increase was paid to the company and registered in the Business Register in July 2014. MUSD 130.4 has been presented as other receivables in the statement of financial position.

**Face value of the shares**

The face value of the shares is NOK 0.02.

**Other reserves**

Other reserves consists of option costs booked according to the equity settled method and issued shares registered in the period after the current financial year.

**Reserve for own shares**

The reserve for the Group's own shares comprises the face value cost of the Company's shares held by the Company.

**Translation reserve**

The translation reserve consists of all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Other equity**

Other equity consists of all other transactions, including but not limited to, total recognized income and expense for the current period and excess value of the Company's own shares.

## Consolidated Statement of Changes in Equity

*(Numbers in MUSD)*

| | Number | Share capital | Share premium | Other reserves | Reserve for own shares | Translation reserve | Other equity | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of 12/31/2012** | **119.2** | **0.4** | **77.3** | **17.6** | **0.0** | **2.0** | **46.4** | **143.8** |
| **Comprehensive income for the period** | | | | | | | | |
| **Profit for the period** | | | | | | | 9.7 | 9.7 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences | | | | | | -0.3 | | -0.3 |
| **Total comprehensive income for the period** | | **0.0** | **0.0** | **0.0** | **0.0** | **-0.3** | **9.7** | **9.3** |
| **Contributions by and distributions to owners** | | | | | | | | |
| Dividend to equity holders | | | | | | | -4.4 | -4.4 |
| Issue of ordinary shares related to business combinations | 2.0 | 0.0 | 13.2 | | | | | 13.2 |
| Issue of ordinary shares related to the incentive program | 0.6 | 0.0 | 2.0 | | | | | 2.0 |
| Issue of ordinary shares related to equity increase | | | | | | | | 0.0 |
| Own shares acquired | | | | | | | | 0.0 |
| Own shares sold | 0.3 | | | | 0.0 | | 1.5 | 1.5 |
| Tax deduction on equity bookings | | | | | | | | 0.0 |
| Share-based payment transactions | | | | 1.8 | | | | 1.8 |
| **Total contributions by and distributions to owners** | **3.0** | **0.0** | **15.2** | **1.8** | **0.0** | **0.0** | **-2.9** | **14.1** |
| **Other equity changes** | | | | | | | | |
| Other changes | | | **0.0** | | | | | 0.0 |
| **Total other equity changes** | | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Balance as of 6/30/2013** | **122.2** | **0.4** | **92.5** | **19.4** | **0.0** | **1.6** | **53.2** | **167.2** |

## Disclosure

### Note 1 - Corporate Information

Opera Software ASA is a company domiciled in Norway. The consolidated financial statements of the Company include the Company subsidiaries Hern Labs AB, Opera Distribution AS, Netview Technology AS and Opera Software International AS (which, in turn, includes the subsidiaries Opera Software Korea Ltd, Opera Software Technology (Beijing) Co., Ltd, Opera Software Poland Sp. z o.o, Opera Software Singapore PTE. LTD., AdMarvel, Inc., LLC Opera Software (Russia), LLC Opera Software Ukraine, Opera Software Iceland ehf, Opera Web Technologies Pvt. Ltd, Handster, Inc., Mobile Theory, Inc., 4th Screen Advertising Ltd, 4th Screen Advertising Holdings Ltd, Skyfire Labs, Inc., Opera Software International US, Inc., Opera Mediaworks, LLC., Opera Mediaworks Performance, LLC, OMWMSG, LLC, Opera Holdings Ireland Limited, Opera Mediaworks Ireland Limited, Opera Software Ireland Limited, Opera Mediaworks Ad Exchange, Inc, Foriades Park SA, Hunt Mobile Ads Panamá Corp., Hunt Mobile Ads SA de CV, Hunt Mobile Ads aplicativos para internet Ltda, Huntmads SA, Apprupt GmbH, Opera Software Netherland BV, Opera Software Americas, LLC., Opera Commerce, LLC., and the limited company Beijing Yuege Software Technology Service Co., Ltd. (of which Opera had full control) together referred to as the “Group”. As of June 30, 2014, Opera Software International AS had branches in Japan, China, Taiwan and Poland.

### Note 2 - Statement of Compliance

The consolidated financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting. These condensed consolidated interim financial statements are unaudited. The report does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2013.

### Note 3 - Financial Statements - Accounting Policies

The consolidated financial statements of the Opera Group for 2013 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Norwegian Accounting Act. The Group has used the same accounting policies and standards as in the consolidated financial statements of December 31, 2013.

The Board of Directors and the Company’s shareholders at the Annual General Assembly has in June 2014 adopted a program for the grant of equity compensation in the form of restricted stock unit (“RSU”) awards to the executive officers and other employees of the Company (the “RSU Program”). The RSU Program has replaced the Company’s previous program authorizing the grant of options to the executive officers and other employees of the Company. The RSU Program can be summarized as follows (and as further detailed below):
- One RSU will entitle the holder to receive one share of capital stock of the Company against payment in cash of the par value for the share (currently NOK 0.02 per share).
- The total number of RSUs available for grant under the RSU Program is 3,000,000 over four years, subject to a maximum of 1.9 million RSUs that can be granted in any one year.
- The RSUs may be performance based or time based.
- The standard vesting period is 4 years, with an initial one year non-vesting period and annual vesting thereafter, unless the Board decides otherwise for specific grants.
- Key executives and key employees world-wide will be eligible for grants.
- No employee can receive RSUs in any financial year which in value exceeds 200% of that employee’s annual cash compensation (unless the Board makes exemptions in special cases).

There were no new standards, interpretations or amendments to published standards that were effective from January 1, 2014 that have significantly affected the consolidated financial statements for the first and second quarter 2014.

### Note 4 - Estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Change in an accounting estimate is recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Note 5 - Earnings per Share

*(Numbers in USD)*

| | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| Earnings per share (basic) | **0.071** | 0.051 | **0.090** | 0.080 |
| Earnings per share, fully diluted | **0.069** | 0.049 | **0.087** | 0.078 |
| Shares used in per share calculation | **132,586,088** | 120,874,952 | **132,423,446** | 121,078,727 |
| Shares used in per share calculation, fully diluted | **137,594,288** | 123,729,790 | **137,559,906** | 123,549,566 |

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted ordinary shares in issue during the period.

The average stock exchange price for 2Q 2014, and year to date, is used when calculating the options that are "in the money" and when calculating the fully diluted number of shares. The options have varying exercise prices and would, upon exercise, mean payment to the Company of MNOK 188.4 (YTD: 257.1). In relation to the accounting standard regarding earnings per share, the effect of these funds being used by the Company to purchase shares in the market should be considered when calculating the fully diluted number of shares outstanding. Opera has included options and RSUs with a strike price below NOK 74.47 (YTD: 78.39) when calculating the fully diluted number of shares outstanding. Total options and RSUs used in the calculations are 8,422,282 (YTD: 9,322,282), of which 1,391,250 (YTD: 1,393,250) options are unvested and 7,031,032 (YTD: 7,931,032) are vested but not yet exercised.

| | 2Q 2014 | 1H 2014 |
|---|---|---|
| Average number of shares | **132,586,088** | **132,423,446** |
| The following equity instruments have a diluting effect: | | |
| Options | **6,562,427** | **7,462,427** |
| RSUs | **1,859,855** | **1,859,855** |
| Total | **8,422,282** | **9,322,282** |
| Options | **8,422,282** | **9,322,282** |
| Number of shares purchased (MNOK 188.4/74.47 and MNOK 257.1/78.39) | **2,530,282** | **3,279,389** |
| Number of shares with diluting effect | **5,892,000** | **6,042,893** |
| Expected options to be exercised | **5,008,200** | **5,136,459** |

## Note 6 - Revenue, Cost of Goods Sold and Segment Information

The Group's business activities stem from browser related sales (i.e., revenue generated from Opera's-owned-and-operated properties, such as license, search, and advertising revenue) and advertising revenue generated from the Opera´s Mobile Publisher and Advertiser business (i.e., non Opera owned and operated properties) primarily from Opera's AdMarvel, Mobile Theory, 4th Screen Advertising, Hunt, Apprupt, and Opera Mediaworks subsidiaries.

