

# **Speed** is a matter of choice

ANNUAL REPORT 2014

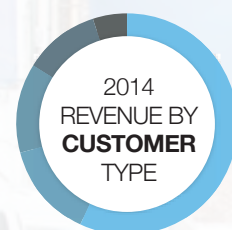


# Our choice has been to **speed** up the growth

KPI [2010 – 2014]	2010	2011	2012	2013	2014
Revenue (\$ million)	114.5	159.8	216.0	300.1	480.8
Adjusted EBITDA* (\$ million)	23.8	47.4	63.5	86.6	118.0
Operating cash flow (\$ million)	12.6	36.7	37.6	49.5	58.6
Opera browser users (millions)	160	250	300	350	350+
Employees	747	777	931	1039	1458

REVENUE GREW BY 60%  
TO \$ 480.8 MILLION IN 2014

**60%**  
\$ 480.8 MILLION



- 57% Mobile publishers and advertisers
- 14% Operators
- 13% Desktop consumers
- 11% Mobile consumers
- 5% Device OEMs

2014  
REVENUE  
**480.8** \$million

2013  
REVENUE  
**300.1** \$million

2012  
REVENUE  
**216.0** \$million

2011  
REVENUE  
**159.8** \$million

2010  
REVENUE  
**114.5** \$million

2009  
REVENUE  
**97.5** \$million

2008  
REVENUE  
**88.2** \$million

2007  
REVENUE  
**53.8** \$million

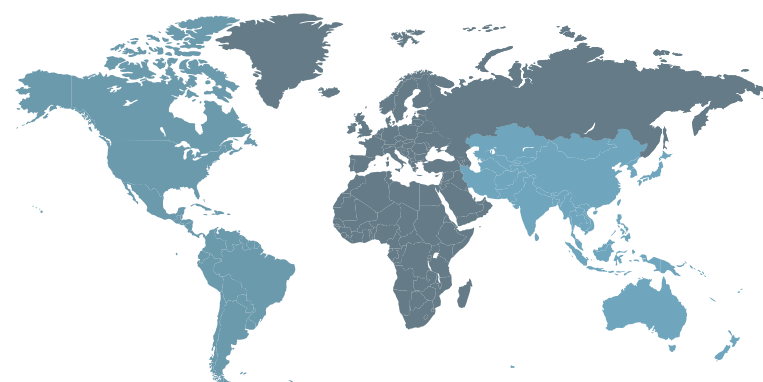
2006  
REVENUE  
**33.3** \$million

2005  
REVENUE  
**23.9** \$million

2004  
REVENUE  
**14.7** \$million

Revenue is up **5** times  
during the last 5 years





REVENUE BY REGION  
[NUMBERS IN \$ MILLION]

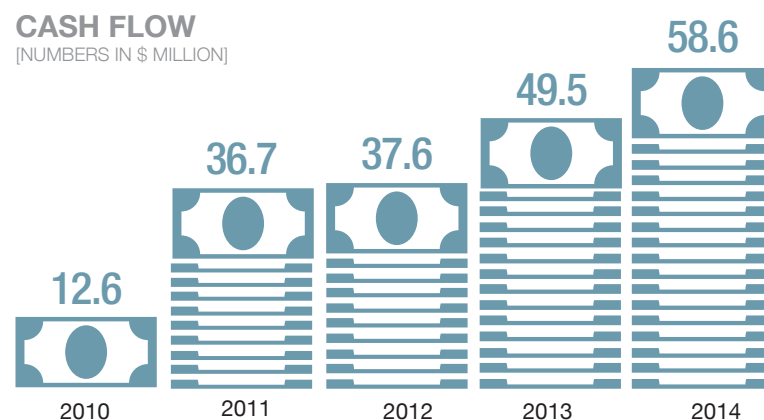
281.4 Americas 160.2 EMEA 39.1 Asia Pacific

REVENUE TYPE 2014  
[NUMBERS IN \$ MILLION]

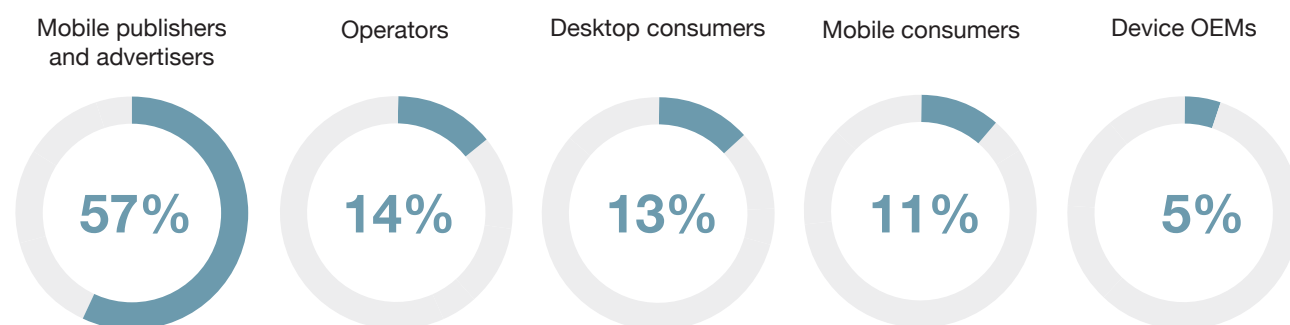
- 109.7 Licenses/royalties
- 11.1 Development fees
- 7.4 Maintenance, support and hosting
- 46.8 Search
- 303.9 Advertising
- 1.7 Application and content
- 0.2 Subscription
- 0.0 Other revenue

**53% GROWTH**  
IN ANDROID USERS (130 MILLION)  
THE PAST 12 MONTHS

CASH FLOW  
[NUMBERS IN \$ MILLION]



REVENUE SOURCE

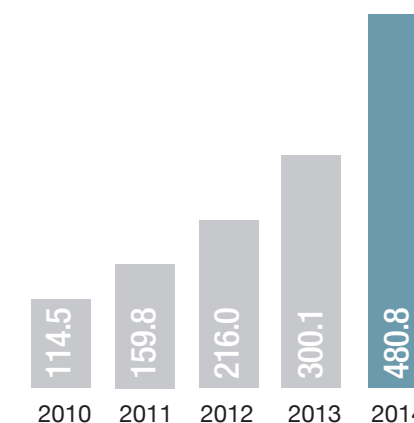


# 2014 the year in numbers

REVENUE  
[NUMBERS IN \$ MILLION]

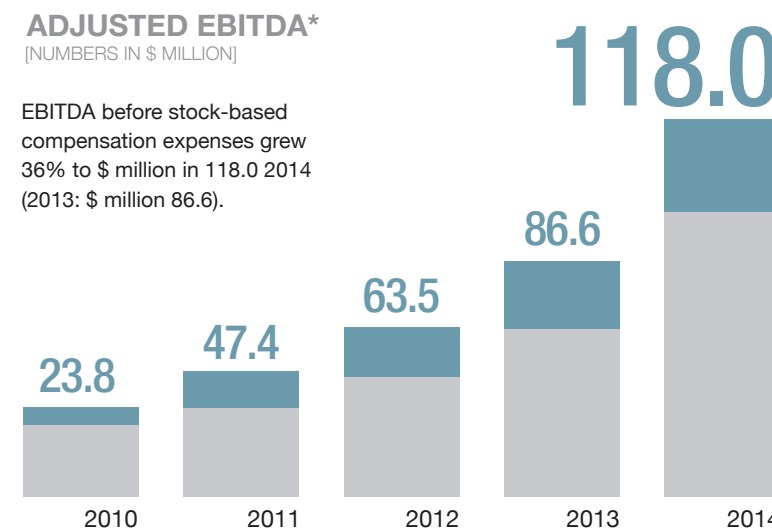
**480.8**

Record revenue in 2014

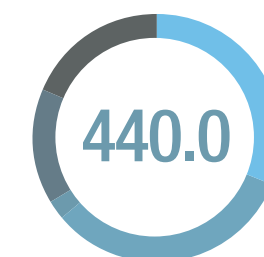


ADJUSTED EBITDA\*  
[NUMBERS IN \$ MILLION]

EBITDA before stock-based compensation expenses grew 36% to \$ million in 118.0 2014 (2013: \$ million 86.6).

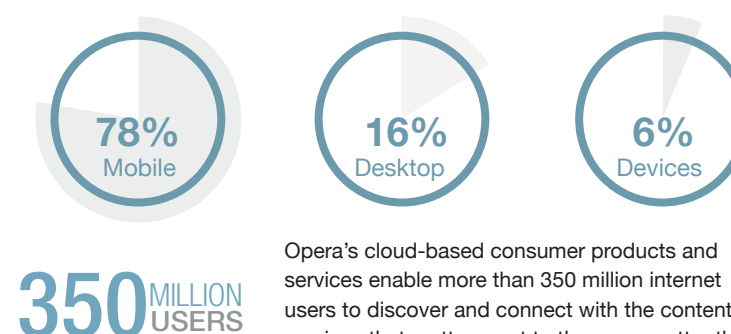


OPERATING EXPENSES 2014  
[NUMBERS IN \$ MILLION]



- 31.3% Cost of goods sold
- 32.6% Payroll and related expenses
- 2.6% Stock-based compensation expenses
- 15.0% Depreciation expenses
- 18.5% Other operating expenses

USERS BY DEVICE



350 MILLION USERS

Opera's cloud-based consumer products and services enable more than 350 million internet users to discover and connect with the content and services that matter most to them, no matter the device, network or location.

EARNINGS PER SHARE\*\* OPERATORS

\$ 0.424 130 WORLDWIDE

EBIT 2014

40.8

EMPLOYEES

1458

\* NON-IFRS EBITDA EXCLUDES STOCK-BASED COMPENSATION EXPENSES, EXTRAORDINARY/ONE-TIME COSTS AND ACQUISITION RELATED COSTS.  
\*\* NON-IFRS EPS



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*The consolidated financial statements, which have been drawn up by the Board and management, must be read in conjunction with the Annual Report and the independent auditor's opinion.*

# What is speed **really** about?

We make choices throughout our everyday life at an increasing pace. There are small and big choices, of course, and not all of them are equally important. However, more and more of them involve our digital and social life on the go. So, in short, making choices is also a question about choosing the right browser. At least it is, if you depend on fast, reliable access. One of the main reasons many choose Opera is speed. Through our own leading compression technology, we are able to deliver outstanding speed at your fingertips. Speed is one of the core elements we believe in at Opera. The result is a faster browsing experience. Our goal is to deliver speed.

