2Q 2017

Opera Software ASA

Agenda

- **Executive Summary**
- Financial Review
- Operations Review
- AdColony (Mobile Advertising)
- Closing Comments

Quarterly highlights

Financial metric	2Q17 ($m)	1Q17 ($m)	2Q16 ($m)
Total revenue	**109.9**	107.0	127.7
Adj. EBITDA	**3.1**	0.5	9.5

- AdColony revenue down vs 2Q16, but up vs 1Q17
  - Weak 2017 UA Performance trend from January through May, but solid uptick in revenue after May and established at higher level
- Profit (Adj. EBITDA) down vs 2Q16 due to AdColony
- Cost initiatives in AdColony and Skyfire with significant effect from 3Q17

Quarterly highlights

Opera Software ASA

AdColony

- Weak revenue due to Performance business
- Slow ramp of new products
- Significant cost program initiated at the end of the quarter with $25 million annualized impact

Bemobi

- 5% revenue growth, both LATAM and international growing
- Strong growth of International subscribers

SurfEasy

- Solid revenue growth from direct and partner business
- Profitable in 2Q17
- Ramping down Opera related hosting cost

skyfire

- Very limited revenue in 2Q17, but lower loss on operations vs 2Q16 due to cost measures
- Signed deal to secure positive 2H17 with a significantly smaller organization

Financial Review

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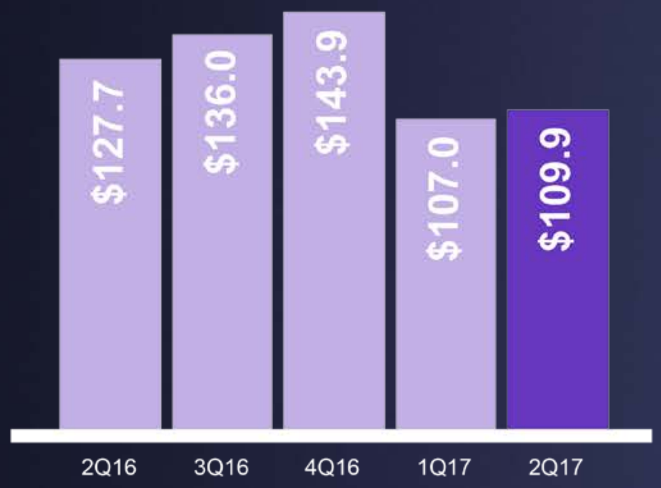
Opera Group 2Q: weak, as expected

Revenue



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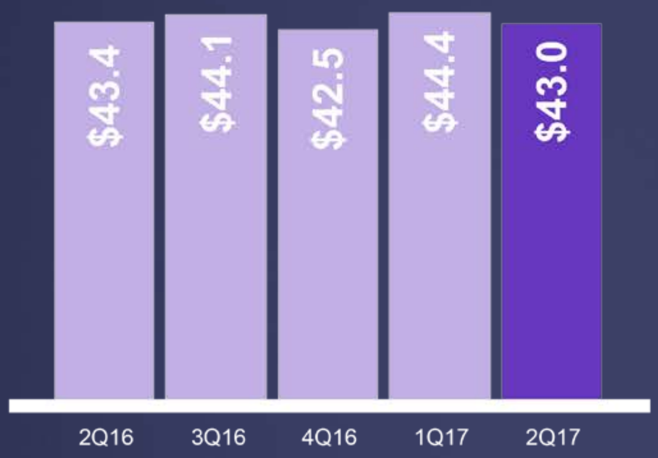
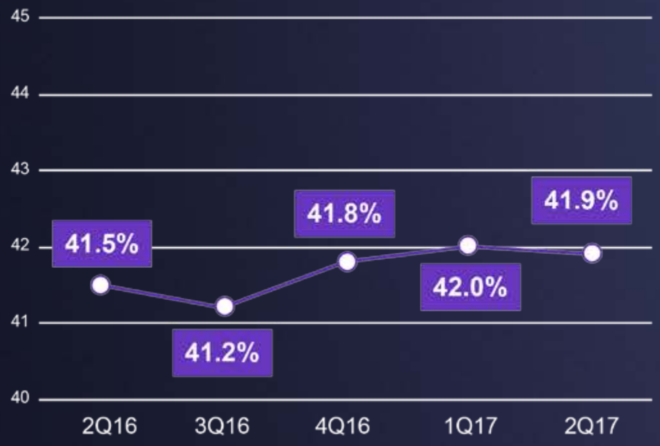
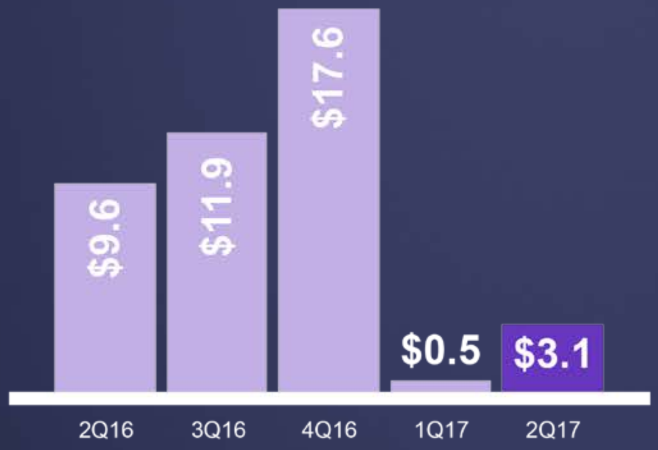


Gross Margin %



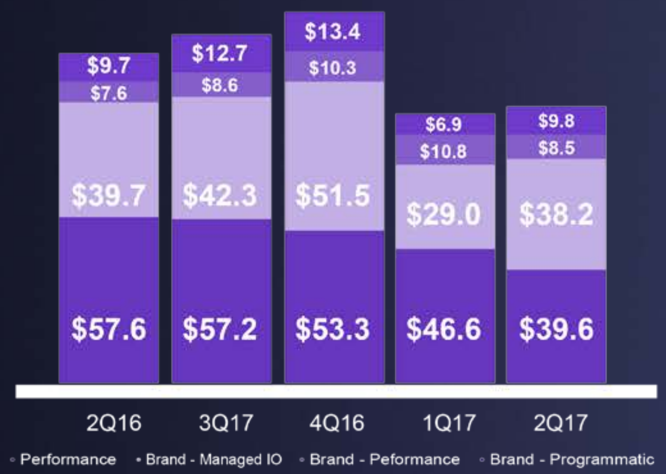
Adj. EBITDA



- Revenue down in 2Q17 vs 2Q16 due to AdColony, growth in Bemobi and SurfEasy
- Opex flat YoY with cost focus in AdColony and Skyfire in particular
- Adj. EBITDA down mainly due to AdColony