Opera's chief operating decision makers are members of the Executive Team. The Executive Team meets regularly to review the period's assets, liabilities, revenues, and costs for the Group as a whole, as well as to make decisions about how resources are to be allocated based on this information.

Members of the Executive Team are specified in note 3 of the FY 2013 Annual Report.

Based on the above, Opera has determined that it has one segment. Please see note 1 in the FY 2013 Annual Report for a definition of products and services for each reportable segment.

***(Numbers in MUSD)***

| REVENUE BY REGION | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| EMEA | **31.1** | 22.6 | **69.1** | 47.3 |
| Americas | **58.9** | 41.8 | **100.7** | 72.3 |
| Asia Pacific | **10.6** | 8.7 | **17.8** | 15.5 |
| **Total** | **100.6** | 73.1 | **187.6** | 135.1 |

The geographical revenue breakdown reflects revenues from external customers attributed to the entity's country of domicile. Consequently, the revenue breakdown reflects the location of Opera's customers and partners. Because the products of Opera's customers and partners are distributed globally, the breakdown above does not accurately reflect where Opera's derivative products are actually used.

In 2Q 2014, there were no customers that accounted for more than 10% of total Group revenues, and revenue attributed to customers domiciled in USA amounted to MUSD 57.9 (YTD: 98.7).

Revenues attributed to Norway for 2Q 2014 were MUSD 0.0 (YTD: 0.0), and revenue attributed to all foreign countries in total were MUSD 100.6 (YTD: 187.6).

***(Numbers in MUSD)***

| NON-CURRENT ASSETS | 6/30/2014 (Unaudited) | 6/30/2013 (Unaudited) |
|---|---|---|
| Non-current assets located in Norway | **31.1** | 17.4 |
| Non-current assets located in foreign countries | **207.3** | 198.6 |
| **Total** | **238.4** | 216.1 |

The breakdown above reflects non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) located in Norway and located in all foreign countries.

Assets located in the United States account for MUSD 161.9 of the total non-current assets. The vast majority of the value is related to the acquisitions described in more details in note 9.

## Note 6 - Revenue, Cost of Goods Sold and Segment Information (continued)

*(Numbers in MUSD)*

| COST OF GOODS SOLD | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| Publisher cost | **23.4** | 13.7 | **39.4** | 22.5 |
| License cost | **0.0** | 0.0 | **0.0** | 0.0 |
| **Total** | **23.4** | 13.7 | **39.4** | 22.5 |

***Publisher cost*** consists of the agreed-upon payments we make to publishers for their advertising space in which we deliver mobile ads. These payments are typically determined in advance as either a fixed percentage of the advertising revenue we earn from mobile ads placed on the publisher's application or website, or as a fixed fee for that ad space. We recognize publisher cost at the same time we recognize the associated revenue.

***License cost*** is cost from the purchase of licenses from third-party suppliers.

*(Numbers in MUSD)*

| REVENUE TYPE | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| Licenses/royalties | **25.8** | 21.0 | **57.0** | 41.2 |
| Development fees | **2.0** | 1.7 | **4.4** | 4.1 |
| Maintenance, support, and hosting | **1.7** | 1.7 | **4.0** | 3.8 |
| Search | **12.1** | 13.3 | **24.3** | 27.6 |
| Advertising | **58.4** | 35.0 | **96.8** | 57.5 |
| Application and content | **0.5** | 0.1 | **0.9** | 0.3 |
| Subscription | **0.0** | 0.3 | **0.2** | 0.6 |
| Other revenue | **0.0** | 0.0 | **0.0** | 0.0 |
| **Total** | **100.6** | 73.1 | **187.6** | 135.1 |

Please see note 1 in the FY 2013 Annual Report for definition and revenue recognition of the products and services.

## Note 7 - Shareholder Information

**Authorization to acquire own shares**
The Annual General Meeting held on June 3, 2014, passed the following resolution:
a) The Board of Directors is authorized to acquire shares in the Company. The shares are to be acquired at market terms, in or in connection with a regulated market where the shares are traded.
b) The shares may only be used to fulfill obligations under incentive schemes approved by the shareholders. No new authority is granted by this item for new incentive schemes.
c) The maximum face value of the shares which the Company may acquire pursuant to this authorization is in total NOK 265,172. The minimum amount which may be paid for each share acquired pursuant to this power of attorney is NOK 20, and the maximum amount is NOK 200.
d) The authorization comprises the right to establish pledge over the Company's own shares.
e) This authorization is valid from the date it is registered with the Norwegian Register of Business Enterprises until and including June 30, 2015.
f) The authorization replaces the current  authorization when registered in the Norwegian Register of Business Enterprises.

During 2Q 2014, Opera purchased 0 (YTD: 0) shares and sold 0 (YTD: 339,500) own shares for MUSD 0.0 (YTD: 0.0). As of June 30, 2014, Opera owned 0 shares.

**Board authorization to increase the share capital by issuance of new shares**
The Annual General Meeting held on June 3, 2014, passed the following resolution:

***1  Authorization regarding incentive program***
a) The Board of Directors is authorized to increase the Company's share capital by a total amount of up to NOK 265,172, by one or several share issues of up to a total of 13,258,600 shares, each with a nominal value of NOK 0.02. The subscription price and other terms will be determined by the Board of Directors.
b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.
c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.
d) The authorization may only be used for issuing new shares in relation to the Company's incentive schemes existing at any time in the Opera Group. The authorization cannot be used in connection with options that may be granted to directors on or after June 15, 2010.
e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until and including June 30, 2015.
f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises.
g) The authorization cannot be used if the Company, in the period of June 4, 2014, to June 30, 2015, pursuant to board authorizations, has issued new shares in the Company representing more than 10% of the Company's share capital.

***2  Authorization regarding acquisitions***
a) The Board of Directors is authorized to increase the Company's share capital by a total amount of up to NOK 265,172, by one or several share issues of up to a total of 13,258,600  shares, each with a nominal value of NOK 0.02. The subscription price and other terms will be determined by the Board of Directors.
b) The authorization includes the right to increase the Company's share capital in return for non-cash contributions or the right to assume special obligations on behalf of the Company.
c) The preferential rights pursuant to Section 10-4 of the Public Limited Liability Companies Act may be deviated from by the Board of Directors.
d) The authorization may only be used in connection with acquisitions of businesses or companies, including mergers, within the business areas operated by the Opera Group, or which relates thereto.
e) The authorization shall be effective from the date it is registered in the Norwegian Register of Business Enterprises and shall be valid until and including June 30, 2015.
f) The authorization replaces the current authorization when registered in the Norwegian Register of Business Enterprises.
g) The authorization cannot be used if the Company, in the period of June 4, 2014, to June 30, 2015, pursuant to board authorizations, has issued new shares in the Company representing more than 10% of the Company's share capital.

During 2Q 2014, Opera issued 0 (YTD: 297,856) ordinary shares related to the incentive program, 0 (YTD: 0) of ordinary shares related to business combinations, and 0 (YTD: 0) of ordinary shares related to  a equity increase.