Today, we are making choices every minute of every day. It is these moments - these instant choices - that add color to a dynamic, everyday life. Many of us have more fun, thanks to the ability to access information, interact and express ourselves. On the go. At all times. It is not only a question of when to wake up, how long to brush our teeth, what to wear

or what to invest in. It could be a question of making choices like whether to go online and interact through digital and social media. Is there anything to like? Is my best friend there now? Actually, it is quite easy to forget what choice and speed are all about. Choice is as important to you as it is to the millions of users, and thousands of advertisers and publishers, who choose Opera.

Some take speed for granted, others strive to get online. More importantly, Opera is focused on helping to get the next billion people online. Whether they're in fully developed or emerging markets, when given a choice to join the web community, millions choose Opera to help them do more.

The opportunities for the web are endless, and the potential for growth seems to extend with every person who gets access. Our goal is to make your surfing experience faster and more convenient, while at the same time making sure you do not run out of data capacity. **Our goal is to make the future even faster.**



# Moving past our ‘teens...

## KEY NUMBERS, 2014

### REVENUE

**480.8** \$ million

### ADJ. EBITDA\*

**118.0** \$ million

### OPERATING CASH FLOW

**58.6** \$ million

\* NON-IFRS EBITDA EXCLUDES STOCK-BASED COMPENSATION EXPENSES, EXTRAORDINARY/ ONE-TIME COSTS AND ACQUISITION RELATED COSTS.

In 2015, Opera will celebrate our 20th birthday. We came into the world as a Norwegian browser company, and we exit our teenage years as a fully-grown global mobile consumer internet company, ready to take on the world. That is a transformation all of us at Opera are very proud of. We have an incredible history, we have gained invaluable experience during our youth and teenage years; and we have solid plans on how we will build on our experience to ensure Opera is a successful “adult.” As we now move into adulthood, we realize that will be held to higher standards, yet we also understand the importance of maintaining our creativity, innovation and youthful spirit.

Opera had another great year in 2014. Our strong results and user growth in 2014 were the result of our excellent execution on the plan, diversification of our product portfolio, continued global expansion, and continued innovation. I would like to take this opportunity to summarize Opera’s final year as a teenager.

#### Growth spurts to continue beyond our teens

In 2014, several important growth spurts continued:

- Our results continued to grow healthily. We had revenues of \$481 million and adjusted EBITDA of \$118 million. We’ve increased revenues 5 times in the past 5 years and 3 times in the past 3 years. Since 2010, on account of our consumer monetization efforts and dedicated efforts to build our mobile publisher and advertiser business, our revenues have grown by 43% on average every year and our adjusted EBITDA by 49% on average every year. The mobile advertising unit ended the year at \$272 million – it is hard to believe that a business we started back in 2010 would become industry-leading and so profitable in just four short years.
- Our user base also continued to grow. We rounded out the year with 275 million mobile product users, including 135 million users of our smartphone products.
- We have over 1,400 employees working in over 25 locations across the globe.

- We have 90% brand awareness among smartphone users in our key markets.
- We have built great strategic relationships with OEMs, major internet companies and operators.

And, we expect the growth to continue as we aim for our target of becoming a \$1 billion revenue company in 2017.

#### An integrated vision and strategy across our company

As a backdrop to our vision and strategy for the future, it is important to emphasize that our mobile publisher and advertising business unit and consumer business unit reach over 1 billion consumers per month (consumer has 350 million monthly active users, and advertising touches 800 million users). We expect this number to continue rising, which will expand our consumer reach. In addition, we will broaden our consumer reach further by creating more engagement in the Opera browsers and by launching new services and apps. And, as we do that, we will see an ever increasing benefit as the market in the major emerging markets develop and become more attractive over the next 2-3 years. The new services and apps will in turn help our mobile advertising business to scale better, since a more vibrant marketplace will create more advertising inventory in Opera’s browsers, services and apps.



#### Opera consumer portfolio

Opera’s app ecosystem can be classified in two categories:

1. *Performance and privacy apps*, which are essentially tools that people have on their phones to help them carry out certain tasks. Examples of these apps include Opera Max, Opera Web Pass, App Pass, and VPN/privacy apps
2. *Browser and content apps*, which are more engaging apps that remain in the foreground over longer periods of time. In both of these categories, we are working on a set of projects that we believe will be very interesting additions to our portfolio during 2015.

Cross promotion within this Opera ecosystem will become increasingly important for driving organic distribution.

In addition, there is a large potential to generate revenues within the ecosystem, in particular through the following channels:

1. *Advertising*. Through our end-to-end Opera-Mediaworks-branded mobile advertising solution, we control all the elements necessary for providing tactical advertising in and through Opera’s properties.
2. *Search*. Driving search to our search partners has always been an important part of our business, and we are always looking for ways to increase the amount of searches we generate for our partners from our products.
3. *Partnership affiliates*. Opera plans to generate revenue by driving other traffic, besides search, to our partners. For some apps, there will even be opportunities to charge the end user, e.g., through subscription fees.
4. *Game/app publishing*. With Opera’s scale, we see a very big potential to do new things on the distribution side by simplifying a complex ecosystem for third-party app developers, driving scale and sharing the revenues their apps generate.

#### Mobile Publishers and Advertisers

Our Mobile Publisher and Advertising business, under the Opera Mediaworks brand, further strengthened its position as one of the market-leading mobile advertising platforms servicing both advertiser and publishers across one single platform. Our platform has become an attractive integration point for all the leading companies in this space, compounding our value proposition to drive monetization to publishers.

Opera’s mobile advertising platform was the first platform built for brands, delivering breakthrough marketing at scale. Our technology powers the biggest publishers in the world, enabling marketers to convey the highest quality ad experiences to more people in more places when it matters most. Our success over the last five years has enabled us to invest in our platform to deliver strongly differentiated services and to set the bar on innovation in our industry. The strength of this business, combined with its scale and scope, has afforded Opera the ability to accelerate past our competition.

During 2014, the various companies in this segment of the Opera Group were unified under one brand

and organization, Opera Mediaworks, operating with a single mission across major global markets around the world. Now, more and more, we see the benefit of having strong market presence in the up and coming markets, allowing us to grow organically into new areas more than we have done in the past.

Our mobile advertising business will be successful for the following four reasons:

- **Technological leadership**. We are at the forefront of innovation with market-leading Instant-Play HD video, thanks to the acquisition of AdColony in 2014.
- **Deep industry relationships**. We are a close partner with global leading advertisers, covering more than 90% of the AdAge 100 global advertisers, while the publisher side is used by 18 of the 25 media companies and more than 85% of the top grossing mobile apps.
- **Global operations with presence in key markets**. We have grown organically and through acquisitions to create a broad service fabric across major media markets around the globe.
- **Powerful combination of a consumer business and a mobile advertising business**. Not only does Opera have a robust third-party advertising business, but, in 2014, we started to demonstrate the power of the advertising business to help monetize a variety of products across the consumer business portfolio.

#### A bright future for Opera

I would like to conclude by listing our key priorities for 2015 and three thoughts about Opera’s future:

#### Key priorities for 2015

- Strong and growing user base on smartphone in leading Opera markets
- Several initiatives and good traction on monetization of own mobile users base
- Leverage on our strong partnerships with big players in the mobile industry
- Continuing the strong growth from our leading advertising platform and position with clearly differentiated products

#### Three thoughts about the future

- **Continued strong growth in the consumer business**. We are expecting 275 million smartphone users in 2017, which will provide us with a myriad of opportunities to generate revenues from our users and distribution. In addition, our presence in emerging markets gives us significant opportunities over the coming years.
- **Natural expansion opportunities in new apps and services**. Our trusted brand, unique distribution capabilities and strong teams give us a unique ability both to strengthen existing core products and to create new revenue streams.
- **Global mobile advertising business on a great track**. We have a strong trajectory in a high-growth market and are investing in innovation and new offerings where video is key. The potential for revenues from advertising on our own properties, where margins are close to 100%, is increasing.

I look forward to seeing Opera succeed as we enter a new decade of its existence.





# Speed is a matter of **choice**

Speed has been of great importance throughout history. Actually, today speed is a matter of choice. At least among Opera's mobile users. Through world-leading compression technology, Opera speeds up your browsing experience, providing a faster and smarter way of staying ahead. Today and tomorrow.


Opera's cloud-based consumer products and services enable more than 350 million internet users to discover and connect with

the content and services that matter most to them, no matter the device, network or location. In turn, these products and services help advertisers to reach the audiences that build value for their businesses and publishers to monetize their content and services. Opera also delivers products and services to more than 130 operators around the world, enabling them to provide a faster, more economical and better network experience to their subscribers.