AdColony – Impacted by slow product ramp and shift to programmatic

Revenue



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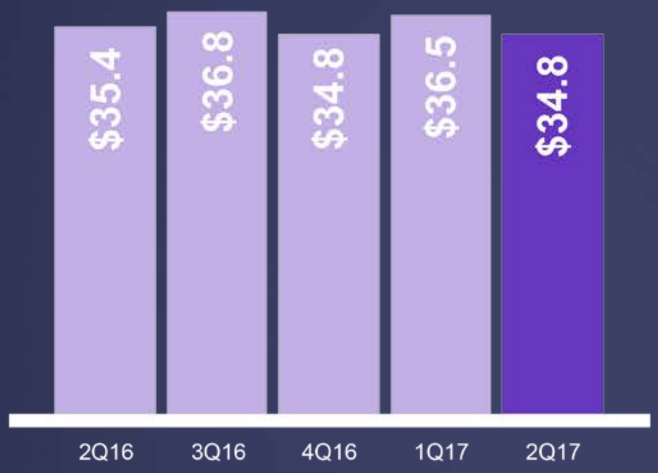
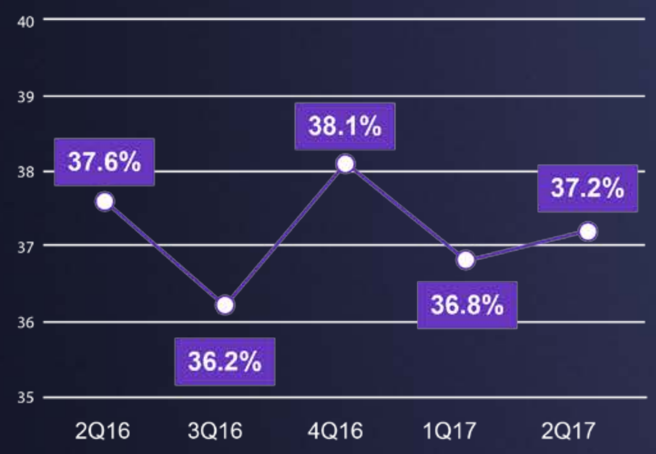
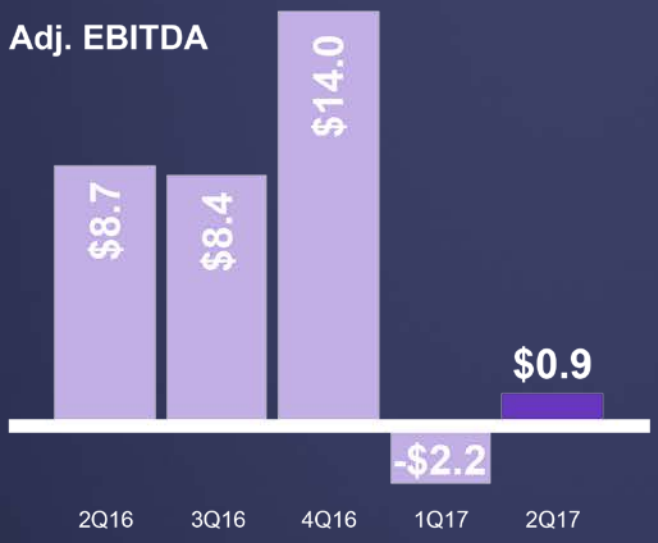


Gross Margin %



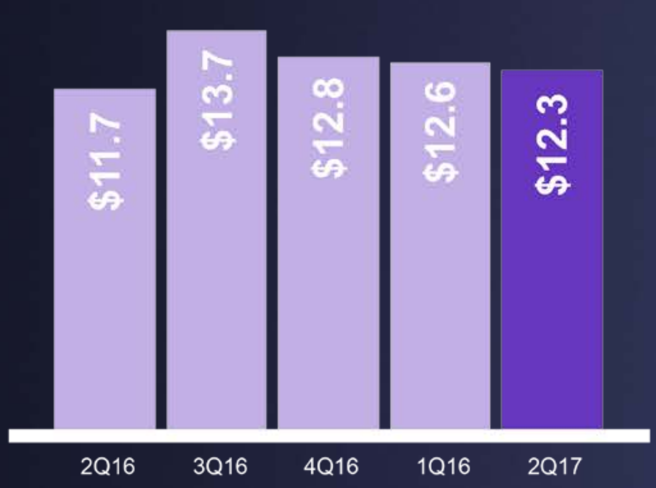
Adj. EBITDA



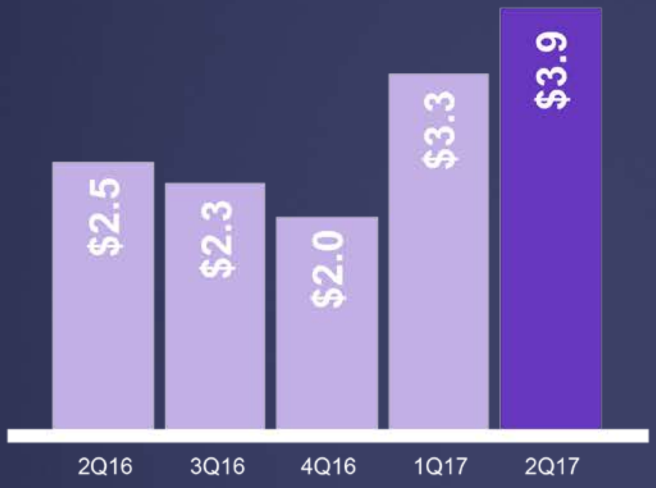
- Revenue impacted by weak performance revenue, slow product ramp and shift to programmatic
- Stable gross margin
- Opex down YoY with strict cost control
- Significant cost program initiated at the end of the quarter with $25 million annualized impact.