## Note 7 - Shareholder Information (continued)

**Dividends for 2013 of NOK 0.24 per share**

The Annual General Meeting held on June 3, 2014, passed the following resolution:
NOK 0.24 per share is paid as dividend for 2013, constituting an aggregate dividend payment of KNOK 31,749.
The dividend will be paid to those who are shareholders at end of trading on June 3, 2014, and the shares will be trading exclusive of dividend rights as of June 4, 2014.

**Other items passed at the AGM**

For further details about the meeting held on June 3, 2014, please see the protocol from the Annual General Meeting published on the Oslo Stock Exchange website (www.oslobors.no).

**Option programs**

For information about the employee option program, please see note 3 in the FY 2013 Annual Report.

## Note 8 - Financial Information

**Currency risk**

The majority of the financial risk carried by the Group, as a result of its subsidiaries, relates to foreign exchange fluctuations. Both sales and expenses are exposed to currency risk.

Most of the Company's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD and other currencies. In 2Q 2014, approximately 74% (YTD: 74%) of revenues were in USD, 10% (YTD: 13%) in EUR, 6% (YTD: 4%) in CNY, 5% (YTD:5%) in GBP, and 4% (YTD: 4%) in other currencies; for expenses, approximately 59% (YTD: 59%) were in USD, 17% (YTD: 17%) in NOK, 5% (YTD: 5%) in GBP, 5% (YTD: 5%) in SEK, 4% (YTD: 5%) in PLN, 2% (YTD: 1%) in CNY, and 7% (YTD: 8%) in other currencies.

Foreign currency movements impacted Opera's 2Q 2014 income statement as follows:
Revenue would have been approximately MUSD 101.1 (higher by approximately 1%) using the 2Q 2013 constant currency FX rates and revenue would have been approximately MUSD 100.8 (higher by approximately 0%) using the 1Q 2014 constant currency FX rates. Costs would have been approximately MUSD 85.0 (higher by approximately 1%) using the 2Q 2013 constant currency FX rates and cost would have been approximately MUSD 83.7 (lower by approximately 1%) using the 1Q 2014 constant currency FX rates. The majority of the Company's purchases are made in the following denominations: NOK, USD, SEK, PLN, GBP, JPY, CNY, KRW, TWD, AUD, UAH, ISK, SGD, BRL, UYU, MXN, ARS, EUR and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement.

For 2Q 2014, Opera had a net foreign exchange gain of MUSD 2.0. MUSD 0.4 was realized foreign exchange loss and MUSD 2.4 was unrealized foreign exchange gain. The unrealized foreign exchange gain is estimated as the difference between the exchange rate at the closing date and date of the transaction.

**Foreign exchange contracts**

Opera had not entered into any foreign exchange contracts as of June 30, 2014.

## Note 8 - Financial Information (continued)

### Fair values of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities (level 3 in the fair value hierarchy). It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| *(Numbers in MUSD)* | Carrying amount 6/30/2014 | | | |
|---|---|---|---|---|
| | Designated at fair value | Loans and receivables | Other Financial liabilities | Total |
| **Financial assets not measured at fair value** | | | | |
| Other investments and deposits | | 9.3 | | **9.3** |
| Accounts receivable | | 62.3 | | **62.3** |
| Unbilled revenue | | 48.9 | | **48.9** |
| Cash and cash equivalents | | 117.0 | | **117.0** |
| **Total financial assets not measured at fair value** | **0.0** | **237.5** | **0.0** | **237.5** |
| **Financial liabilities measured at fair value** | | | | |
| Provisions | 27.3 | | | **27.3** |
| **Total financial liabilities measured at fair value** | **27.3** | **0.0** | **0.0** | **27.3** |
| **Financial liabilities not measured at fair value** | | | | |
| Secured bank loans | | | 60.0 | **60.0** |
| Accounts payable | | | 21.6 | **21.6** |
| Other short-term liabilities | | | 42.7 | **42.7** |
| **Total financial liabilities not measured at fair value** | **0.0** | **0.0** | **124.3** | **124.3** |

For more information please see note 10.

| *(Numbers in MUSD)* | Carrying amount 6/30/2013 | | | |
|---|---|---|---|---|
| | Designated at fair value | Loans and receivables | Other Financial liabilities | Total |
| **Financial assets not measured at fair value** | | | | |
| Other investments and deposits | | 1.9 | | **1.9** |
| Accounts receivable | | 55.0 | | **55.0** |
| Unbilled revenue | | 21.0 | | **21.0** |
| Cash and cash equivalents | | 56.4 | | **56.4** |
| **Total financial assets not measured at fair value** | **0.0** | **134.4** | **0.0** | **134.4** |
| **Financial liabilities measured at fair value** | | | | |
| Provisions | 93.8 | | | **93.8** |
| **Total financial liabilities measured at fair value** | **93.8** | **0.0** | **0.0** | **93.8** |
| **Financial liabilities not measured at fair value** | | | | |
| Secured bank loans | | | 60.0 | **60.0** |
| Accounts payable | | | 17.0 | **17.0** |
| Other short-term liabilities | | | 19.1 | **19.1** |
| **Total financial liabilities not measured at fair value** | **0.0** | **0.0** | **96.1** | **96.1** |

## Note 9 - Business Combinations

**Individually immaterial business combinations**

From time to time, the Group acquires 100% of the shares/membership interest of one or several companies that individually are not seen as material transactions. These business combinations are material collectively, and the 2014 business combination numbers shown below are therefore disclosed in aggregate.

The aforementioned 2014 acquisitions have the following aggregated future obligations: Up to MUSD 15.0 in potential cash earnout consideration (to be paid to the Sellers in 2015 and 2016 based on aggressive revenue and EBIT targets), plus additional potential limited consideration based on EBIT exceeding the aggressive targets in 2015 and 2016.

The acquisitions enables Opera to: (i) meet the growing demand for mobile ad inventory and impressions in important global mobile markets, such as Latin America and German speaking European countries; (ii) better monetize Opera’s existing inventory in such regions, including that of Opera's own mobile browser users; and (iii) strengthen our publisher base targeted to non-English speaking consumers in the US and elsewhere

In 2Q 2014, the Group incurred acquisition-related costs of MUSD 0.0 (YTD: 0.0) related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the consolidated statement of comprehensive income.

***(Numbers in MUSD)***

| Identifiable assets acquired and liabilities assumed | |
|---|---|
| Other intangible assets | 0.0 |
| Other investments and deposits | 0.0 |
| Property, plant, and equipment | 0.1 |
| Deferred tax assets | 0.8 |
| Accounts receivable* | 2.3 |
| Unbilled revenue | 0.6 |
| Other receivables | 0.3 |
| Cash and cash equivalents | 0.8 |
| Accounts payable | -5.7 |
| Taxes payable | -0.2 |
| Social security, VAT, and other taxation payable | -0.1 |
| Other short-term liabilities | -1.7 |
| **Total net identifiable assets** | **-2.7** |
| Cash consideration | -7.8 |
| Escrow | -0.9 |
| Contingent consideration | -7.2 |
| **Excess value** | **-18.6** |
| Related customer relationships | 3.2 |
| Deferred tax on excess values | -0.4 |
| Goodwill | 15.8 |

** MUSD 0.0 in provision for bad debt.*

The assets and liabilities that were recognized immediately before the business combinations equaled the carrying amount recognized by the Group on the acquisition dates. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, deferred tax on excess values and goodwill, since the excess prices have been deemed to be related to these intangible assets.

## Note 9 - Business Combinations (continued)

Opera calculated the fair value on the acquisition dates and booked a contingent consideration of MUSD 7.2 in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 10.

The value of the related customer relationships is depreciated over a 6 to 7-year period.