## PHOTO STORY

*Where else is speed of great importance, if not in the everyday life of people in the middle of the most busy city of them all? In order to get a grip on what everyday choices are really about, and why speed is important, we went to the Big Apple, where we met people from all over the world. In this Annual Report, we present a speedy encounter with a few of them.*





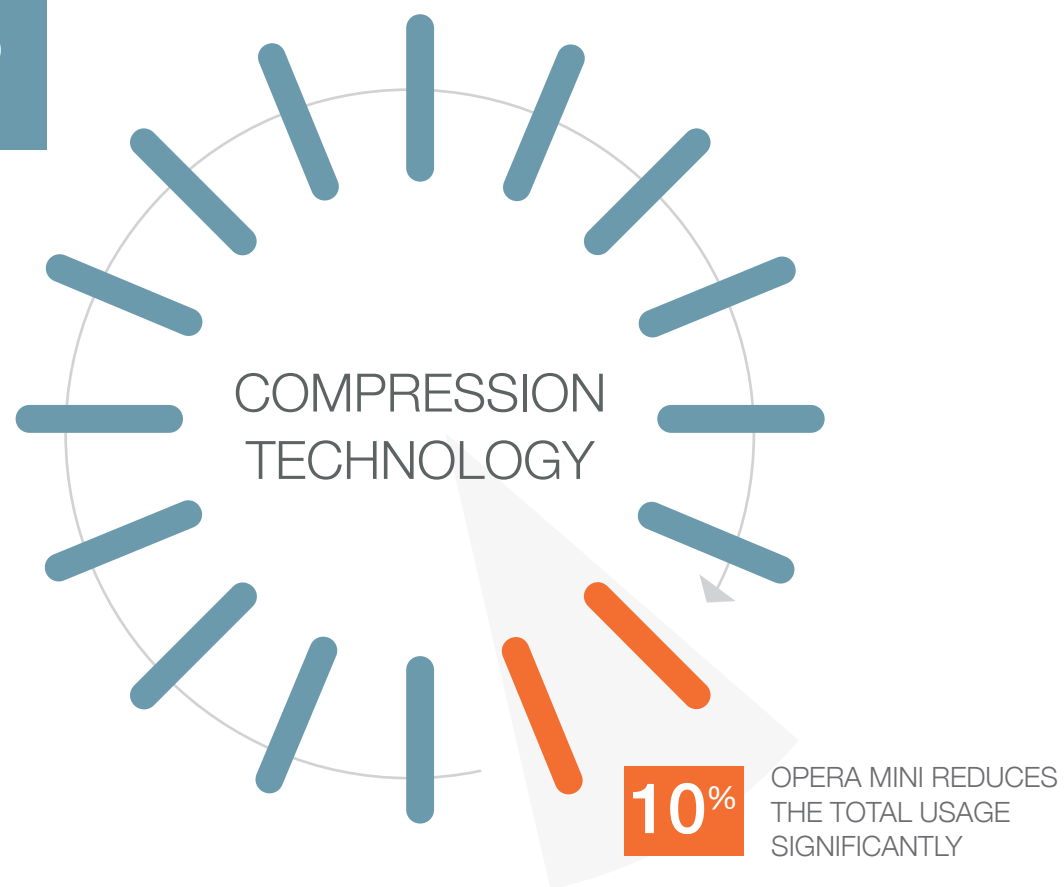
Opera consumer products let  
you hold the world in your hand

**Smile** and enjoy the  
speed of everyday life



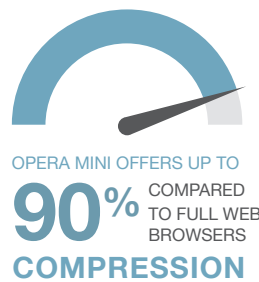
USING A STANDARD  
MOBILE BROWSER,  
THE TOTAL USAGE IS

100%



# Compress it all and enjoy a **speedy life** on the go

Opera leads the world in data-savings technology and has one of the world's largest mobile-cloud infrastructure. As a result, Opera offers outstanding speed. And, speed matters. More and more. As we increasingly consume more complex content such as video.



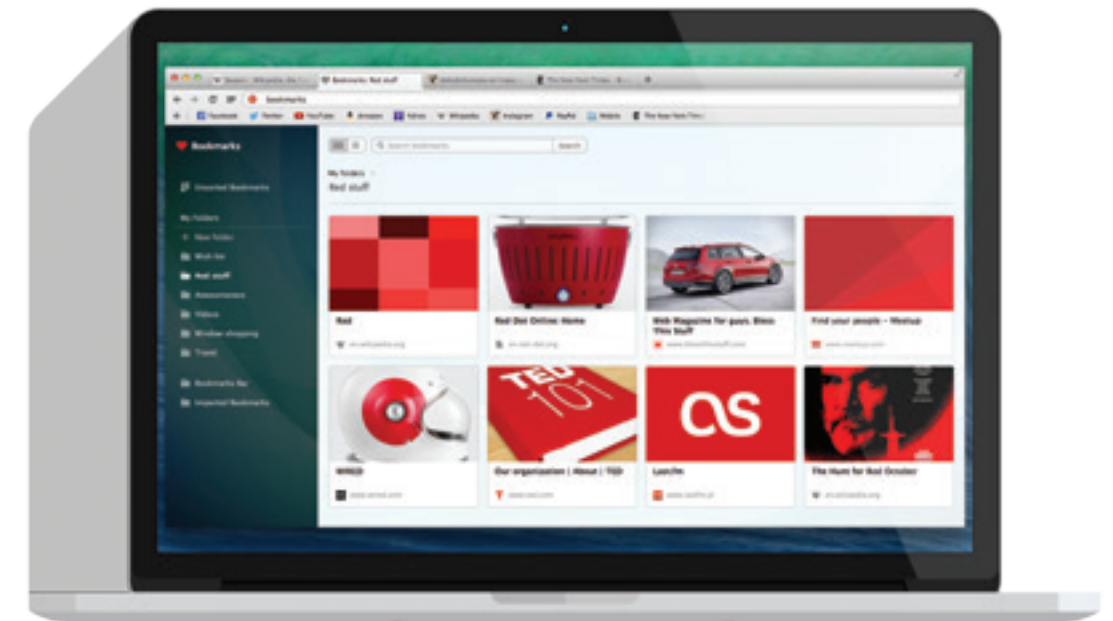
Opera is a global leader in development and deployment of compression and data-savings technologies to consumers and operators around the world.

Opera Mini, which compresses web content by up to 90% and was first deployed in 2005, is among the most popular mobile browsers in the world due to its web-content download speed and its ability to save consumers significant amounts of money on data. This compression is delivered via Opera's mobile-cloud infrastructure, which is among the largest in the world.

Opera has created an amazing legacy in data-savings cloud computing and is in the position to continue to be a global leader in the field of compression. The company's newest consumer product, Opera Max, capitalizes on Opera's rich data-compression history, offering users the ability to save data on all browsers and almost any app on their phones, including high-data, intensive video apps such as Vine and Instagram, as well as Meerkat and Periscope.







# Stay different

KRYSTIAN KOLONDRÁ, HEAD OF CONSUMER PRODUCTS

We often talk about Opera products enabling more than 350 million people to connect to the internet. It's precisely this impressive number that drives all the great technology and innovation behind our products. The internet has always been about discovery, and we are here to help our millions of users discover more online.

## OPERA FOR COMPUTERS

**55** MILLION  
USERS  
**WHERE  
OVER 90%**

HAVE THE LATEST VERSION  
OF OPERA FOR COMPUTERS

## OPERA FOR COMPUTERS, A SUCCESS STORY

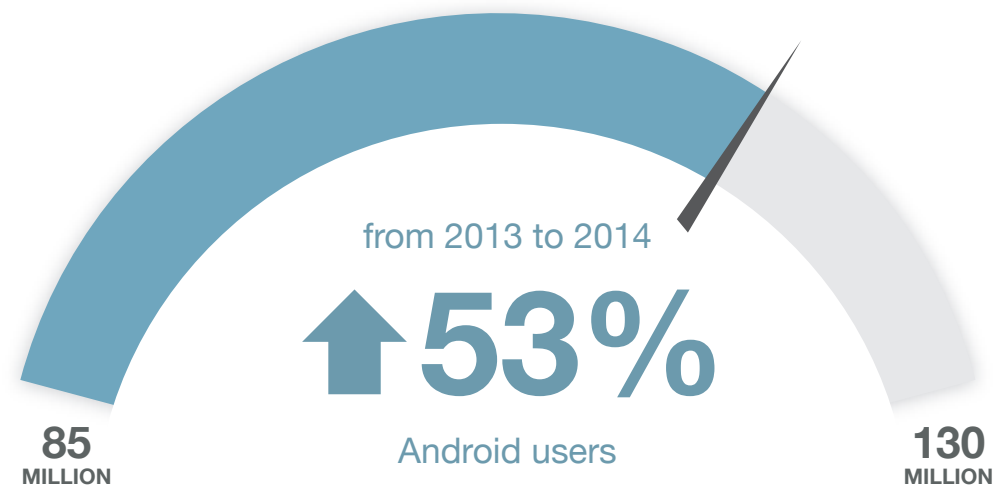
Opera for computers has been a success story in 2014. Our desktop browser has a pretty unique set of features, valued by our users the world over. Its distinctive, stylish look is the first thing our users notice. Opera Turbo improves the browsing experience on congested networks. Speed Dial makes access to market-leading websites and services very easy. Through the Discover feature, our users find the most recent articles in their areas of interest. Visual bookmarks offer the flexibility to organize content online and to share multiple bookmarks with a single link. Our 1200+ extensions make it easy to tune usability and provide better integration with other services. Many extensions in our extensions catalog are unique

to Opera and are all reviewed by our engineers for security and speed.

Today we have over 55 million Opera for computers users. There are 12 countries with more than 1 million users. In the 1 million club includes the CIS countries and emerging markets such as Vietnam, Brazil, India, Indonesia. The USA is also there.

Our user base is very strong. Approximately 50% of users who choose Opera browse at least 5 days a week. Over 90% of them have the latest version of Opera for computers. Approximately 80% are on Windows 7 or newer versions, meaning they can benefit the most from our speedy browser.





**SPEED UP BROWSING WITH OPERA MINI AND OPERA FOR ANDROID**

We ended 2014 with more than 240 million unique users of Opera Mini, our flagship mobile browser. Our presence in many of our traditional Opera Mini markets is stable and is growing in many new markets. In 2014, our biggest growth was on Android. We reached 130 million Android users at the end of 2014, up 53% in 12 months.

I want to give just one example of how unique Opera Mini is. You have probably read about the Nokia 215, Microsoft's most affordable phone. It may be just a 2G phone, but it's built for the internet and it comes preinstalled with ... Opera Mini. Since the Nokia 215 only supports 2G networks, this is precisely where Opera Mini comes into play — helping to speed up browsing. Opera Mini shrinks webpages by as much as 90%, making browsing the web fast and easy.

Our biggest communities of Opera Mini users are now in India, Indonesia, Nigeria, Russia, Bangladesh and South Africa. At the end of 2014, we celebrated

reaching 50 million users in India. In the summer, we announced 30 million Opera Mini users in Indonesia.

Opera for Android also went through many big changes and improvements in 2014. For instance, our user-friendly bookmarks, and the ability to share a bunch of them, are now integrated in Opera for Android. We also made various visual improvements to the UI and added more configuration options for advanced users.


These handy improvements were very well received and are reflected in our strong growth figures. In 2014, we doubled our users of Opera for Android. The Nokia X and Nokia X2 were released with Opera as the default browser, and Micromax chose Opera for their new YU-devices. Our rating in Google Play remains high and stable.