Bemobi – Investing for growth

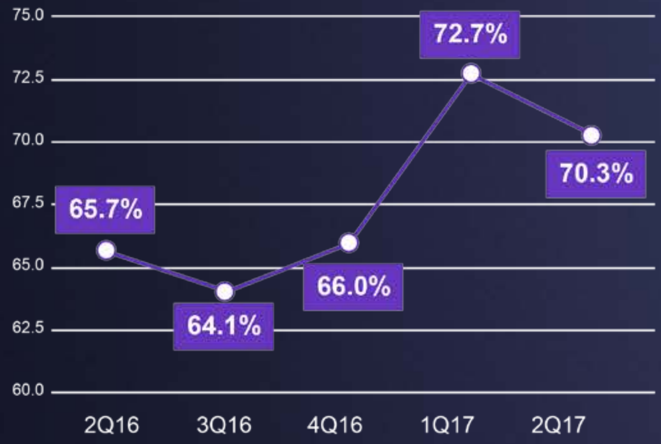
Revenue



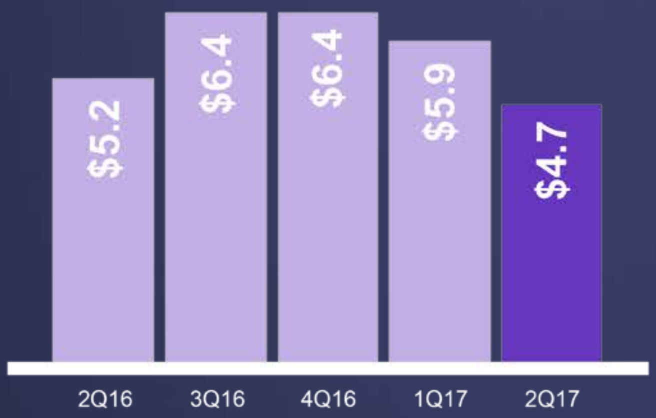
OPEX



Gross Margin %

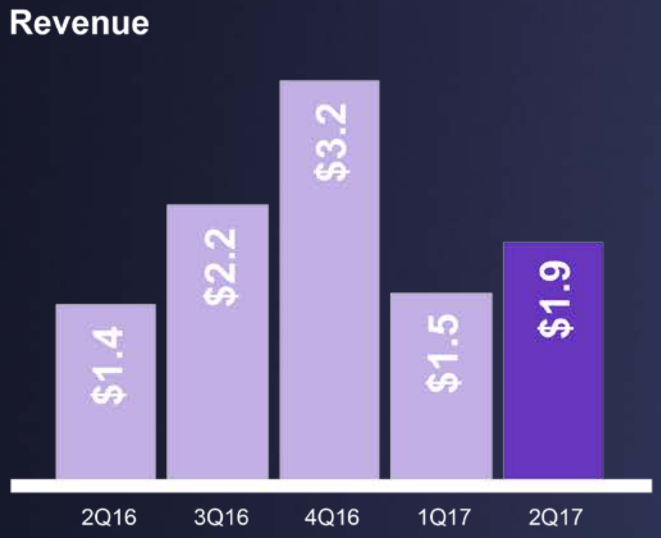


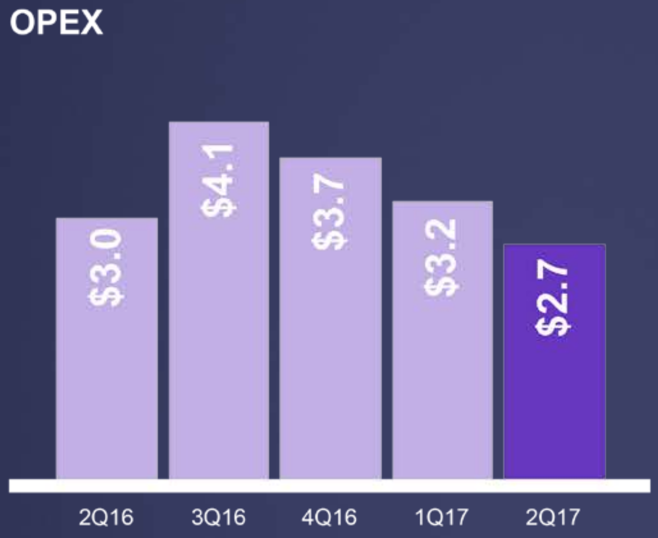
Adj. EBITDA

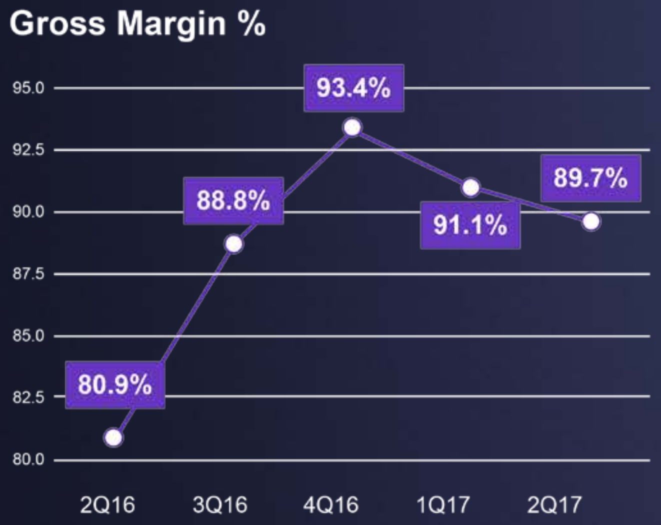


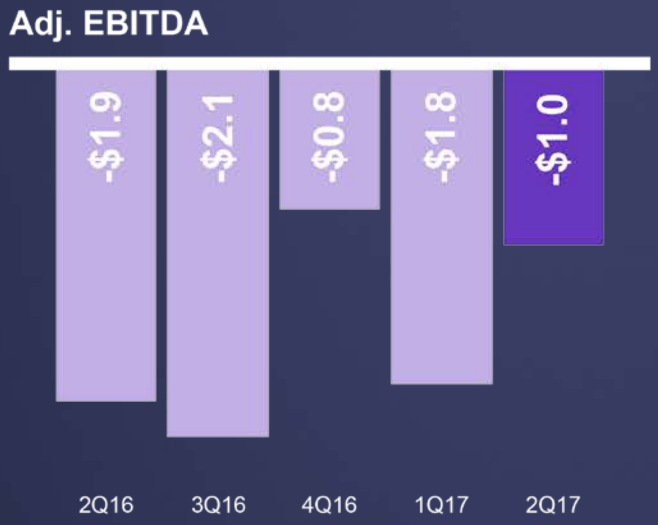
- LATAM mature, Brazil impacted by lower BRL VS USD rates
- International revenue growth offset by lower legacy revenue
- Opex growth due to international expansion
- Continued strong gross margin