The fair value of the net identifiable assets has not been calculated by an external company. Opera has treated the contingent consideration as consideration for the purchase of the business with exception of the non-compete payment which has been treated as remuneration. The evaluation is based on the indicators outlined in IFRS 3.

***(Numbers in MUSD)***

**Information regarding goodwill**

| | |
|---|---|
| Goodwill at acquisition cost for Hern Labs AB | 1.3 |
| Accumulated depreciation as of 12/31/04 | 1.1 |
| Net book value as of 12/31/04 | 0.3 |
| Reversed depreciation 2004 | 0.3 |
| Net book value as of 1/1/04 and 12/31/08 | 0.5 |
| Goodwill at acquisition cost for Opera Software Poland Sp. z o.o | 2.2 |
| Net book value as of 12/31/09 | 2.8 |
| Goodwill at acquisition cost for AdMarvel | 13.2 |
| Goodwill at acquisition cost for FastMail | 4.0 |
| Net book value as of 12/31/10 | 20.0 |
| Goodwill at acquisition cost for Handster | 7.2 |
| FX adjustment to the goodwill acquisition cost | 0.0 |
| Net book value as of 12/31/11 | 27.2 |
| Goodwill at acquisition cost for Mobile Theory | 34.4 |
| Goodwill at acquisition cost for 4th Screen Advertising | 11.3 |
| Goodwill at acquisition cost for Netview Technology | 0.3 |
| Impairment of FastMail goodwill | -3.0 |
| FX adjustment to the goodwill acquisition cost | 0.1 |
| Net book value as of 12/31/12 | 70.3 |
| Goodwill at acquisition cost for Skyfire Labs, Inc. | 65.8 |
| Sale of FastMail | -1.0 |
| Goodwill at acquisition cost for immaterial transactions | 14.4 |
| FX adjustment to the goodwill acquisition cost | -0.1 |
| Net book value as of 12/31/13 | 149.5 |
| Goodwill at acquisition cost for immaterial transactions | 15.8 |
| FX adjustment to the goodwill acquisition cost | 0.0 |
| **Net book value as of 6/30/14** | **165.3** |

The Group has performed a complete impairment test as of December 31, 2013 according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill.

## Note 10 - Contingent Liabilities and Provisions

### Valuation techniques and significant unobservable inputs

Please see note 11 in the FY 2013 Annual Report for information regarding the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

### Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balance to the closing balances for Level 3 fair values.

| Contingent consideration | |
|---|---|
| Balance as of 1/1/2013 | 28.8 |
| Assumed in a business combination | 54.7 |
| Paid | -14.6 |
| Finance cost | -5.5 |
| Conversion discrepancy | -3.7 |
| OCI | 0.0 |
| **Balance as of 12/31/2013** | **59.7** |
| Assumed in a business combination | 5.6 |
| Paid | -37.5 |
| Finance cost | 7.6 |
| Conversion discrepancy | 0.4 |
| OCI | 0.0 |
| **Balance as of 3/31/2014** | **35.8** |
| Assumed in a business combination | 1.6 |
| Paid | -12.0 |
| Finance cost | 2.0 |
| Conversion discrepancy | -0.1 |
| OCI | 0.0 |
| **Balance as of 6/30/2014** | **27.3** |

## Note 10 - Contingent Liabilities and Provisions (continued)

### Skyfire Labs — Earnout agreement and senior management incentive plan

**Valuation techniques and key model inputs used to measure the contingent consideration:**

Opera has estimated the total earnout value before discounting to be MUSD 57.2, at the acquisition date. Opera used a WACC of 25% and foreign exchange rate of 5.7214, when calculating the earnout. Based on these assumptions and the earnout valuation performed at the acquisition date, Opera calculated the fair value and booked a contingent consideration of MUSD 40.5 in the financial statements. The FY 2013, 2014 and FY 2015 earnout targets are both based on revenue and EBIT targets. The maximum possible payment for both FY 2013, 2014 and FY 2015 is MUSD 94.7. At the acquisition date, Opera calculated the earnout value before discounting to be MUSD 26.7 in FY 2013,  MUSD 30.5 in FY 2014, and MUSD 0.0 in FY 2015.

The contingent consideration is revalued each quarter, and MUSD 0.0 has been booked as a non-current provision and MUSD 0.4 as a current provision as of June 30, 2014. For 2Q 2014, Opera booked MUSD 0.0 (YTD 0.2) as an interest expense, MUSD 0.0 (YTD 0.1) as an FX expense and MUSD 0.0 (YTD 0.0) as change in likelihood. The weighted probability rates are estimated to change +/-10%. Please also see note 9 for more details.

In 3Q 2013, Opera paid portions of the 2013 earnout payment of MUSD 11.7.  The payment had no impact on cash flow in 3Q 2013 since the amount was paid to the escrow agent in 1Q 2013.

In 1Q 2014, the escrow agent repaid MUSD 5.0 of the indemnity escrow fund to Opera as Skyfire Labs did not meet the performance targets related to the escrow.

Further, it has been agreed that up to the first MUSD 10.0 of any 2015 total earnout payments that become payable pursuant to the merger agreement, are to be part of an incentive payment to certain senior management employees. The valuation of the contingent consideration is based on the same principles as described above. The contingent consideration is revalued each quarter, and MUSD 3.1 has been booked as a non-current provision as of June 30, 2014. For 2Q 2014, Opera booked MUSD 0.2 (YTD: 0.4) as an interest expense and MSUD 0.0 (YTD 0.0) as change in likelihood. The weighted probability rates are estimated to change +/-10%.

***(Numbers in MUSD)***

| Sensitivity analysis | Increase | Decrease |
|---|---|---|
| Annual revenue growth rate (10% movement) | **2.6** | **4.8** |
| EBIT margin (5% movement) | **0.6** | **4.8** |

## Note 10 - Contingent Liabilities and Provisions (continued)

### Individually immaterial business combinations — Earnout agreements

**Valuation techniques and key model inputs used to measure the contingent consideration:**

Opera has estimated the total earnout values before discounting to be MUSD 32.6, at the acquisition date. Opera used a WACC between 11.5% and 25%, when calculating the earnout. Based on these assumptions and the earnout valuation performed at the acquisition date, Opera calculated the fair value and booked a contingent consideration of MUSD 21.4 in the financial statements. At the acquisition date, Opera calculated the earnout value before discounting to be MUSD 8.7 in FY 2013, MUSD 9.6 in FY 2014, MUSD 12.4 in FY 2015, and MUSD 1.9 in FY 2016.

The contingent consideration is revalued each quarter, and MUSD 12.0 has been booked as a non-current provision and MUSD 11.7 as a current provision as of June 30, 2014. For 2Q 2014, Opera booked MUSD 1.2 (YTD: 2.7) as an interest expense, MUSD 0.0 (YTD: 0.0) as an FX income and MUSD 0.5 (YTD: 5.1) as change in likelihood. The weighted probability rates are estimated to change +/-10%. Please also see note 9 for more details.

In 1Q 2014, Opera paid the 2013 earnout of MUSD 1.4.

***(Numbers in MUSD)***

| Sensitivity analysis | Increase | Decrease |
|---|---|---|
| Annual revenue growth rate (10% movement) | **1.2** | **0.1** |
| EBIT margin (5% movement) | **1.7** | **0.1** |

### Mobile Theory — Earnout agreement

**Valuation techniques and key model inputs used to measure the contingent consideration:**

In 1Q 2014, Opera booked MUSD 1.5 (YTD 1.5) as an interest expense, MUSD -0.7 (YTD -0.7) as an FX expense, MSUD -0.1 (YTD -0.1) as change in likelihood, and paid the 2013 earnout payment of MUSD 31.3. MUSD 7.0 of the 2013 earnout payment had no cash effect in 1Q 2014. This final payment settles the earnout liabilities with the prior shareholders.