To continue to innovate, we launched video-optimization technology in Opera Mini for iOS. This technology was designed to fight consumer frustration with video stalling and exceeding data plans by giving users a buffer-free video experience and up to 50% more from limited data plans.



WE CELEBRATED  
REACHING  
**50**  
MILLION  
USERS IN INDIA

MORE THAN  
**240**  
MILLION  
UNIQUE USERS OF OPERA MINI

 **50%**  
BOOST ON YOUR DATA PLAN  
FROM OPERA VIDEO OPTIMIZATION

OPERA MINI  
SHRINKS  
WEBPAGES  
BY AS MUCH AS

**90%**

MAKING  
BROWSING  
THE WEB  
FAST AND EASY



DISCOVER

OFFERS LOCALIZED AND CURATED NEWS FOR 37 DIFFERENT COUNTRIES & LANGUAGES, GATHERS INFORMATION FROM MORE THAN 9000 SOURCES CLASSIFIED IN 14 CATEGORIES

OPERA MAX PROVIDES DATA SAVINGS FOR OVER 287,000 DIFFERENT ANDROID APPS

**IMPROVEMENT ACROSS THE BOARD**  
Good news on the Discover front, too. This unique feature, which offers localized and curated news for 37 different countries and languages, gathers information from more than 9,000 sources, classified into 14 categories. In 2014, the Discover feature was introduced in Opera Mini for Android, Opera Mini for iOS, Opera for Windows Phone and Opera Coast. Our users went up by 300% from January to December of 2014. From the beginning of the project, the Discover engine has crawled almost 100 million articles from the internet. Our top-five Discover countries are Russia, India, Ukraine, Mexico and Poland.

Opera Max, our flagship data-savings and data-management app, has been live in Google Play for only 10 months, and it is already providing data savings across over 287,000 different Android apps. Opera Max is also unique in that it takes Opera’s DNA of data compression beyond the browser to all smartphone apps and is leading the way in making data more affordable in any app, saving up to 50% of app traffic.

And, there’s more good news. Today, Opera Max is live in 86 countries, and it will be live globally in early 2015, before its 1st birthday.

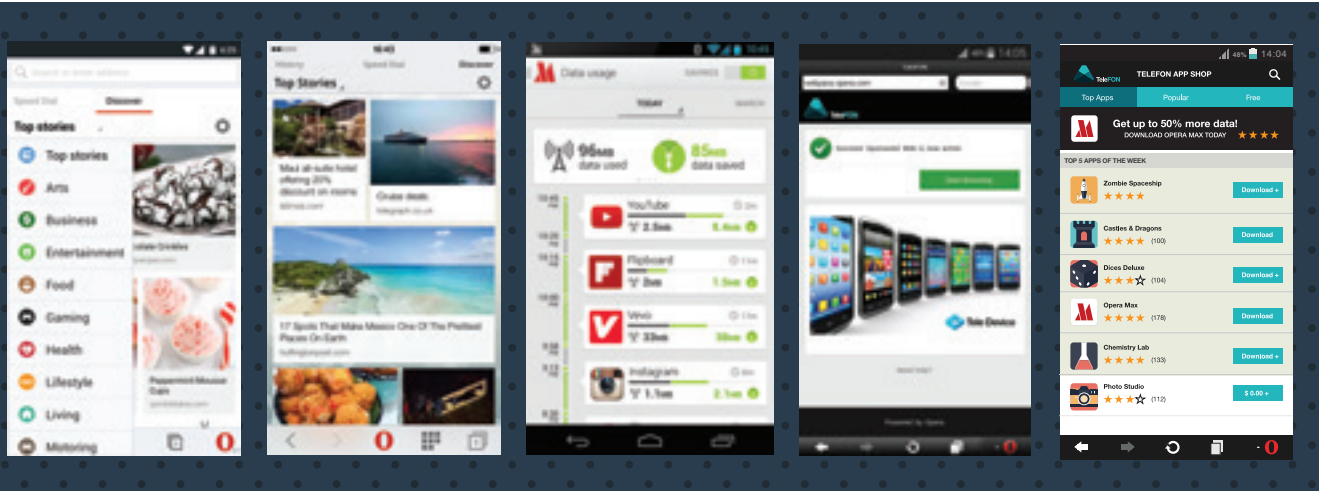
Beyond consumers, Opera Max has found strong uptake with OEM partners, and the Sales team has

signed many preload deals for it already - from Xiaomi in China, Symphony in Bangladesh, and Evercross in Indonesia, as well as MediaTek smartphones.

In 2014, we also made strong headway with Opera Web Pass, another unique proposition that helps our users brave the world of data. We began our web pass work just over a year ago. At the end of December 2013, we only had Opera Web Pass live with 4 operators, and we had just over 4 million activated web passes. At the end of 2014, Opera Web Pass was live with 19 operators in 12 countries on 3 continents. The total number of web passes activated in 2014 was close to 40 million. Currently, we have an average of two web passes activated every second, which adds up to almost 160,000 passes activated every day around the globe. This is an incredible achievement.

This has also been the year we pushed really hard with OEMs, helping our products reach a bigger global audience. We positioned our products with major handset manufacturers worldwide: from Samsung to Xiaomi, from Micromax to MediaTek. We struck a major deal with Nokia. When the transition of customers from the Nokia Store to the Opera Mobile Store is complete, the Opera Mobile Store is positioned to become the third-largest app storefront in terms of downloads, following iTunes and Google Play.

DISCOVER STORIES    READ TOP STORIES    SAVE COSTS    BUY ACCESS    DOWNLOAD





# Standing out from the crowd

SEAN D'ARCY, VP GLOBAL MARKETING & DISTRIBUTION

The desire among today's users for richer web experiences is a call to arms, and we continue to rise to the challenge. We help people realize they have a choice. And, we show them how much better their internet experience can be, thanks to Opera.

Our products and solutions are, and always will be, rock solid. We're innovators. Big thinkers. We make great experiences that connect people to the internet anywhere, anytime.

But, the real reason for me to choose Opera is rooted in what we believe in. If you look beyond our products, you find an organization that is passionate about improving people's lives. The way we do this is by connecting them to the internet. When you're connected to the internet, you have access to information. This leads to knowledge and empowerment. Together. At Opera, we challenge what is possible by empowering people to do more. We enable more people, in more places, to experience what matters, when it matters most.

We have a great value proposition that solves real end-user concerns — connectivity speed, data cost and ease of use. Our products are consistently rated highly in app stores around the world. In 2014, we had millions of glowing reviews, and we strive to answer every single one of the few that are not.

So, how do we communicate with our users? How do we attract them, and how do we keep them?

We use highly targeted PR and social media to generate awareness, targeting influencers, who then

spread the word far and wide. In 2014, we ran several campaigns with top segmented influencers and communities. This helped us deliver our message to millions of new potential users in various regions of the world, open new doors in countries where our brand is still developing, strengthen our social media presence and acquire high-performing users.

In the USA, one of our more challenging markets, we focused our influencer campaigns on the products most relevant to American users. By the end of 2014, we added one million new monthly active users across our consumer products portfolio.

We also have a history of creative PR stunts, which we enjoy doing to build buzz in a non-traditional way. In Indonesia, we got our first celebrity brand ambassador. To stay close to our young users, we signed up Calvin Jeremy, a pop sensation who strongly resonates with Indonesia's youth. Both Opera Mini and Opera Coast were featured in Calvin Jeremy's new music video. This partnership has helped us create brand awareness like no other browser in Indonesia.

To celebrate reaching 50 million users in India, where we are now the third-largest mobile app after Facebook and WhatsApp, we even made Lars Boilesen dance in an Indian flash-mob. His Bollywood moves in New Delhi, with hundreds of cameras on him, made headline news all over India and beyond.

## AMERICAN USERS

BY THE END OF 2014, WE ADDED

# ONE MILLION

NEW MONTHLY ACTIVE USERS



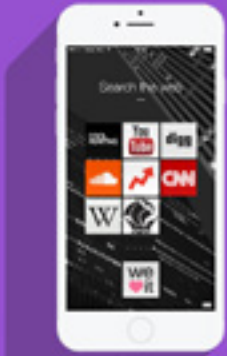
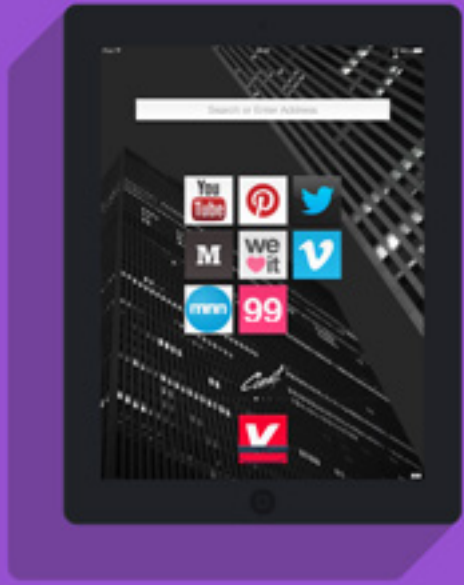




**WORKING THROUGH PARTNERSHIPS**

In 2014, we leveraged our operator and internet partners to open up new markets and to position Opera as a trusted friend to help get consumers online, manage internet costs, and keep them safe. In one year, we ran more than 60 campaigns with operators and other partners globally, to build our brand and to drive growth.

We also worked hand-in-hand with key mobile OEMs to preinstall Opera products and to do co-marketing. In the browser context, OEM partners like Micromax are a critical channel, as consumers most often simply use the browser that comes with their phones. Preinstallation also builds consumer trust that our apps are of high quality and endorsed by leading manufacturers, something that's very important to us.



ANDREAS THOME, CCO



**CONNECT THE UNCONNECTED**

With the help of operators, we kept working in another important direction: our social responsibility to educate newcomers to the internet. In emerging markets, it is our duty to educate these new users, giving them a solid foundation from which to discover the web.

In Indonesia, we partnered with Telkomsel in a nationwide campaign to bring internet to the “internet illiterate”. Through this campaign, we empowered more than 1.5 million people to use the internet for the first time.

In Africa, Opera and Airtel Nigeria launched a free web pass for consumers looking for information on the Ebola virus. In Sierra Leone, the same service was made available by zero-rating a selection of websites that provide up-to-date information on the virus, its symptoms and how to avoid contracting it. In these “mobile-first countries”, Opera was able to facilitate rapid access to critical information during a time of humanitarian crisis. Hundreds of thousands of Opera users have taken advantage of this free service.