Skyfire & SurfEasy – Restructuring and Growth







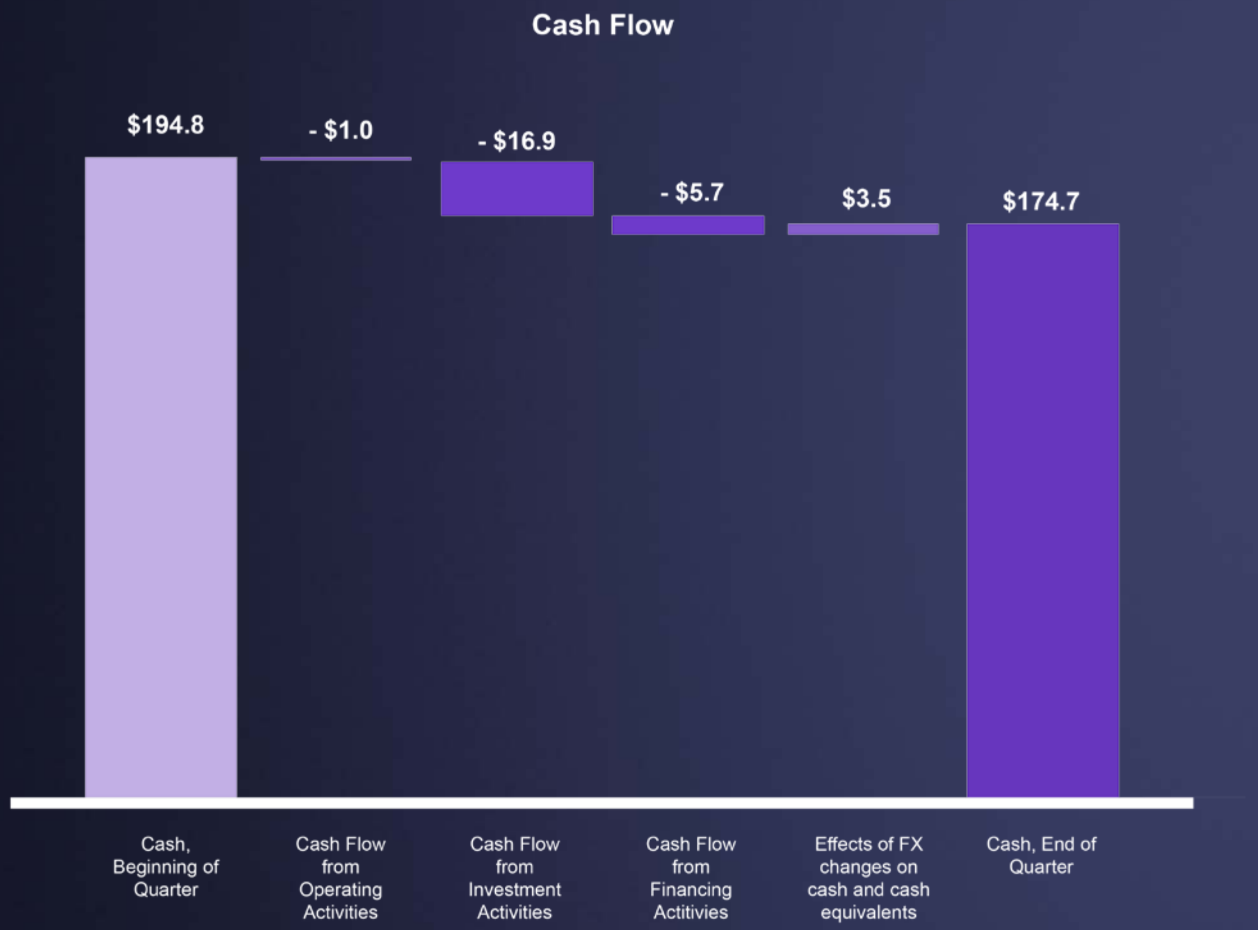


- SurfEasy revenue growing, offset by Skyfire revenue declining
- OPEX down significantly in Skyfire
- 90% Gross margin
- Adj. EBITDA still negative due to lack of scale
- Substantial cost cuts initiated at the end of the quarter for Skyfire

Cost alignment in AdColony and Skyfire

	Annualized OPEX run-rate entering 2017	Savings	Annualized OPEX run-rate 2H 2017
AdColony	**~$145m**	$15m Headcount $4-5m Hosting $2m Offices $2-3m Other	~$120million
skyfire	**~$7m**	$3m Headcount $1m Offices $1m Other	~$ 1.5 million

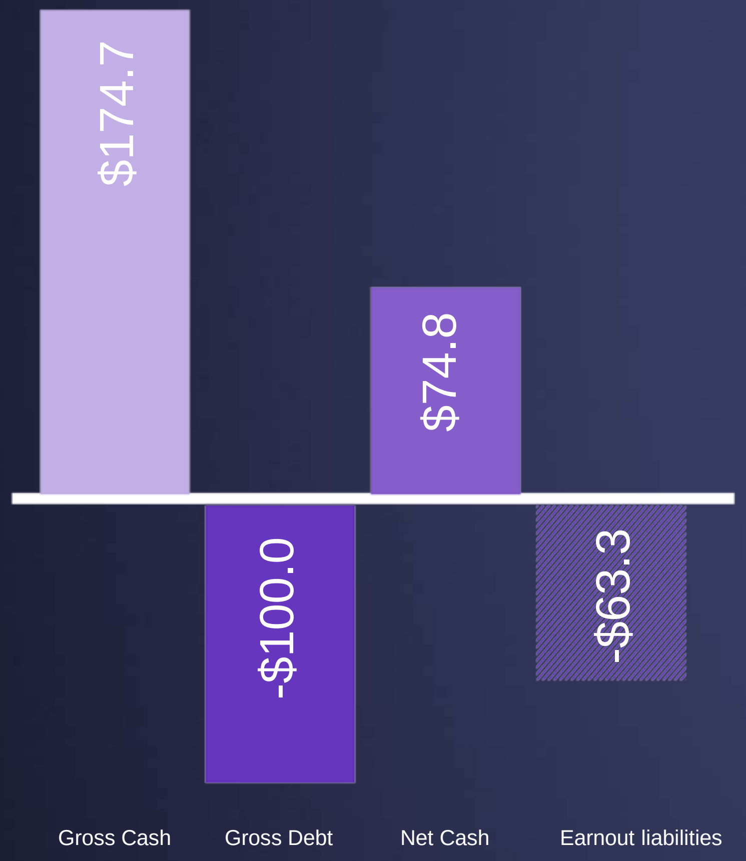
Cash flow – Impacted by earnouts and share repurchase



- Operating CF: USD (1.0) million
- Capex & Capitalized R&D: USD 9.5 million
- Investing & Financing: Earnout payments of USD 7.4 million and USD 5.7 million in share repurchases
- Cash end of quarter: USD 174.7 million, down USD 20.1 million vs 1Q17

Financial position – Strong net cash position

Financial Position



Balance sheet

Financial outlook – FY 2017

-Ramp in AdColony revenue slower than earlier expected

- Overall, we expect to be below the guidance we put out in the beginning of the year
- Speed of transformation to more programmatic revenue streams for AdColony makes predictability lower on revenue and margin, thus we decided not to guide for the the remainder of the year
- For AdColony the focus now is to grow month over month and week over week as well at getting new products to market that accelerates the revenue growth
- Cost base reduced by over $30m ($25m AdColony & $5m Skyfire) entering 2H17 vs entering 1H17
- All 4 companies expected to be profitable (Adj. EBITDA) in 2H17

Financial outlook –
3Q17 expectations (vs 2Q17)

Company	Revenue	Adj. EBITDA
AdColony	Flat	Up
Bemobi	Up	Up
SurfEasy	Up	Up
Skyfire	Up	Up

Operational Review

AdColony –
Revenue down as expected in 2Q17, up vs 1Q17

Elevating mobile advertising across today's hottest apps

Revenue Source	2Q 2016 ($m)	2Q 2017 ($m)	Comments
Performance	$57.6	**$39.6**	Revenue declined in our Performance business, hitting a run rate low in May but rebounding significantly in June
Brand	$57.1	**$56.5**	Brand is down slightly vs. last year, and we are seeing mix shift changes as managed IO business moves to programmatic
Managed IO	$39.7	**$38.2**	Managed IO still majority of Brand sales, but media agencies/trading desks shifting buying to programmatic channels; Managed IO team focusing more on top clients
Brand Performance	$7.6	**$8.5**	Brand Performance growing year/year as Brands becoming more outcomes focused
Programmatic/SSP	$9.7	**$9.8**	Programmatic revenue up 43% offset by declines in SSP revenue by 50%
Total	$114.6	**$96.1**	