### 4th Screen Advertising — Earnout agreement

**Valuation techniques and key model inputs used to measure the contingent consideration:**

In 1Q 2014, Opera booked MUSD 0.2 (YTD 0.2) as an interest expense, MUSD -0.1 (YTD -0.1) as an FX expense, MSUD 0.3 (YTD 0.3) as change in likelihood, and paid the 2013 earnout payment of MUSD 4.8 and an escrow release payment of MUSD 1.0. The escrow release payment had no cash effect in 1Q 2014. These final payments settle the earnout liabilities with the prior shareholders.

**Note 11 - Investment in Associated Companies**

In 1Q 2011, Opera and China's Telling Telecom announced that they planned to establish a company in greater China with the goal of becoming the most popular consumer mobile web browser and web services platform in China. Opera will provide its browser technology, and Telling Telecom will contribute a local operations team and strong distribution capabilities. Telling Telecom is a leading mobile phone distributor in China.

nHorizon Innovation (Beijing) Software Ltd was co-founded by Opera Software ASA and Telling Telecom in August 2011. nHorizon is committed to developing and marketing the Oupeng mobile browser, providing users with a simple, fast, and smooth mobile internet experience and to helping people enjoy a comfortable mobile internet life. For more information, please visit www.oupeng.com.

The focus of the company will be on the massive consumer mobile internet market and revenue opportunity in China. Opera China will continue to target the operator, mobile OEM, device OEM, and desktop markets independent from the company.

***(Numbers in MUSD)***

| Information regarding nHorizon Innovation | 2Q 2014 (Unaudited) | 1H 2014 (Unaudited) |
|---|---|---|
| Revenue | **2.8** | **6.2** |
| EBIT | **-7.1** | **-13.2** |
| Net profit | **-7.5** | **-13.9** |
| | | |
| Assets | | **12.5** |
| Short term liabilities | | **31.3** |
| Equity | | **-18.8** |

***(Numbers in MUSD)***

**Investment in associate company**

The investments in nHorizon Innovation are accounted for using the equity method. The total investment as of June 30, 2014 is MUSD 12.8. In addition, Opera has loaned MUSD 9.3 to nHorizon Innovation and is guaranteed a minimum amount of revenue from the company corresponding to Opera's initial capital contribution over the three-year period starting from the date the company was established.

As of June 30, 2014, Opera owned 29.09% of nHorizon Innovation, and Opera has booked the following fair value on the accounting line Other investments and deposits:

| | |
|---|---|
| Investment (Booked value January 1, 2014) | 0.0 |
| Investment during the fiscal year | 0.0 |
| FX adjustment | 0.0 |
| Share of the profit/loss | 0.0 |
| Elimination | 0.0 |
| **Balance as of 6/30/2014** | **0.0** |

## Note 12 - Liquidity Reserve/Credit Facility

*(Numbers in MUSD)*

| LIQUIDITY RESERVE | 6/30/2014 (Unaudited) | 6/30/2013 (Unaudited) |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash in hand and on deposit | **117.0** | 56.4 |
| -of which restricted funds* | **3.8** | 4.2 |
| **Unrestricted cash** | **113.2** | 52.2 |
| | | |
| Unutilized credit facilities | **90.0** | 40.0 |
| Short-term overdraft facility | **0.0** | 0.0 |
| **Liquidity reserve** | **90.0** | 40.0 |

*Cash and cash equivalents of MUSD 3.8 were restricted assets as of June 30, 2014, and Cash and cash equivalents of MUSD 4.2 were restricted assets as of June 30, 2013.

*(Numbers in MUSD)*

| CREDIT FACILITY | 6/30/2014 (Unaudited) | 6/30/2013 (Unaudited) |
|---|---|---|
| **Credit Facility** | | |
| Short-term cash credit | **150.0** | 100.0 |
| -of which utilized | **60.0** | 60.0 |
| Short-term overdraft facility | **0.0** | 0.0 |
| -of which utilized | **0.0** | 0.0 |

Opera Software has, in June 2014, signed a new MUSD 150 secured revolving credit facility with DNB Bank ASA. The facility will primarily be secured through a share pledge in Opera Software International AS, as well as floating charges over accounts receivable in Opera Software ASA and certain of its U.K. and U.S. subsidiaries. The 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). On the undrawn portion of the facility, a commitment fee of 0.61% p.a. will be paid. Opera Software intends to use the financing for general corporate purposes and potential acquisitions. Please see note 16 for more information.

## Note 13 - Unusual Transactions

Opera Software ASA noted no unusual transactions during the reporting period.

**Note 14 - Costs for restructuring the business**

During 2Q 2014, Opera Software ASA recorded restructuring charges related to a strategic cost reduction that will better align costs with revenues and legal fees related to business combinations.

During 1Q 2014, Opera Software ASA recorded restructuring charges related to a strategic cost reduction that will better align costs with revenues and legal fees related to business combinations.

***(Numbers in MUSD)***

| RESTRUCTURING COSTS | 2Q 2014 (Unaudited) | 2Q 2013 (Unaudited) | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|---|---|
| Salary restructuring cost | **0.1** | 0.0 | **0.2** | 0.0 |
| Option restructuring cost | **0.0** | 0.0 | **0.0** | 0.0 |
| Office restructuring cost | **0.0** | 0.0 | **0.1** | 0.0 |
| Impairment cost | **0.0** | 0.0 | **0.0** | 0.0 |
| Legal fees related to business combinations | **1.6** | 0.0 | **2.7** | 1.5 |
| Other restructuring cost | **0.2** | 0.0 | **0.2** | 0.0 |
| **Total** | **1.9** | 0.0 | **3.2** | 1.5 |

As of June 30, 2014, MUSD 1.6 was not paid and booked as other short-term liabilities in the statement of financial position. The comparative number as of June 30, 2013 was MUSD 0.7.

**Note 15 - Forward Looking Statements/Risk Factors**

This Quarterly Report contains forward-looking statements. These statements include, among other things, statements regarding future operations and business strategies, and future financial conditions 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 on page 66, 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.

## Note 16 - Subsequent Events

### Acquisition of AdColony

On June 24, 2014, Opera announced that it had reached a definitive agreement to acquire 100% of the stock and voting intrests in Jirbo Acquisition Company, Inc. (DBA: AdColony). The acquisition closed on July 24, 2014. The transaction is an acquisition by Opera Software ASA of all outstanding stock in AdColony. The transaction was structured as a reverse triangular merger resulting in AdColony, as the surviving corporation, becoming a wholly-owned subsidiary of Opera Software ASA.

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 has offices in Los Angeles, San Francisco, Seattle, Chicago, Detroit, New York and London. To learn more about AdColony, visit www.AdColony.com.

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 Apple's App Store 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 what would have been possible in a stand-alone scenario.

**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 effectively monetize inventory.

### Transaction and Financial Highlights

Opera paid MUSD 75.0 in cash for AdColony at closing, plus MUSD 18.4 for the net cash on AdColony's balance sheet.

In addition, the deal may include additional variable cash and/or stock consideration of up to MUSD 275 (including the potential release of the already paid MUSD 25.0 in escrow to the escrow agent) tied to ambitious 2014, 2015 and 2016 AdColony mobile video advertising revenue and Adjusted EBITDA* targets. The first MUSD 30.0 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 USD 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.