We strive to give back to the community also by supporting initiatives to improve education for women and underprivileged children. We work with partners like the Smile Foundation in India, the YCAB Foundation in Indonesia and Telenor through their i-Gen initiatives.

**OPERA COAST**



COAST IS OPERA'S HIGHEST-RATED APP IN THE APP STORE, WITH AN AVERAGE OF 4.5 STARS IN RUSSIA, THE US, GERMANY AND MANY OTHER MARKETS.

**STAYING AHEAD OF THE GAME**

What we know from our consumers in core markets is that speed is king, and therefore everything we do is built upon enabling people to reach their content as quickly, easily and cost-efficiently as possible. We offer unique propositions such as video compression and Sponsored Web Pass, which help us to differentiate on the product level.

One such unique product is Opera Coast, which has truly captured the imagination of our users wherever we go. It is loved for its silky ease of use, inspired design and its off-beat and irreverent branding. Previously exclusive to the iPad, we launched Opera Coast for the iPhone in April 2014. Opera Coast is Opera's highest-rated app in the App Store, with an average of 4.5 stars in Russia, the USA, Germany and many other markets. We even did what we thought impossible and got featured by Apple in the App Store.


We are only getting started. In 2015, we will step up our digital marketing game further by adding marketing automation to our products that will improve onboarding to help convert more occasional users to everyday users, as well as providing a means for highly targeted and relevant cross-promotions to other Opera products.



IN 2014, WE TOLD OVER  
**1800** ON FACEBOOK  
STORIES AND RECEIVED  
**1.6 million**  
COMMENTS,  
LIKES AND SHARES

THROUGH OUR   
**10 million**  
FACEBOOK FOLLOWERS

**20**  
MILLION FANS   
ACROSS THE GLOBE  
IN SOCIAL MEDIA

WE'VE OUTGROWN OUR  
COMPETITORS IN 2014:   
**OUR FAN GROWTH  
ON FACEBOOK WAS**  
**58%**

#### REACH OUT AND ENGAGE

Today, to build a brand that spreads, you need to work hard to ensure your customers are truly delighted. We aim to be a very approachable company, with the best customer care in the business and the highest level of social engagement.

In 2014, we told over 1800 stories on Facebook and received 1.6 million comments, likes and shares. We've tweeted more than 500 times. Our most popular tweet reached 600,000 people. We've written over 500 blog articles in a year and, in return, achieved 14 million visits to our blog page.

So, how does Opera go into 2015? As we celebrate our 20th anniversary as a company, we have more than 350 million users across mobile and desktop, with 25 countries topping 1 million users each. We are growing fast on smartphone — close to 50% growth, year on year, with Android leading the way. Brand awareness in our core markets is high: over 80% of consumers know the “O”. We are also incredibly grateful to have achieved the highest consumer loyalty among any of our competitors when users switch to new phones. We have millions devoted fans globally, who are engaged in the Opera brand and help us spread the word. And, we will keep working with over 250 co-marketing partners — from OEMs, to operators, to internet companies — to keep connecting people to the internet and delivering web experiences that delight.





# Attracting, motivating and retaining our most valuable resource: **Our people**

TOVE SELNES, CHIEF HUMAN RESOURCES OFFICER

At Opera, we believe that we can make a difference. From developers, sales representatives and marketing specialists to our administrative staff, Opera has a highly dedicated, international team, working together to produce the most innovative web technologies.

Our goal is to be a place where the best and brightest minds of the IT and advertising industry come together to solve complex challenges and to deliver highly innovative products and services to our customers, partners and end users. We take pride in delivering only the best, and we challenge each other to come up with new solutions every day.

Opera's recruitment process is unique and thorough. We emphasize hiring the best talent for the job. Building an international, engaged workforce is our utmost priority in all our offices. Relocation, accommodation, work permits and other formalities are taken care of to make sure we always can recruit from all over the

globe. We take pride in making sure that all our hires get on board and up to speed quickly. To ensure the on-boarding process is even smoother, we assign not only a regular mentor, but also a social mentor.

Once aboard, we see that our people flourish with on-the-job training, and we constantly challenge people by giving them new tasks and projects. We believe that sharing knowledge and working together is key to each person's professional and personal growth. We provide tools and resources online and via our learning portal, and we nurture a sharing culture through our opera:talks, given in different offices around the globe.





Through the Bridge the World exchange program, we give our staff members the opportunity to work in a different office for a temporary period. The program not only allows our employees to gain international experience and to develop both personally and professionally, but also strengthens the bond across our offices.

A day at Opera is never the same, because of the constant change and fast pace of the IT industry. The competitive landscape of yesterday is different tomorrow, and we must always strive to be ahead of the wave, or even anticipate the change before it happens. At Opera, we are the type of people who live for being ahead of that curve and acting swiftly when the shift is about to happen. The ability to work in such an exciting industry is especially alluring for the technically focused and highly motivated individuals Opera caters for.

Our flat structure encourages continual discussion and dialogue about innovative products and solutions. Employees are given highly demanding and challenging tasks from day one, and their input is highly valued. Our internships and traineeships are the same – if you are an Opera staff member, we offer you the tools and the resources, and we challenge you to reach out to your team to deliver astounding results.

In this highly dynamic work environment, we also encourage our employees to take care of their family and friends by offering flexible policies that encourage us all to recharge our batteries to stay on top of our game at work. One of our most famous policies is the two-week leave for fathers at the birth of a child, but we see it as just as important to have an individual and flexible approach in all our internal people policies.

We work closely to innovate with our human resources policies in dialogue with our staff — in the same way we always seek a fresh new approach for our products and services. Our goal is to create a fun, inspiring and challenging workplace, where we all can thrive and excel.







**Opera connects  
leading advertisers  
with a global audience**



# Business overview

MAHI DE SILVA, CEO OPERA MEDIAWORKS

## COMPANY OVERVIEW

Opera's mobile advertising business, operating under the Opera Mediaworks brand, is the world's largest independent mobile-ad platform, reaching over one billion global consumers and accounting for nearly one fifth of global ad spend.

It is the only SAAS (software-as-a-service) platform that provides a comprehensive, end-to-end platform for brands, agencies, publishers and application developers to deliver advertising to consumers on mobile devices around the world. The technology powers monetization for the biggest and most well-

known global publishers, and it enables marketers to provide the highest quality experiences to more people in more places — when it matters most.

The company as it exists today is the result of several years of strategic acquisitions by Opera Software ASA to bring some of the best companies and talent in the mobile advertising industry under one umbrella. It is now fully unified into one organization, aligning industry-leading technology, creative services, campaign management and ad-delivery capabilities with an integrated global-account management and sales force.







#### INDUSTRY TRENDS

There is an undeniable change occurring in the digital media landscape — the shift to mobile. Over one-fifth of internet traffic now comes from mobile devices, and, between talking, texting, visiting websites, interacting with social-networking apps and playing games, the average smartphone owner is spending over one hour each day on his or her device.

Mobile is the only medium that is growing, and that's not just compared to traditional channels like print and broadcast media. Even when factoring in other digital media channels, like the desktop web, mobile is still the only one that is gaining share of media consumption.

As consumers turn their attention to smartphones and tablets, advertisers are keen to follow. Advertising to mobile consumers is quickly becoming a desirable form of engagement for marketing messages, both for consumer and business-to-business brands. According to Gartner, global ad spend in mobile touched \$18 billion in 2014, up 37% from 2013, and it is on track to grow to \$41.9 billion by 2017.

One of the largest trends within the digital media industry is mobile video. In July 2014, Opera finalized the acquisition of AdColony, the no. 1 mobile-ad platform for mobile video. Known for its Instant-Play™

HD technology, which ensures the instantaneous delivery of razor-sharp, crystal-clear mobile video ads, without any buffering or grainy footage, the Opera Mediaworks platform now delivers highest quality video experience available in mobile today.

#### OPERA'S MOBILE ADVERTISING BUSINESS TRAJECTORY AND VISION

With the acquisition of AdColony, mobile video accounts for more than 50% of Opera's mobile-advertising revenue on the Opera Mediaworks advertising platform. Additionally, the average campaign size is growing, bringing with it the opportunity to scale, while also increasing profitability.

These positive changes, while not surprising, are an indication of where the company can go — and is going. Moving forward, the company will continue to focus on developing high-quality, technology-differentiated products that make advertising better.

Today, Opera connects the biggest publishers and the biggest advertisers in a way that few can rival. And, as an end-to-end mobile platform in a space that has become cluttered with technology vendors and agencies with little mobile experience, Opera offers one point of contact to reach consumers globally, with fully integrated technologies, operations and invaluable mobile expertise.

OPERA  
**50%**  
OF  
OPERA'S MOBILE ADVERTISING  
REVENUE IS FROM VIDEO



# Brand identity

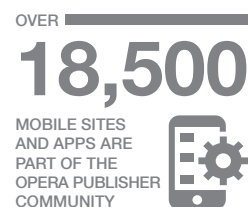
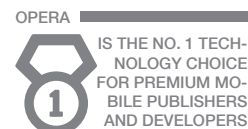
WILL KASSOY, CMO

## Strategic market positioning

Opera's mobile advertising operations undertook a thorough examination of its market strengths and the competitive landscape to understand the best way to position the company in the market.

From this study, we identified three strategic pillars for success:

1. PROPRIETARY TECHNOLOGY
2. PREMIUM ENVIRONMENTS
3. INNOVATIVE CREATIVE



### PROPRIETARY TECHNOLOGY

Given the company's headstart as a mobile-only ad-serving and mediation platform, it already enjoyed a strong reputation as an industry leader and has been the no. 1 technology choice for premium mobile publishers and developers. Advertisers plugging into that ecosystem get direct access to early session impressions and lightning-fast delivery, which equates to better performance.

In addition, the new AdColony-powered Instant-Play™ HD technology ensures rich and engaging mobile-video experiences, and its Instant-Feed™ HD ad units allow brands to integrate their video ads natively into the content of an app. This seamless mobile-video-ad experience appears in the content feeds of top social, news, music and entertainment apps.