AdColony – cost initiatives and growth drivers

- **Cost plan implemented**
  - Initiated cost cuts with an annualized impact of USD 25m with impact from 3Q17 ($120m annual run-rate)
- **Key revenue growth drivers going forward:**
  - PERFORMANCE
    - New SDK enabled ad formats (Vertical, playables)
    - Fixed priced zones to help drive higher waterfall position
    - Meta model (new data science)
    - PIE/Granular pricing
  - BRAND/PROGRAMMATIC
    - Leverage Aurora™ HD Video to drive greater outcomes for brands and larger deal sizes
    - Scaling programmatic trading deals with new and existing partners
    - Introduce “Instant Play™ Lite” – new product aimed at more value price/conscious buyers in Q3
- **Continuously looking for opportunities to be more efficient on both revenue and cost**

Bemobi –
Solid revenue growth

Making premium apps available to emerging markets

Revenue	2Q 2017 ($m)	2Q 2016 ($m)	Comments
LATAM	**10.1**	9.6	Maturing market, negatively impacted by FX
International	**2.2**	2.1	Strong growth of Apps Club and NDNC revenue, offset by lower legacy revenue (featurephone app store)
Total	**12.3**	11.7	

Bemobi –
Subscriber growth driving revenue and scale

- LatAm subscriber base slightly down from 14.3mm in Q2’16 to 13.9mm in Q2’17.
- International subscriber base grew from 2.3mm in Q2’16 to 4.0mm in Q2’17.
- Total addressable subscriber base now over 2 billion across the globe

Bemobi – Customer status and growth beyond LATAM

Apps Club

31 operators live outside LATAM:

- 12 operators in South Asia
- 10 operators in South-East Asia
- 7 operators in CIS
- 2 operators in Africa

NDNC

5 NDNC portals live in ROW:

- Vodafone Ukraine
- Banglalink Bangladesh
- MTS Belarus
- Tata India
- Grameenphone Bangladesh

Distribution

- Opera 55%, down from 75%
- NDNC channel has grown from 4% to 12%.
- Digital acquisitions (CPA/rev share) grew from 1% to 13%.
- Operator driven acquisitions slightly decreased from 14% to 12%.
- App stores/Other 6%

User growth driver => Continuous improvements and optimizations of conversion through different channels, launch of NDNC portals and investments into Digital acquisitions (CPA/rev share).

Revenue growth driver => optimizations of conversions, billing rates and churn especially introduction of additional billing cycles at almost all ROW operators.

Opex growth (phase 1) => Subscriber growth (phase 2) => Revenue growth (phase 3)

Skyfire – Turnaround completed

Deliver on commitment to be profitable

- Asked for commitment from top 2 customers
- Guaranteed revenue 5m+ over next 3 years
- Sold source code license to OEM
- Headcount reduced from 30 to 8
- Terminated office lease
- Annualized OPEX <$1.5m
- No direct sales, all sales through Huawei
- Any future cost increase only linked to guaranteed revenue

SurfEasy –

Fast and trustworthy VPN

- Revenue and profitability up significantly from 2Q16 and 1Q17, having first quarter of 20% + margins
- Tracking ahead of plan for the year
- Launched an expanded Partners program and increased related business development activities and have entered discussions with half a dozen new mid-sized partners
- In Q217 the Product and Engineering team focused their efforts on improving the overall customer experience – with the primary focus on VPN Speed.
  - Increased average VPN speeds by 2.75x.
  - These benefits improve the performance for all Direct and Partners customers.

ADCOLONY

Agenda

- State of Mobile Advertising & Implications for AdColony
- Q2 Results: Performance & Brand
- Cost Efficiencies
- Product Updates
- Key Takeaways

State of Mobile Advertising

- The mobile advertising category is large and has strong forecasted growth rates
- Brand demand is increasingly moving to 1st party and direct supply sources only
  - Ad technology companies who don't have a strong SDK footprint are getting pushed out of the market
- Programmatic buying is accelerating, causing shifts in business needs
- Market momentum is building for "consumer first" advertising experiences

Implications for AdColony

- Our SDK footprint continues to be our most valuable asset. At the end of Q2, we maintained our position of having the largest SDK footprint among all independents and were 2nd only to Google in the top 1000 apps
  - We added +48% growth of new apps actively using our SDK vs. Q2 last year, and long term, it will be key for us to “harvest” this unique SDK footprint even more aggressively.

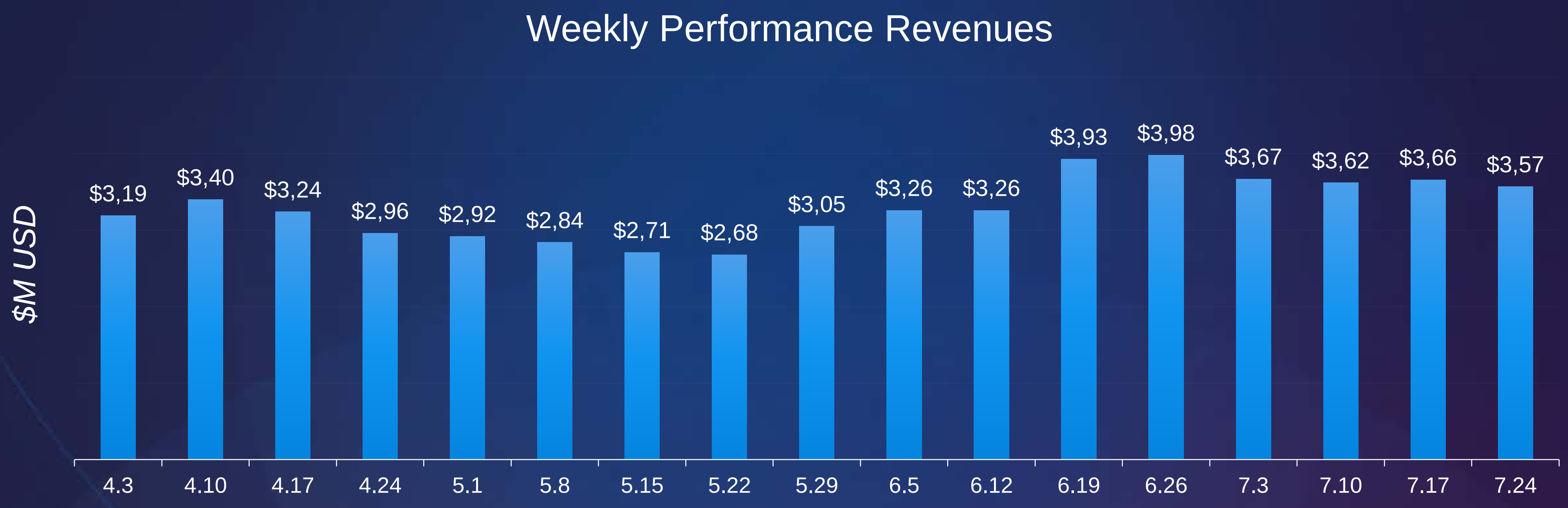
- We are taking steps to ensure we are set up to capitalize on the market shift towards programmatic, and our products are fully compatible (viewability, connections, stronger gtm)