**Note 16 - Subsequent Events (continued)**

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 |
|---|---|---|
| **Escrow** | Up to MUSD 10 released based on 2014 Revenue and Adjusted EBITDA* targets<br><br>Up to MUSD 15 released based on 2015 Revenue and Adjusted EBITDA* targets | MUSD 25.0 |
| **2014 Revenue and Adjusted EBITDA*** | Up to MUSD 22.5 based on revenue targets<br><br>Up to MUSD 52.5 based on Adjusted EBITDA* targets | MUSD 49.9 |
| **2015 Revenue and Adjusted EBITDA*** | Up to MUSD 30 based on revenue targets<br><br>Up to MUSD 105 based on Adjusted EBITDA* targets | MUSD 75.0 |
| **2016 Revenue and Adjusted EBITDA*** | Up to MUSD 7.5 based on revenue targets<br><br>Up to MUSD 32.5 based on Adjusted EBITDA* targets | MUSD 20.6 |
| **Total variable components** | **MUSD 275** | **MUSD 170.6** |

**Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs*

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.

In 2Q 2014, the Group incurred acquisition-related costs of MUSD 1.4 (YTD: 1.7) related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in the consolidated statement of comprehensive income.

**Note 16** - **Subsequent Events (continued)**

**Valuation techniques and key model inputs used to measure the contingent consideration:**

Opera has estimated the total earnout value before discounting to be MUSD 170.6, at the acquisition date. Opera used a WACC of 11.5% and foreign exchange rate of 6.1897, when calculating and booking the earnout in Opera Software ASA. Based on these assumptions and the earnout valuation performed at the acquisition date, Opera calculated the fair value and booked a contingent consideration of MUSD 146.9 in the financial statements. The FY 2014, 2015, and FY 2016 earnout targets are both based on revenue and Adjusted EBIT targets. The maximum possible payment for both FY 2014, 2015 and FY 2016 is MUSD 275. At the acquisition date, Opera calculated the earnout value before discounting to be MUSD 59.9 in FY 2014, MUSD 90.0 in FY 2015, and MUSD 20.6 in FY 2016.

***(Numbers in MUSD)***

| **Identifiable assets acquired and liabilities assumed** | |
|---|---|
| Other intangible assets | 0.0 |
| Property, plant, and equipment | 0.8 |
| Deferred tax assets | 0.4 |
| Other investments and deposits | 0.1 |
| Accounts receivable* | 12.8 |
| Unbilled revenue | 11.6 |
| Other receivables | 0.8 |
| Cash and cash equivalents | 21.1 |
| Accounts payable | -23.0 |
| Taxes payable | -0.2 |
| Social security, VAT, and other taxation payable | -0.2 |
| Deferred revenue | 0.0 |
| Other short-term liabilities | -5.9 |
| **Total net identifiable assets** | **18.3** |
| Cash consideration | -93.4 |
| Contingent consideration | -146.9 |
| **Excess value** | **-222.0** |
| Related customer relationships | 34.0 |
| Customer contracts | 6.0 |
| Proprietary technology | 15.0 |
| Non-compete | 0.0 |
| Deferred tax on excess values | -22.0 |
| Goodwill** | 189.0 |

** MUSD 0.1 as provision for bad debt*

*** Not deductable for tax purposes*

The assets and liabilities that were recognized by AdColony, Inc. immediately before the business combination equaled the carrying amount recognized by the Group on the acquisition date. These are preliminary numbers that are subject to change upon computation of the final allocation. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, proprietary technology, deferred tax on excess values and goodwill, since the excess price has been deemed to be related to these intangible assets. The substantial amount of goodwill in the acquisition of AdColony can be attributed to the synergies that exist between the two companies, as well as the qualified AdColony workforce.

## Note 16 - Subsequent Events (continued)

The value of the related customer relationships is depreciated over a 5-year period, the customer contracts are depreciated over a 2-year period and the proprietary technology is depreciated over a 3-year period.

The fair value of the net identifiable assets has not been calculated by an external company. Opera has treated the entire contingent consideration as consideration for the purchase of the business and no part as remuneration. The evaluation is based on the indicators outlined in IFRS 3.

### Financing

On June 24, 2014 Opera signed an agreement with DNB Bank ASA to increase the size of its secured revolving credit facility originally entered into on February 15, 2013 from MUSD100 to MUSD 200. Due to the successful completion of the share offering (see below) on June 27, 2014, the facility was automatically reduced to MUSD 150 upon the registration of the capital increase with the Norwegian Register of Business Enterprises in early July.  The amended facility, now in the amount of up to MUSD 150, 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).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 potential earn-out payments related to the acquisition of AdColony. Please see note 12 for more information.

On June 27, 2014, Opera Software ASA announced the successful completion of the offering of 10 million shares, equal to 7.5% of the existing share capital of the Company (the "Offering"). The Offering was comprised of a private placement to institutional investors in Norway and internationally. The over-subscribed Offering was completed at an offer price of NOK 80 per share, which was determined through an accelerated book-building process. Gross proceeds from the Offering amount to MNOK 800. The net proceeds will be used to increase the Company's capital base for current and future strategic acquisition activities and obligations. In particular, the proceeds of the placement will provide the Company with additional funding flexibility to meet its earn-out obligations in connection with the recent AdColony acquisition. MNOK 27.5 in transaction costs has been booked against the gross proceeds.

## Historical Summary - Last 6 Quarters

(Numbers in MUSD, except per share amounts)

| | 2Q 2014 (Unaudited) | 1Q 2014 (Unaudited) | 4Q 2013 (Unaudited) | 3Q 2013 (Unaudited) | 2Q 2013 (Unaudited) | 1Q 2013 (Unaudited) |
|---|---|---|---|---|---|---|
| Revenue | **100.6** | 87.0 | 89.6 | 75.5 | 73.1 | 62.0 |
| Revenue (% sequential growth) | **16%** | -3% | 19% | 3% | 18% | 2% |
| EBIT* | **18.0** | 14.9 | 16.8 | 15.6 | 15.2 | 14.3 |
| EBIT, excluding stock option costs* | **20.2** | 16.0 | 17.7 | 16.6 | 16.2 | 15.2 |
| EBITDA* | **24.9** | 21.6 | 23.1 | 21.4 | 20.7 | 17.5 |
| EBITDA, excluding stock option costs* | **27.0** | 22.7 | 24.0 | 22.5 | 21.7 | 18.4 |
| EPS | **0.071** | 0.019 | 0.373 | 0.011 | 0.051 | 0.030 |
| EPS, fully diluted | **0.069** | 0.018 | 0.363 | 0.010 | 0.049 | 0.029 |

* excluding costs for restructuring the business

## Supplemental information

*(Numbers in MUSD)*

| **Revenue Customer Type YTD numbers** | **1H 2014** (Unaudited) | **1H 2013** (Unaudited) |
|---|---|---|
| Mobile Operators | **36.4** | 28.5 |
| Mobile Consumers | **23.0** | 19.3 |
| Mobile Publishers and Advertisers | **82.8** | 46.3 |
| Desktop Consumers | **35.9** | 31.7 |
| Device OEMs | **9.2** | 8.2 |
| Other | **0.4** | 1.1 |
| **Total** | **187.6** | 135.1 |

*(Numbers in MUSD)*

| **Revenue Customer Type QTR numbers** | **2Q 2014** (Unaudited) | **1Q 2014** (Unaudited) | **4Q 2013** (Unaudited) | **3Q 2013** (Unaudited) | **2Q 2013** (Unaudited) |
|---|---|---|---|---|---|
| Mobile Operators | **17.7** | 18.6 | 16.5 | 17.1 | 15.9 |
| Mobile Consumers | **9.3** | 13.7 | 11.0 | 7.6 | 11.8 |
| Mobile Publishers and Advertisers | **51.1** | 31.7 | 43.1 | 29.6 | 27.9 |
| Desktop Consumers | **17.4** | 18.5 | 15.4 | 13.8 | 14.2 |
| Device OEMs | **4.9** | 4.3 | 3.3 | 6.8 | 2.8 |
| Other | **0.2** | 0.2 | 0.1 | 0.5 | 0.5 |
| **Total** | **100.6** | 87.0 | 89.6 | 75.5 | 73.1 |