### PREMIUM ENVIRONMENTS

Over 18,500 mobile sites and apps are part of Opera's publisher community, and, as a result, the company can offer inventory on the biggest and most premium publishers in the world. Advertisers can run their campaigns on the mobile properties of nearly 80% of the top 25 global-media companies.

Additionally, the campaign analysis and audience data available through the Opera Mediaworks Audi-

ence Management Platform (AMP) allows advertisers to hone in on their audiences through first-party and third-party data sources — ensuring that ads are served to the right consumer at the right time, every time. Context is key; campaigns can be put in front of consumers when they are in “want” state, where 87% of time is spent, and consumers are more apt to turn into customers.

### INNOVATIVE CREATIVE

Driven by the belief that the most memorable, impactful and engaging mobile ads are those that leverage mobile's two-way experience and also delight consumers along the way, Opera's mobile-advertising operation aims to build creative that does both of these, plus leaves the viewer wanting more.

The company has invested in building a talented production team that knows how to leverage HD video, rich-media and display formats to engage consumers on every kind of mobile device. The IAB, MMA, Digiday, and Compass Intelligence have recognized their work, among others.

Because the mobile space is evolving so quickly, the team keeps close watch on new device capabilities, mobile user-experience needs, campaign performance data and the ever-changing set of mobile best practices, to guide future creative production.





BROWSER MAKER OPERA'S AD-TECH ARM PAYS BRANDS

**\$ 100,000** FOR MOBILE VIDEO ADS

## Public reaction

**AdAge:** Browser maker Opera's ad-tech arm pays brands \$100,000 for mobile video ads

<http://adage.com/article/digital/opera-mediaworks-pays-brands-100-000-mobile-video-ads/296889/>

**AdWeek:** How Carl's Jr. makes the most of a 6-second mobile video ad

<http://www.adweek.com/news/technology/how-carls-jr-makes-most-6-second-mobile-video-ad-163099>

**VentureBeat:** Opera Mediaworks acquires AdColony in bid to become ad powerhouse

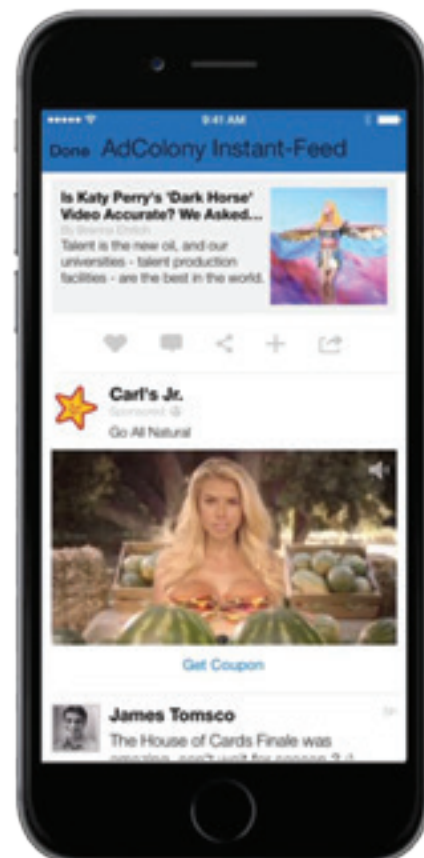
<http://venturebeat.com/2014/06/24/overlooked-opera-mediaworks-acquires-adcolony-in-bid-to-become-ad-powerhouse/>



HOW **CARL'S JR.**  
MAKES THE  
MOST



MOBILE VIDEO AD







# Product

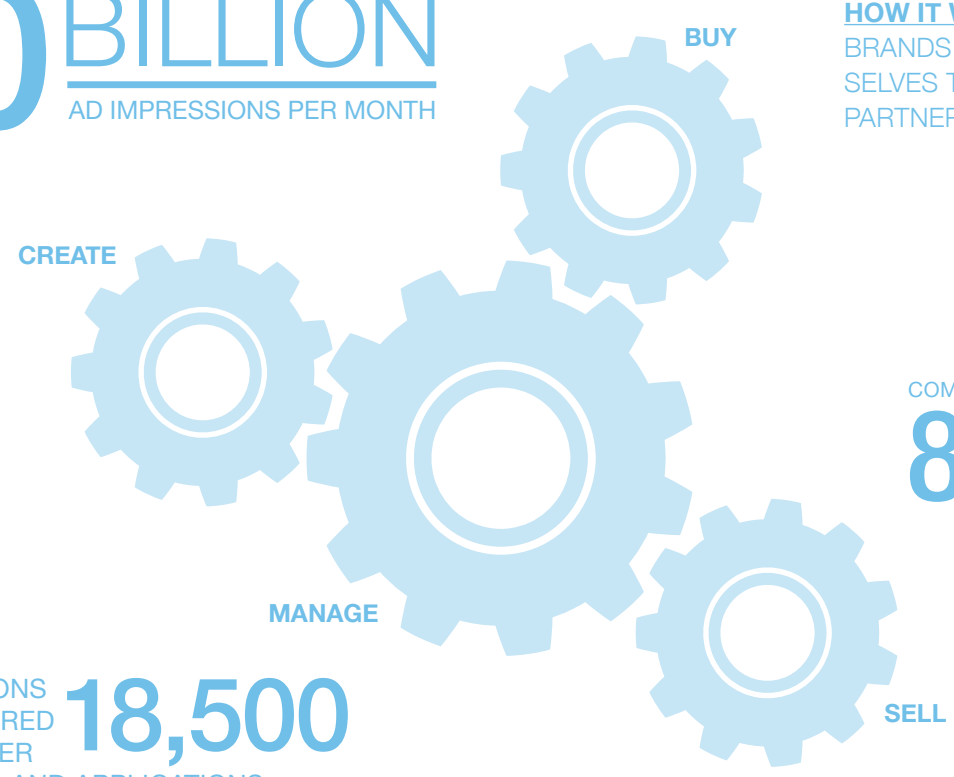
DAVID KURTZ, SVP PRODUCT STRATEGY



## Publishers' no. 1 choice for monetization

Opera works with 18 of the top 25 media companies in the world, as well as 85% of the top-grossing apps in the mobile ecosystem. Publishers choose the Opera Mediaworks platform for the strength of its technical platform and its ability to deliver monetization effectively and efficiently.

**60** BILLION  
AD IMPRESSIONS PER MONTH



**HOW IT WORKS**  
BRANDS CAN MARKET THEMSELVES THROUGH OPERA, WHILE PARTNER WEBSITES **EARN MONEY**

COMPANIES CAN REACH OUT TO  
**800** MILLION CONSUMERS

AD IMPRESSIONS BEING DELIVERED THROUGH OVER MOBILE SITES AND APPLICATIONS  
**18,500**

### AD SERVING AND OPTIMIZATION

The company's ad-serving and mediation hub, AdMarvel, is a mobile-first technology stack that can integrate and manage multiple ad sources in real time, with full visibility and measurement of results. The AdMarvel platform provides the ability for publishers to deliver mobile advertising from media it sells directly to brands, or ad campaigns acquired through multiple ad networks including Opera's premium and performance ad networks.

### INNOVATIONS TO THE PLATFORM

Technical innovation is critical to this service and includes unique, patent-pending capabilities in ad mediation and optimization, as well as industry-leading skills in SDK development and standards for ad formats. Among the new innovations in 2014 are technology licensing (SAAS), with Instant-Play™ technology and Instant-Feed™ ad units, which helps both to expand reach and to facilitate mobile video monetization for the rest of the mobile ecosystem.

### OPERA WORKS WITH



TOP MEDIA COMPANIES IN THE WORLD

Another area that has undergone significant innovation and improvement in the past year is the mediated exchange, called OMAX (Opera Mediaworks Ad Exchange). Launched in early 2010, the exchange is a real-time programmatic bidding platform for efficient, automated buying and selling of mobile media. Throughout the year, the company has introduced a number of updates and integrations, including private marketplaces, preferred deals and native, in-stream ad units.

### GAMING COMPLETES THE STACK

Mobile gaming is the new cinema; the amount of time spent plus level of engagement with the content results in a highly valuable environment for branded messaging. Opera powers monetization for some of the largest gaming publishers, and continues to build specialized tools for deeper performance across gaming properties.





# Technology for advertisers

## NATIVE, IN-FEED VIDEO

The biggest growth area in the year to come is the arrival of video to native, in-feed environments. This works well with the new media consumptive behavior of scrolling on handsets, browsing stories and images. Our solution is the Instant-Feed™ ad unit, which was the first to market in its category. When the user moves over the Instant-Feed™ ad unit, the sponsored content auto-plays instantly. It's visually engaging, it's relevant, and it's far less intrusive than a banner ad or interstitial. The Instant-Feed™ video ad enables publishers to monetize inventory with higher-value video ads and enables advertisers to reach consumers in content previously unavailable to video.

## BIG DATA MANAGED THROUGH AMP

The Opera Mediaworks Audience Management Platform (AMP) provides a system to manage data used to create targetable audiences. Data is gathered from a multitude of sources, from first-party to a number of third-party targeting providers. It then allows advertisers to hone in on valuable audiences and behaviors, using targeting parameters like demographics, context and location.

## PROGRAMMATIC BUYING

In addition to the programmatic buying opportuni-

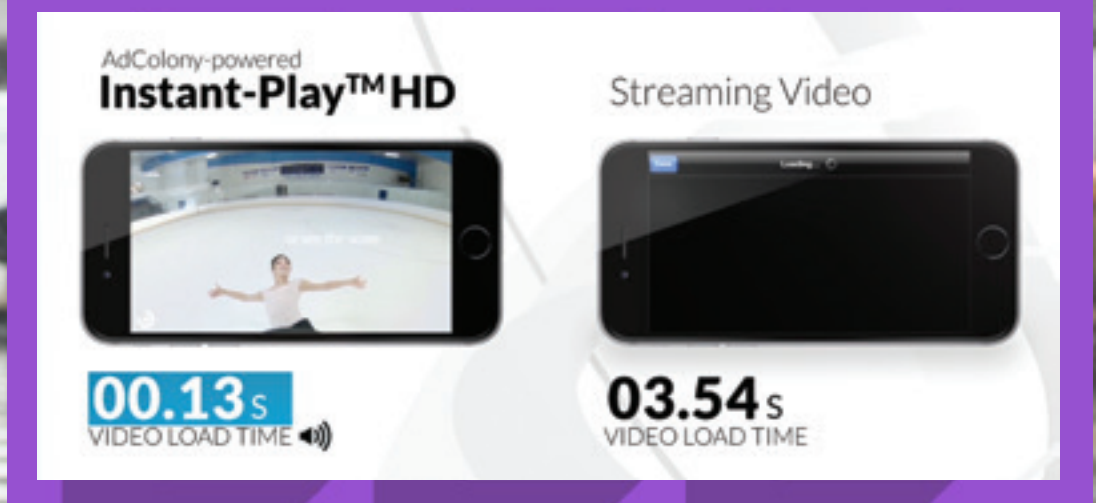
ties offered through OMAX, Opera introduced a new premium programmatic offering in Q1 2015, Opera Select, and we will launch the first premium programmatic exchange for HD Instant-Play™ video, later in 2015.