- Our brand sales team will be translating recent momentum for rewarded video into new sales opportunities

Q2 Results

Results: Performance Advertising

Summary: Q2 2017 Performance revenues = $39.6M (-31% vs Q2'16)



- Entered Q2 at a run rate of $3.2M/week. Run rate dropped to low of $2.7M/week before launch of new products drove run rate increases that peaked in late June at $4M/week.
- Key drivers of increase:
  + New SDK enabled ad formats (Vertical, playables)
  + Fixed priced zones to help drive higher waterfall position
  + Meta model (new data science)

Results: Brand Advertising

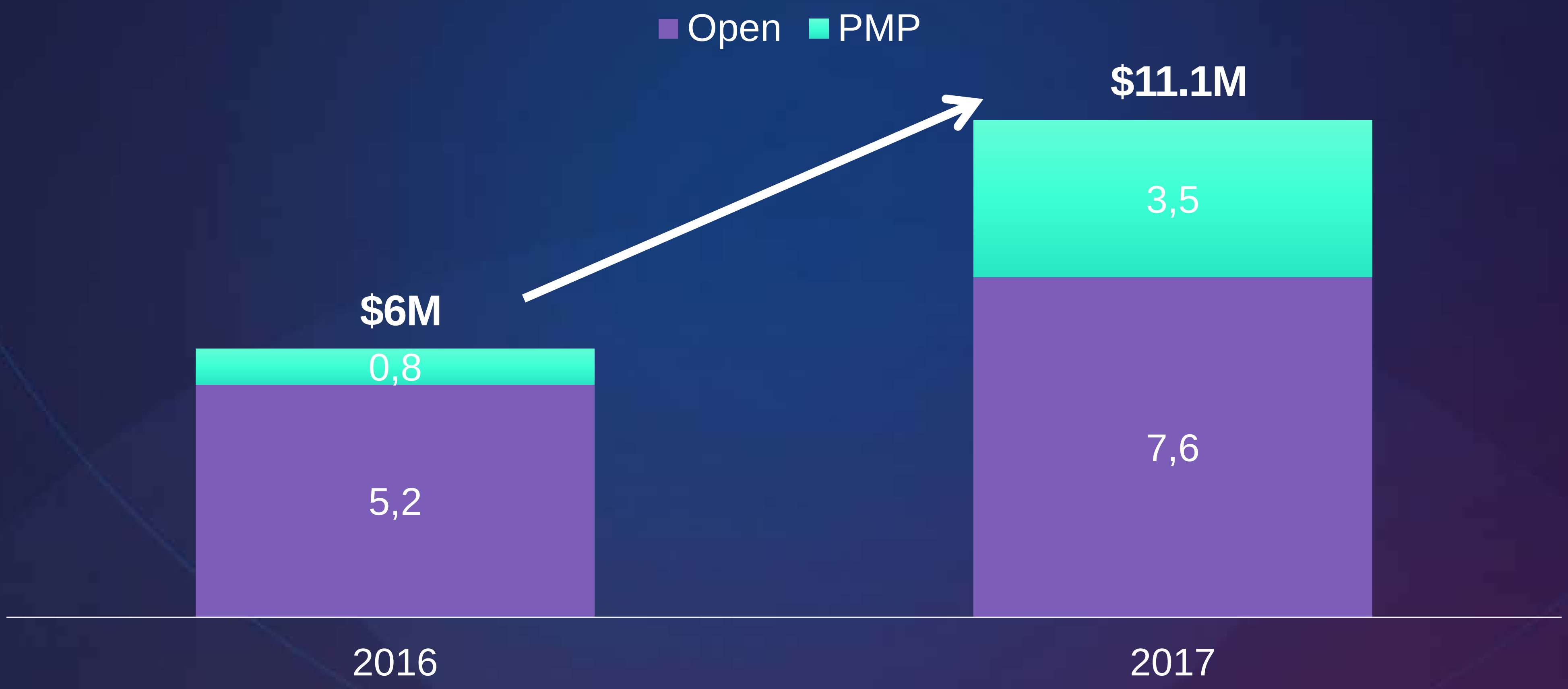
Summary: Q2 2017 Brand Revenues = $56.5M (-1 vs. Q2'16)

Revenue Source	Q2 2016	Q2 2016 Mix %	Q2 2017	Q2 2017 Mix %	YoY Change
Brand					
Managed IO	*$39.0*	*68.2%*	*$34.7*	*61.4%*	*-11.0%*
Brand Performance	*$7.6*	*13.3%*	*$8.5*	*15.0%*	*+11.5%*
Programmatic – Open Market	*$5.2*	*9.1%*	*$7.6*	*13.5%*	*+46.2%*
Programmatic - PMP	*$0.8*	*1.4%*	*$3.5*	*6.2%*	*+337.5%*
SSP	*$4.5*	*7.9%*	*$2.2*	*3.9%*	*-51.4%*
TOTAL	**$57.1**	**100%**	**$56.5**	**100%**	**-1.1%**

- Managed IO still majority of Brand sales, but media agencies/trading desks shifting buying to programmatic channels; Managed IO team focusing more on top clients
- Programmatic (open market and PMP) now 20% of our overall Brand Business
- Brand Performance growing year/year as Brands becoming more outcomes focused

AdColony Programmatic (Open + PMP) = +85% Growth

Programmatic hit new milestone and now represents 20% of our Brand Revenue



Brand & Programmatic Focus Going Forward

Transform consumer-initiated, mobile attention into creative brand experiences that drive real outcomes

- Investing further in programmatic activation and products as business shifts away from Managed Service
  - Vertical Video opening up to Programmatic buying in Q3
  - Activating new DSP connections to open supply to more advertisers in Q3/Q4
- Leverage Aurora™ HD Video to drive greater outcomes for brands and larger deal sizes
  - Beta in Q3 with strong results & record engagement, Scaling deals in Q3 and Q4
- Translate recent momentum for rewarded video into new sales opportunities
  - 3x stronger consumer preference than pre-roll
- Introduce “Instant Play™ Lite” – new product aimed at more value price/conscious buyers in Q3

Q2 Results: Cost Efficiencies

Restructuring / Cost Controls

Restructuring in Q2 will drive $25M reduction OPEX vs 2016 (~20% in annualized savings).