***Operators:*** Opera is a trusted partner for operators globally. The Company currently offers four major cloud based solutions and services to Operators worldwide: (i) Operator/Co-branded versions of Opera Mini, whereby Operators are able to offer their mass market subscribers content compression, fast Internet download speeds, convenient access to operator portal services in order to drive incremental revenue, and lower priced data plans and data packages, capitalizing on the up to 90% data compression that Opera´s cloud services enables; (ii) Skyfire Rocket Optimizer™, which allows mobile operators to leverage cloud computing to optimize and compress video and other multimedia traffic on crowded cell towers, including 3G and 4G LTE networks, enabling operators to both boost the capacity of their networks by up to 60% and offer better network performance and quality to their subscribers; (iii) Skyfire Horizon™, a mobile browser extension and toolbar platform that allows users to personalize their smartphone browser and operators to gain new monetization opportunities, such as advertising; and (iv) Opera WebPass, which allows users to easily buy time-based or content-based mobile data packages through a simple, one-click purchase, similar to how users buy apps today, enabling operators to both offer a broad array of personalized data package alternatives for their subscribers and increase average revenue generated per subscriber.

***Mobile Consumers (Opera-owned-and-operated properties):*** Opera has around 270 million mobile users of consumer products on a monthly basis. Opera is placing a significant emphasis on developing and expanding its owned and operated properties and capitalizing on its extensive mobile consumer user base. These owned and operated properties include the Speed Dial page, the Smartpage, the Opera Mobile Store and the Discover page. These Opera owned and operated properties are expected to be monetized primarily via mobile advertising, mobile search and mobile applications.

## Supplemental information (continued)

***Mobile Publishers and Advertisers (Opera Network Members):*** Opera's goal is to power the mobile advertising ecosystem through innovative and differentiated mobile advertising services and technology solutions, targeting premium and performance advertisers, ad agencies, publishers and developers. Opera's ultimate mission is to help both publishers increase revenue from their mobile properties and content and advertisers reach and acquire potential customers.

***Desktop Consumers:*** Since the first public release in 1995, Opera has continuously delivered browser innovation to desktop PCs. Opera's desktop browser provides its users with a safe, efficient and enjoyable browsing experience. Today, the vast majority of Opera´s desktop users are in the Russia/CIS region and in the emerging markets. Opera is particularly focused on growing users in regions where it already has a strong base of users, such as Russia.

***Global Device Original Equipment Manufacturers (Device OEMs):*** With the Opera Devices Software Developer Kit (SDK), device manufacturers are able to offer not only Web browsing capabilities and full Internet access to their operator and consumer end customers, but also customized Web applications which are accessible from the home screen of the device. Moreover, with the Opera Devices SDK, device manufacturers are able to use their own (and third-party) developers to enable full Web browsing, create user interfaces, widgets and menu systems using Web technologies, such as HTML5 and CSS, HbbTV and OIPF, while accelerating time to market for new consumer electronic devices.

***(Numbers in MUSD)***

| Mobile Operator YTD numbers | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|
| NRE and M&S | **2.2** | 1.6 |
| Non cloud based license/data revenue | **0.2** | 0.2 |
| Cloud based license/data revenue | **34.0** | 26.7 |
| **Total** | **36.4** | 28.5 |

***(Numbers in MUSD)***

| Mobile Operator QTR numbers | 2Q 2014 (Unaudited) | 1Q 2014 (Unaudited) | 4Q 2013 (Unaudited) | 3Q 2013 (Unaudited) | 2Q 2013 (Unaudited) |
|---|---|---|---|---|---|
| NRE and M&S | **1.1** | 1.0 | 0.8 | 0.9 | 0.8 |
| Non cloud based license/data revenue | **0.1** | 0.1 | 0.2 | 0.1 | 0.2 |
| Cloud based license/data revenue | **16.5** | 17.5 | 15.5 | 16.1 | 14.8 |
| **Total** | **17.7** | 18.6 | 16.5 | 17.1 | 15.9 |

***(Numbers in MUSD)***

| Device OEMs YTD numbers | 1H 2014 (Unaudited) | 1H 2013 (Unaudited) |
|---|---|---|
| NRE and M&S | **3.4** | **3.3** |
| Licenses and active-user fees | **5.8** | **4.9** |
| **Total** | **9.2** | **8.2** |

***(Numbers in MUSD)***

| Device OEMs QTR numbers | 2Q 2014 (Unaudited) | 1Q 2014 (Unaudited) | 4Q 2013 (Unaudited) | 3Q 2013 (Unaudited) | 2Q 2013 (Unaudited) |
|---|---|---|---|---|---|
| NRE and M&S | **1.8** | 1.6 | 1.6 | 1.7 | 1.5 |
| Licenses and active-user fees | **3.1** | 2.7 | 1.7 | 5.1 | 1.4 |
| **Total** | **4.9** | 4.3 | 3.3 | 6.8 | 2.8 |

## **Supplemental information** (continued)

*In million subscribers*

| **Total Opera mobile browser users**<br>**Operator and co-branded*** | (Unaudited) |
|---|---|
| January 2011 | 11.5 |
| February 2011 | 12.0 |
| March 2011 | 13.6 |
| April 2011 | 15.0 |
| May 2011 | 16.1 |
| June 2011 | 16.2 |
| July 2011 | 16.8 |
| August 2011 | 18.0 |
| September 2011 | 19.7 |
| October 2011 | 21.5 |
| November 2011 | 23.9 |
| December 2011 | 26.7 |
| January 2012 | 29.4 |
| February 2012 | 29.5 |
| March 2012 | 31.1 |
| April 2012 | 36.9 |
| May 2012 | 38.7 |
| June 2012 | 39.8 |
| July 2012 | 41.2 |
| August 2012 | 42.0 |
| September 2012 | 41.7 |
| October 2012 | 45.8 |
| November 2012 | 48.8 |
| December 2012 | 53.7 |
| January 2013 | 60.3 |
| February 2013 | 59.8 |
| March 2013 | 66.7 |
| April 2013 | 68.2 |
| May 2013 | 74.4 |
| June 2013 | 77.7 |
| July 2013 | 83.3 |
| August 2013 | 86.3 |
| September 2013 | 86.2 |
| October 2013 | 96.6 |
| November 2013 | 98.4 |
| December 2013 | 104.7 |
| January 2014 | 108.4 |
| February 2014 | 103.7 |
| March 2014 | 112.0 |
| **April 2014** | **111.6** |
| **May 2014** | **113.8** |
| **June 2014** | **113.5** |