## AD-UNIT INNOVATION

The Opera Mediaworks Innovation Lab is responsible for developing new products of interest to the advertiser audience, and, in 2014, it introduced several new units, such as the Dynamic Sales Event, which leveraged Toyota's API to serve real-time offers (APR rates) to in-market consumers dynamically, based on their exact location.

In the coming year, the company will continue to invest in new ad products, particularly around mobile commerce. The ShopNow unit, for instance, can locate a product and display nearby stores that sell it; it also shows price and availability, as well as tap-to-directions to drive traffic to the store. BuyNow (which supports Apple Pay) and other units like offers & coupons are also focused on enhancing the retail experience.

Within video, Opera will also continue to push creative boundaries, offering richer experiences on end cards and interactive video features.





90% TOP 100 AD AGE  
OF GLOBAL ADVERTISERS

WORK WITH OPERA TO EXTEND  
BRAND ENGAGEMENT TO MOBILE CONSUMERS

# Sales

MIKE OWEN, EVP, NORTH AMERICAN SALES

## BRAND ADVERTISERS

The Opera Mediaworks platform focuses on brand engagement through the use of premium mobile-ad networks. Premium networks create high-quality ads for the world's top advertisers to deliver rich user experiences that drive customer acquisition.

Agencies and advertisers choose to work with Opera for our brand-safe, transparent and open approach to mobile advertising. Out of the Ad Age Top 100 global advertisers, 90% work with Opera to extend their brand engagement to mobile consumers.

## PERFORMANCE

Direct response advertisers seek a direct interaction with consumers, usually through the completion of a download, installation of an app, a registration form or an inbound call to an advertiser's call center

To serve these advertisers, Opera maintains the Opera Response division, which excels at using technologies to locate consumer leads across the broad landscape of mobile publisher sites and mobile users' behavioral, contextual and demographic characteristics.

## THE NATIVE VIDEO FUND

In January 2015, Opera launched the Native Video Fund, a program devoted to answering the digital advertising industry's need for a mobile-first approach to video creative. The Fund, supported by an alliance of top global brands and agencies, provides financial backing for the production and placement of mobile-video campaigns in premium, in-app native video environments, powered by Opera's AdColony Instant-Play™ video technology. The Fund is one of the first major video-focused initiatives stemming from Opera's acquisition of Ad-Colony in July 2014.

Since then, 13 campaigns have debuted in Q1 2015, with more to appear in the coming months. The campaigns must be less than 15 seconds in length and creatively designed for impact in a native, in-feed video environment. Some of the participants include but are not limited to Adidas, Johannes Leonardo, Carat, TBWA/Digital Arts Network; CKE (Carls Jr. ®/Hardee's ®), 72 and Sunny Initiative; HISTORY, Horizon Media, Lenovo and Digitas, among many others.

## PARTICIPANTS



Some of the participants include but are not limited to:

- Adidas
- Johannes Leonardo
- Carat
- TBWA/Digital Arts Network; CKE (Carls Jr. ®/Hardee's ®)
- 72 and Sunny Initiative; HISTORY
- Horizon Media; Lenovo
- Digitas







Our goal is to  
**deliver** speed



OPERA SERVICES  
**18/25**  
TOP GLOBAL MEDIA COMPANIES  
& **85%**  
OF THE  
TOP-GROSSING APPS  
IN THE MOBILE ECOSYSTEM

WE DELIVER  
PRODUCTS AND SERVICES  
TO MORE THAN  
**130** OPERATORS  
AROUND THE WORLD

**90%**  
OF THE AD AGE TOP 100  
GLOBAL ADVERTISERS  
WORK WITH OPERA TO EXTEND BRAND  
ENGAGEMENT TO MOBILE CONSUMERS

**17/30**  
OF THESE ARE  
WORLDWIDE  
TOP OPERATORS

OVER  
**350** MILLION  
USERS  
ACTIVELY USED OUR  
CONSUMER PRODUCTS  
WORLDWIDE IN 2014

MORE THAN  
**240**  
MILLION  
UNIQUE USERS  
OF OPERA MINI

**55** MILLION  
USERS  
IN RUSSIA/CIS, ALL PRODUCTS

WE CELEBRATED  
REACHING  
**50**  
MILLION  
USERS IN INDIA

**55** MILLION  
USERS  
ACTIVELY USED OUR  
DESKTOP BROWSER

**135** MILLION  
USE OPERA ON SMARTPHONES

OPERA WORKS ON MORE THAN  
**3,000**  
PHONE MODELS

**25** OFFICES  
ACROSS THE GLOBE

## A global company

Opera Software is a truly global company, in all aspects, with a diverse staff from all over the world, presence in more than 15 local offices from San Francisco to Jakarta and users in practically every country on the planet.

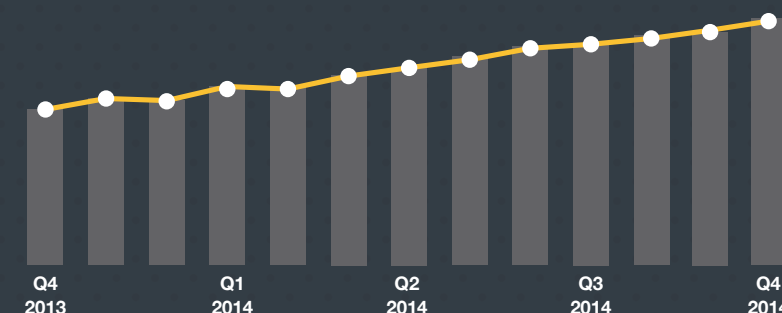
Opera browsers and mobile apps are translated and localized into as many as 96 languages, giving users the experience they desire in their native tongue.

No other browser in the world provides this care and attention to their users.

Opera is able to serve mobile advertisers and publishers all over the planet, with the ability to deliver advertising scale both locally and globally. With a local presence from Brazil to the United States, Opera enables the world's top brands and agencies to reach the right customer, at the right time, in the right place and on the right device.

OPERA IS USED BY  
**130** MILLION  
ANDROID USERS

THE PAST 12 MONTHS  
**↑53%**





**Gear up** with a fast  
browsing experience







ERIK C. HARRELL, CFO/CSO

ANALYSTS:

KPI last five years	2010	2011	2012	2013	2014
Revenue [\$ million]	114.5	159.8	216.0	300.1	480.8
Adjusted EBITDA* [\$ million]	23.8	47.4	63.5	86.6	118.0
Operating cash flow [\$ million]	12.6	36.7	37.6	49.5	58.6

# Investor relations

### INVESTOR RELATIONS POLICY

Communication with shareholders, investors and analysts, both in Norway and abroad, is a high priority for Opera Software ASA. The Company's objective is to ensure that the financial markets have sufficient information about the Company in order to be able to make informed decisions about the Company's underlying value. Opera Software ASA arranges regular presentations in Europe and the United States and holds frequent meetings with investors and analysts. Important events affecting the Company are reported immediately.

### ANALYSTS:

Company	Analyst	Telephone
ABG Sundal Collier ASA	Aleksander Høst	+47 2201 6098
Arctic Securities ASA	Per Gunnar Nordahl	+47 2101 3211
Berenberg	Virginia Nordback	+44 (0)20 3465 2693
Carnegie ASA	Håvard Nilsson	+47 22 00 93 78
Danske Securities ASA	Martin Stenshall	+47 8540 7073
DnB NOR Markets	Christer Roth	+47 2416 9181
Enskilda Securities ASA	Fredrik Thoresen	+47 2100 8554
Fondsfinans	Henriette Trondsen	+47 23 11 30 45
Goldman Sachs	Mohammed Moawalla	+44 (20) 7774 1726
Handelsbanken	Daniel Djurberg	+46 8 701 55 75
Morgan Stanley	Sid Mehra	+44 (20) 7425 2686
Norne	Karl-Johan Molnes	+47 97 47 60 64

\* NON-IFRS EBITDA EXCLUDES STOCK-BASED COMPENSATION EXPENSES, EXTRAORDINARY/ONE-TIME COSTS AND ACQUISITION RELATED COSTS.

### SHARE PRICE 2014

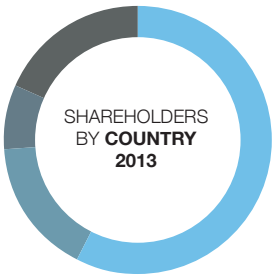


Event name	Date	Location
The Best of Norway	December 11, 2014	New York, US
Morgan Stanley European Technology, Media & Telecoms Conference	19-21 November, 2014	Barcelona, Spain
DNB Markets 10th Annual Nordic TMT Conference	26 August 2014	Oslo, Norway
GS 2nd Annual European Payments Conference	8 June, 2014	London, England
Handelsbanken's Mid/Small Cap seminar	17th June 2014	Stockholm, Sweden
Morgan Stanley Technology, Media & Telecom Conference	March 3-6 2014	San Francisco, US
Goldman Sachs Technology and Internet Conference	February 11-13 2014	San Francisco, US
SEB Nordic Seminar	January 8-9, 2014	Copenhagen, Denmark

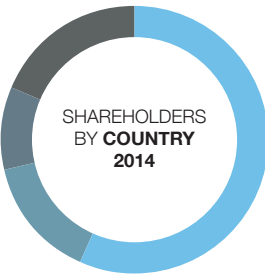
### SHAREHOLDERS WITH OVER 1% OWNERSHIP

- Ludvig Lorentzen AS
- Folketrygdfondet
- Arepo AS
- Sundt AS
- Ferd AS
- Clearstream Banking S.A.
- Verdipapirfondet DNB Norge (IV)
- J.P. Morgan Chase Bank Luxembourg SA
- The Bank of New York Mellon SA/NV
- State Street Bank and Trust Co.
- Statoil Pensjon
- Morgan Stanley & Co. LLC
- J.P. Morgan Chase Bank N.A. London
- The Bank of New York Mellon SA/NV
- Lazard Freres Banque
- State Street Bank & Trust Company
- Opera Software ASA
- SEB Enskilda Securities AB
- Credit Suisse Securities

### SHAREHOLDERS



57.7%	Norway-based accounts	56.7%
16.4%	U.K.-based accounts	14.8%
7.7%	U.S.-based accounts	9.9%
18.2%	Accounts based elsewhere	18.6%





# The choice of key management



LARS BOILESEN



ERIK C. HARRELL



MAHI DA SILVA



ANDREAS THOME



TOVE SELNES



RIKARD GILLEMYS

## LARS BOILESEN

*Chief Executive Officer*

Mr. Lars Boilesen is the Chief Executive Officer at Opera Software ASA, a position he has held since 2010. Mr. Boilesen has extensive experience in the software and tech industry and has held executive positions in various corporations prior to his joining Opera. He was Executive Vice President of Sales & Distribution at Opera Software ASA from 2000 to 2005, and served on the Board of Directors of Opera Software ASA from 2007 to 2009.