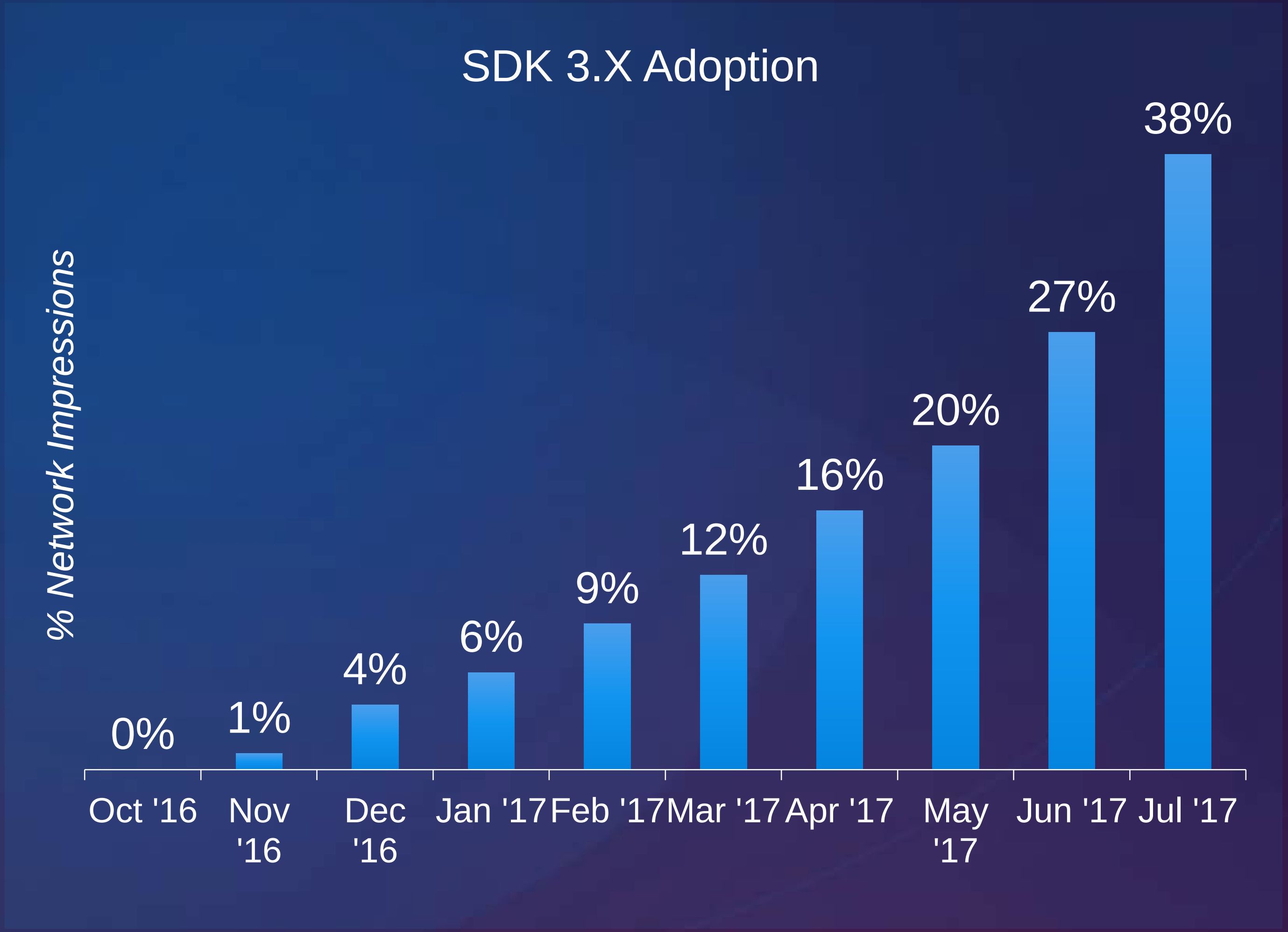
Cost Initiative	Updates & Tracking
Organization / Staffing	• Restructuring in NA and EMEA completed in Q2, will yield $15M in annualized compensation cost savings beginning mid Q3
Hosting Operations Costs	• Numerous initiatives underway to reduce IT operations costs • Aggregate impact estimated to be approx $4 - $5M in annualized savings • Impacts phase in gradually during Q3 / Q4, with full impact in 2018
Facilities / Office Costs	• Closed down Dallas office in June • Phased plans to close down San Mateo office and relocate staff to existing SFO office or new smaller location by early 2018 • Aggregate savings of approx $1.5M annualized
T&E, Marketing and Other Costs	• Cost controls in T&E through reduced staff levels and T&E policy • Marketing costs lower, fewer events • Aggregate savings of approx $2.5M annualized

Product Update

SDK 3.X Penetration Continues to Grow

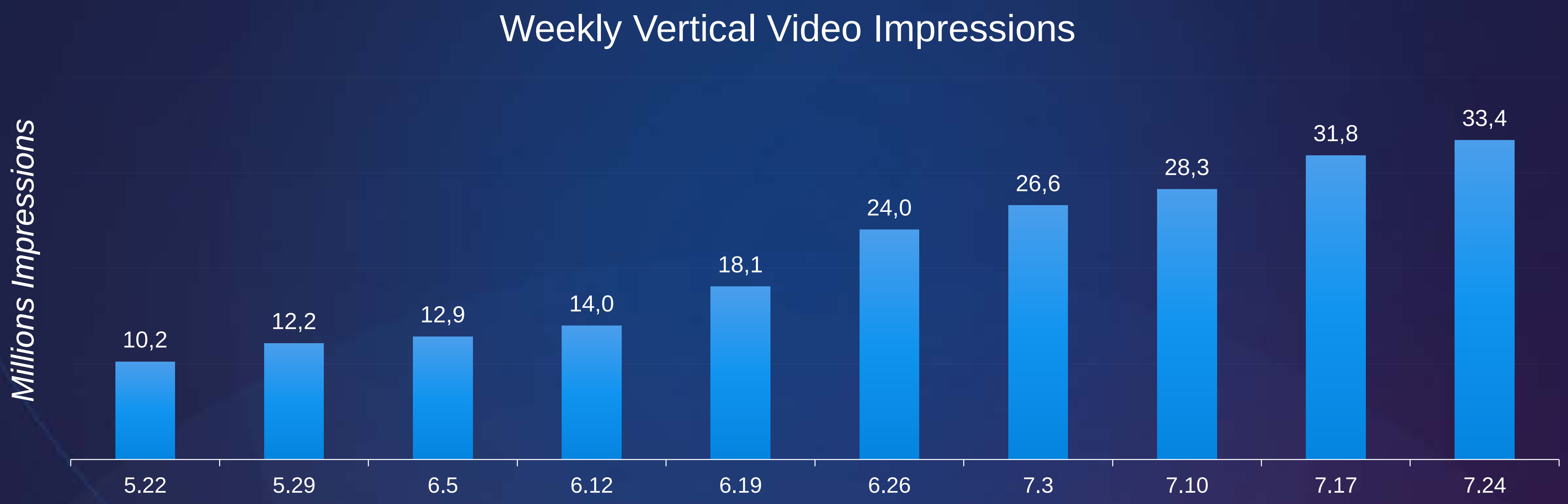
Over 2X Penetration in last 3 months; Preparing now for new upgrade cycle w/iOS11 and Oreo