**Includes Skyfire Horizon users.*

## Supplemental information (continued)

| *In million subscribers* | |
|---|---|
| **Total Opera mobile browser users State of the Mobile Web*** | (Unaudited) |
| January 2010 | 51.8 |
| February 2010 | 52.8 |
| March 2010 | 57.8 |
| April 2010 | 62.3 |
| May 2010 | 65.3 |
| June 2010 | 64.7 |
| July 2010 | 70.1 |
| August 2010 | 76.7 |
| September 2010 | 84.7 |
| October 2010 | 92.2 |
| November 2010 | 98.3 |
| December 2010 | 105.9 |
| January 2011 | 111.0 |
| February 2011 | 110.4 |
| March 2011 | 123.4 |
| April 2011 | 128.3 |
| May 2011 | 134.8 |
| June 2011 | 136.2 |
| July 2011 | 143.2 |
| August 2011 | 149.7 |
| September 2011 | 153.0 |
| October 2011 | 161.9 |
| November 2011 | 166.6 |
| December 2011 | 175.9 |
| January 2012 | 182.8 |
| February 2012 | 183.7 |
| March 2012 | 193.0 |
| April 2012 | 189.6 |
| May 2012 | 196.2 |
| June 2012 | 200.4 |
| July 2012 | 205.8 |
| August 2012 | 209.9 |
| September 2012 | 207.2 |
| October 2012 | 215.4 |
| November 2012 | 215.9 |
| December 2012 | 229.2 |
| January 2013 | 237.3 |
| February 2013 | 228.5 |
| March 2013 | 249.0 |
| April 2013 | 246.6 |
| May 2013 | 254.8 |
| June 2013 | 251.4 |
| July 2013 | 259.6 |
| August 2013 | 264.5 |
| September 2013 | 261.6 |
| October 2013 | 267.5 |
| November 2013 | 262.5 |
| December 2013 | 270.1 |
| January 2014 | 275.1 |
| February 2014 | 259.5 |
| March 2014 | 273.9 |
| **April 2014** | **268.2** |
| **May 2014** | **274.8** |
| **June 2014** | **270.8** |

**Include Opera and operator hosted Mini users as well as Opera Mobile and Skyfire browser users. Please also see: http://www.opera.com/smw/.*

## Supplemental information (continued)

| *In million users* | | | | | |
|---|---|---|---|---|---|
| **Monthly Desktop users (last month of quarter)** | **2Q 2014** (Unaudited) | **1Q 2014** (Unaudited) | **4Q 2013** (Unaudited) | **3Q 2013** (Unaudited) | **2Q 2013** (Unaudited) |
| Total | **51** | 51 | 51 | 51 | 52 |

# Statement by the BOD and the CEO

## Unaudited – 1H 2014 report of Opera Software ASA

The Board of Directors and the CEO have today reviewed and approved the condensed consolidated interim report of Opera Software ASA of June 30, 2014, and for the first half-year 2014.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Norwegian disclosure requirements in accordance with the Norwegian Securities Trading Act.

The Board of Directors and the CEO consider the accounting policies applied to be appropriate. Accordingly, to the best of their knowledge and without the benefit of an audit, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of June 30, 2014, and of the results of the Group's operations and cash flows for the first half-year 2014.

The Board of Directors and the CEO also consider the interim report to give a true and fair view of the information required by the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Oslo , August 20, 2014

The Board of Directors

Opera Software ASA

Sverre Munch ,Chairman

Andrè Christensen

Audun Wickstrand Iversen

Kari Stautland

Marianne Heiene Blystad

Erik Johan Möller, Employee representative

Krystian Patryk Kolondra, Employee representative

Christian Mauricio Uribe Espinoza, Employee representative

Lars Rahbæk Boilesen, CEO

# Interim Management Report

## Review of 1H 2014

### Operations

Revenue in 1H 2014 was MUSD 187.6, up 39% compared to 1H 2013, when revenue was MUSD 135.1. Total operating costs, excluding one-time extraordinary costs, were MUSD 154.7 in1H 2014 compared to MUSD 105.7 in 1H 2013, an increase of 46%. Adjusted EBITDA* was MUSD 49.7 in 1H 2014 compared to MUSD 40.1 in 1H 2013. EBIT** was MUSD 32.9 in 1H 2014 compared to MUSD 29.4 in 1H 2013. Profit for the period was MUSD 11.9 in 1H 2014 compared to MUSD 9.7 in 1H 2013.

### Cash flow

The Company generated MUSD 20.1 in cash flow from operations in 1H 2014, compared to MUSD 14.5 in 1H 2013. Cash outflow for investments amounted to MUSD 62.7, including MUSD 46.0 related to acquisitions, MUSD 6.3 related to research and development and MUSD 6.2 related to capital expenditures. Cash outflow from financing activities amounted to MUSD 3.8, with MUSD 1.4 in proceeds from exercise of options and MUSD 5.2 related to dividends paid.

### Financial position

Total assets increased from MUSD 389.7 to MUSD 639.7, primarily due to increases in cash and cash equivalents and increases in other receivables of which the majority relates to proceeds from an equity offering that took place end of June 2014 with payment in July 2014.

## Outlook

Opera remains positive about the Company's overall growth prospects, which is expected to be driven primarily by our mobile businesses going forward.

Within our mobile business, Opera continues to drive a compelling value proposition for operators, helping them increase data and services revenue streams and profitability. With the continued rollout of the cloud-based Rocket Optimizer™ solution and other smartphone-targeted products and services to the Company's existing and prospective operator customers, Opera expects to generate solid revenue growth from our operator business in 2014, compared to 2013.

Moreover, the Company continues to deliver a very compelling value proposition to our rapidly burgeoning mobile consumer base, providing a fast and data saving, and therefore cheaper, browsing experience. Opera's strategy is to capitalize on our over 270 million mobile browser user base by building and expanding Opera's owned and operated properties and monetizing these properties via mobile advertising, mobile search and mobile applications. Opera expects to generate solid revenue growth from our mobile-consumer user base in 2014, versus 2013, due to much larger mobile advertising revenue streams in particular from our owned and operated mobile properties, including the Smart Page and the Opera Mobile Store.

Within Opera's Mobile Publisher & Advertiser business (Opera Publisher Partner members), Opera expects to generate meaningfully more revenue from this business in 2014, compared to 2013, as Opera continues to ramp up revenue from brand and performance advertisers and application developers.

Opera's key operational priorities in 2014 include continuing to (i) sign operator agreements for Opera's existing and new products and services, including the Rocket Optimizer™ solution; (ii) grow revenues and users of Opera's mobile consumer products, particularly on the Android and iOS smartphone platforms, and expand usage and monetization of Opera's owned and operated properties; (iii) increase revenue from Mobile Publishers and Advertisers (Opera Publisher Partner members), by expanding Opera's demand-side advertising reach and capabilities; (iv) grow Opera's desktop user base, particularly in Russia/CIS; and (v) increase Opera's overall profitability and margins.

## Major related party transactions

In the past 6 months, there have been no major related party transactions which have had a material impact on the financial statements.

## Risk factors

Opera's sales and expenses are exposed to foreign currency exchange risk. Most of the Company's foreign exchange risk relates to sales and is the result of revenue contracts signed in EUR and other currencies. The majority of the Company's purchases are made in the following denominations: NOK, USD, SEK, PLN, GBP, JPY, CNY, KRW, TWD, AUD, UAH, ISK, SGD, BRL, UYU, MXN, ARS, EUR and INR. Exchange rate fluctuations in these currencies do impact Opera's income statement, and can have a significant impact on our operating and financial results. Exchange rate fluctuations may also affect the value of Opera's capital expenditures as a result of investments made by its subsidiaries.

Further, each of the risk factors described in the Opera Software FY 2013 Annual Report, under the heading "Risk Factors," can have a significant negative impact on Opera's business, financial results, operations, cash flow, and the trading price of our common stock. For additional explanations regarding risks and uncertainties, please refer to the Opera Software FY 2013 Annual Report and note 15 - Forward Looking Statements/Risk Factors in the 1H 2014 report.

## Disclaimer

Readers are referred to the disclaimer outlined in the 2Q 2014 presentation posted at www.oslobors.no and note 15 - Forward Looking/Risk Factors in the 1H 2014 report.

** Non-IFRS EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition related costs*

***In 1H 2013 and 1H 2014, Opera Software recorded a one-time extraordinary charge. Excluding the one-time extraordinary charge, EBIT for 1H 2013 would have been MUSD 28.0 and EBIT for 1H 2014 would have been MUSD 29.7.*