- Current live publisher penetration rate on 3.X is at 38.1% through July
- 9 of the top 10 publishers on our network from Q2 ran impressions through 3.X
- 3.X Driving higher pricing for Vertical Video and Playables



Vertical Video

Significant increase in impressions during Q2

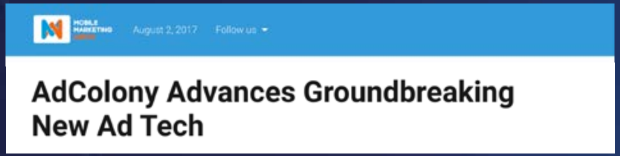


- Vertical video has grown 400% from just 1M videos/day in April to ~5M/day in July or approx. $15M annual revenue run rate
- Vertical video is delivering higher pricing & eCPMs to our publishers (+25%) and helping us secure and expand inventory in the performance business
- Continued adoption of the next generation SDK will continue to fuel revenue growth

Aurora™ HD Video

Industry-leading new Interactive Video format, resulting in 3X lift in deal size in Q3

Launch showcased innovation, highlighted work w/ top brands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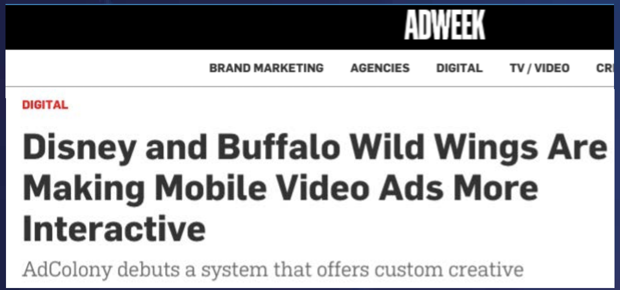
AdColony Advances Groundbreaking New Ad Tech


ADWEEK

BRAND MARKETING AGENCIES DIGITAL TV / VIDEO

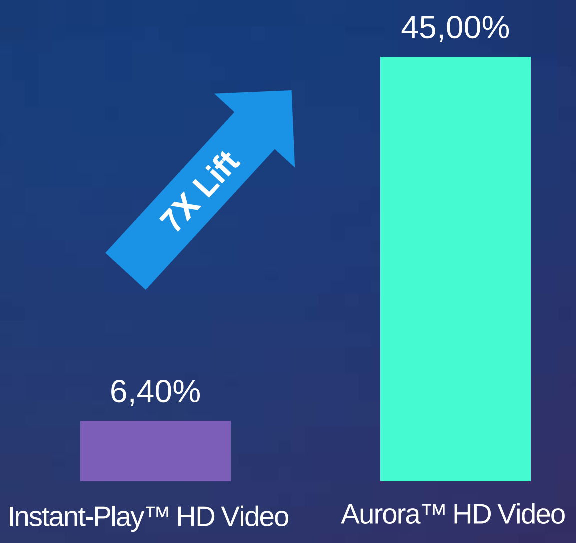
DIGITAL

Disney and Buffalo Wild Wings Are Making Mobile Video Ads More Interactive

AdColony debuts a system that offers custom creative

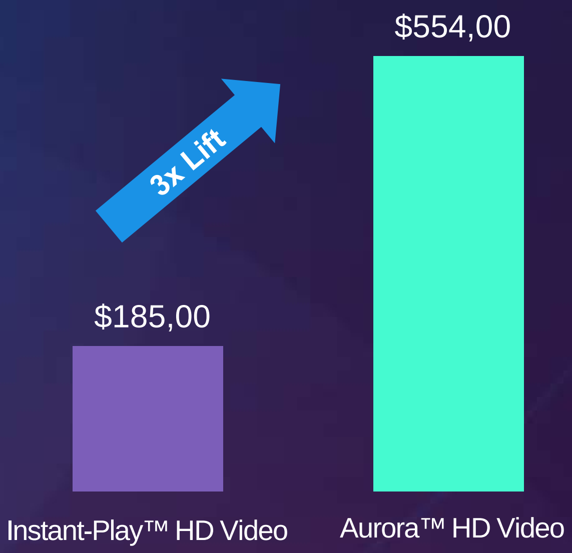
PR Headlines Across Major Trades

Driving Outsized Outcomes



Unique Engagement Rate

3x Deal Size Growth



Avg. Deal Size (000)

Product Updates/Tracking

Focus on SDK, Biggest Scale Revenue & Cost Efficiency Opportunities

Product	Updates & Tracking
SDK 3.X *(Next gen AdColony SDK)*	• 3.2 SDK will be made publicly available in late August, focuses on compatibility with iOS 11 and Android Oreo • 3.3 SDK scheduled for late September adding viewability with IAS
Core™-based bidding for across external exchanges *(Apollo 7)*	• Testing completed. De-prioritized to focus on strengthening data science modeling and tools to filter low quality 3rd party supply before roll out with more partners
Advanced Bidding via Mediation *(Apollo 8)*	• Fixed Zone Price tools completed in May, contributing to Performance spike • Advanced Mediation planning to deploy with select mediator partners in Q3
Playables *(Apollo 9)*	• Development complete; Live with select playable campaigns and working on building out more scale.
Cost efficiencies (Apollo 10/11)	• Executed organizational cost efficiencies in Q2 • IT/Hosting cost initiative being executed in Q3 • Portal/work-flow efficiencies part of 2018
LTV Optimization	• User Scoring model for LTV complete • Entering 2nd stage of private beta, initial results are very promising

Closing Statements/Key Takeaways

- In Q2, we got off to a slow start but finished with good momentum. We saw growth vs. Q1 2017, we launched new products and are focused on scaling to drive revenue growth.

- The company restructuring will not only lead to substantial cost savings, but will also set us up to better deliver on the strategic vision outlined at the beginning of the year.

- KPIs and response to the new ad units are strong; We have shown that our new products work, and are contributing to meaningful revenue run rate increases. Focus is now on scaling.

- AdColony SDK penetration at all time high – now over 25K apps (+45% increase); Migration to new Aurora SDK at 40% and growing, which will drive higher pricing and larger IO sizes

- The market is increasingly turning towards 1st party/direct supply (SDK) and programmatic solutions. This is driving increaesed focus on our SDK footprint and opening this up to more sources of demand (Programmatic) and revenue maximizing opportunities in the future

Closing Comments

All our companies must be profitable and generate cash

Opera Software ASA

AdColony

- Delayed launch and ramp of products reduces revenue expectations for 2017
- Cost program executed ($25m annualized impact)
- Expect ramp in revenue and profit in 2H

Bemobi

- Continued international ramp
- Expect ramp in revenue and profit in 2H

SurfEasy ONLINE PRIVACY

- Clearly profitable and ahead of plan for the year
- Expect ramp in revenue and profit in 2H

skyfire

- Cost program executed ($5m annualized impact)
- Multi-million USD deal signed
- Expect ramp in revenue and profit in 2H