From 2005-2008 he was Chief Executive Officer for the Nordic and Baltic Region at Alcatel-Lucent. Mr. Boilesen started his career in the LEGO Group as Sales and Marketing Manager for Eastern Europe. After that, he headed the Northern Europe and Asia Pacific markets for Tandberg Data. He has been on the Board of Directors of Aspiro AB since May 2009 and currently serves as Chairman of the Board of Directors at Cobuilder AS.

Mr. Boilesen holds a Bachelor's Degree in Business Economics from Aarhus Business School, and post-graduate diploma from Kolding Business School.

## ERIK C. HARRELL

*Chief Financial Officer / Chief Strategy Officer*

As CFO/CSO, Harrell's primary responsibilities include Opera's global finance & accounting and financial planning operations, corporate strategy, corporate development/mergers & acquisitions, and investor relations.

Prior to joining Opera in 2005, Harrell was CFO of the European operations for Advent Software, a NASDAQ-listed software company based in San Francisco, California, USA. Harrell's professional experience includes six years at JP Morgan & Co. in New York, where he was Vice President of Mergers & Acquisitions, and the role of Founder and CEO of an early-stage Internet software company.

Harrell has an MBA with Distinction from the Harvard Business School and holds an MA and BA (Phi Beta Kappa) from The Johns Hopkins University.

## MAHI DE SILVA

*CEO Opera Mediaworks*

Mahi is responsible for commercial activities for Opera's consumer mobile products and services. Before joining Opera, Mahi was co-founder and CEO of AdMarvel, Inc., the global leader in mobile advertising platforms, acquired by Opera in 2010. Prior to AdMarvel, Mahi co-founded Frengo Corporation, a mobile social media platform. Mahi also spent 10 years at VeriSign, where he was part of the startup management team. From 2002 to 2006, he served as senior vice president and general manager of Wireless and Digital Content Services at VeriSign, where he built the world's leading mobile messaging and mobile entertainment business with revenues exceeding \$600M per year. Prior to VeriSign, he served in various technology leadership roles at Taligent, Apple and NCR Corporation.

## ANDREAS THOME

*CCO*

Andreas Thome joined Opera Software in 2007, when he took on a role as Senior Vice President of Sales & Marketing for EMEA region. Prior to his career with Opera, he was a Project Director at Telecom Management Partner, where he also served as Chief Officer for the Fixed Networks Division of Ghana Telecom in West Africa.

Thome previously served a variety of roles within Alcatel. In addition to several Commercial and Management roles at Alcatel, he was the Regional Vice President (North Europe) for Access Networks Division, the General Manager for Fixed Networks, and the Customer Account Director for Alcatel's Nordic and Baltic regions.

Thome has also held positions at Tandberg Data in Oslo and Rim Invest in Singapore. Thome obtained a Master of Science degree in Project Analysis, Finance & Investment from University of York (UK) and Master of Science and Bachelor's degree in Economics from University of Oslo.

## TOVE SELNES

*CHRO*

Tove Selnes joined Opera in 2007 as VP of Human Resources and has more than ten years of experience in organizational management. Prior to working at Opera, Selnes served as Director of Human Resources at Eltel Networks where she was responsible for the development and implementation of the organization's human resources strategy. Her professional experience also includes working at Avinor and Aetat.

Selnes holds a law degree from the University of Oslo, and is presently pursuing a Master's of Management degree at the Norwegian School of Management. In 1994 she was awarded an Erasmus scholarship with Bologna University in Italy, where she studied EU and international environmental rights. She is a noted and respected authority on human resources management.

## RIKARD GILLEMYS

*Executive Vice President, Product Development*

Rikard Gillemys began his affiliation with Opera Software in 1998, when he and the other co-founders of Hern Labs in Sweden ported Opera 3 to BeOS.

Since officially joining Opera Software in 2000, Gillemys has been responsible for many of Opera's major deliveries, including Opera on BREW and the Opera Devices SDK. Gillemys previously served as Country Manager of Opera's offices in Poland and Korea before his appointment to Vice President of Engineering.

He was educated at the Linköping Institute of Technology, where he studied Computer Science and Engineering until 1999.



# The choice of Board Members

## **CHAIRMAN, SVERRE MUNCK**

Sverre Munck is an investor and professional board member. He has 20 years of experience from the media and internet industry as Executive Vice President at the Schibsted Media Group. Prior to joining Schibsted Sverre Munck i.a. was a consultant at McKinsey & Co as well as the Norwegian Finance Ministry. He received his B.A in Economics from Yale University, and his PhD from Stanford University. He currently sits on the Digital Advisory Board of TAMEDIA AG in Switzerland, as well as several start up companies in Norway. Sverre Munck holds 25 000 shares in the company.

## **MEMBER, MARIANNE BLYSTAD**

Marianne Heien Blystad has been an Attorney-at-Law with the law firm Ro and Sommernes since 2008. Apart from her professional experience in corporate banking, shipping and offshore, she holds directorships with Eksportfinans ASA, Edda Utvikling AS and Songa Shipping. Ms. Blystad holds a Business degree from the Norwegian School of Management (Handelshøyskolen BI) and a Law degree from the University of Oslo.

## **MEMBER, AUDUN WICKSTRAND IVERSEN**

Audun Wickstrand Iversen is a private investor. Over the last ten years, he has focused primarily on the telecom, IT and alternative energy industries. Previously, Iversen worked as a financial analyst at DnB Markets and as a portfolio manager at DnB Asset Management, with responsibility for global telecoms and alternative energy. He holds a degree in Business Administration from the Norwegian School of Management (BI), as well as degrees from Norwegian School of Economics and Business Administration (NHH) and the University of Oslo.

## **MEMBER, KARI STAUTLAND**

Kari Stautland has a background in human resources. Most recently, she was Human Resources Manager at GE Healthcare AS — a leading global medical company. She has worked in HR for many years and has extensive knowledge within this area. Kari holds a Master's degree in Business and Marketing.

## **MEMBER, ANDRÉ CHRISTENSEN**

André Christensen has extensive strategic and operational experience from the Media, Internet, High Tech industries across Europe, North America and Asia from the last 20 years. He is currently co-owner and Chief Operating Officer with the IPTV service provider QuickPlay Media based in San Diego/Toronto. Prior to this he was the SVP Business Operations and Strategy at Yahoo globally after 12 years with McKinsey & Company as a partner establishing and leading the Business Technology practice in Canada as well as the Global Operating Model service line worldwide. He has also been a successful entrepreneur and holds a MSc/DiplKfm degree from University of Mannheim.

## **EMPLOYEE REPRESENTATIVE, CHRISTIAN URIBE**

Christian Uribe joined Opera Software in 2005, bringing with him a varied, international professional and educational background. Before taking up his role at Opera (where he serves currently as Product Director for Opera Mini), Uribe ran an IT consultancy in Mexico. He holds a Law degree from the Universidad de Valparaiso in Chile.

## **EMPLOYEE REPRESENTATIVE, ERIK MÖLLER**

Erik Möller is an experienced software engineer and technical leader. Prior to joining Opera Software in 2009 he spent 14 years in the computer games industry where he held roles such as Lead Engineer, Technical Director and Head of Studio. Erik is currently employed as the Development Manager for the Opera for Android browser.

## **EMPLOYEE REPRESENTATIVE, KRYSTIAN KOLONDR**

Krystian Kolondra heads up the Consumer Browser Products business unit at Opera. He joined Opera Software in 2006. Before taking up his current position, he was Country Manager for Opera's offices in Poland, SVP for TV Product Development, and, most recently, he had overall responsibility for the Desktop product group.

Prior to joining Opera, Krystian worked in various managerial positions in Siemens and BenQ. Krystian holds a Master's degree in Computer Sciences from the University of Wroclaw and is a post-grad in Project Management at the Higher School of Banking in Wroclaw.



### **The Board of Directors (from left back):**

Krystian Kolondra, Sverre Munck, Christian Uribe,  
**(from left, sitting)** Marianne Blystad, Erik Möller, Kari Stautland, Audun Wickstrand Iversen  
(André Christensen was not present.)



“In 2014, Opera delivered record financial and operational performance.”

# Report from Board of Directors

Revenue and profitability increased significantly, with revenue up 60% and Adjusted EBITDA up 36% compared to 2013.

Opera's position with major mobile operators, mobile consumers, mobile publishers and advertisers, and connected-TV manufacturers grew meaningfully during the year.

In 2014, Opera grew our smartphone user base from 107 million to 135 million, total Opera monthly consumer users reached more than 350 million by year end, our ad technology powered 18,500 websites and applications, up from 14,000 a year ago, our total mobile audience reach increased from 600 million consumers to more than 1 billion, and we launched a range of new products for computers, mobile phones and tablets. In addition, we completed the acquisition of AdColony, which significantly strengthened our mobile advertising business, by significantly increasing Opera's position within the highest growth segment of the mobile advertising market - mobile video advertising. In 4Q 2014, more than 50% of our mobile advertising revenue (Opera Publisher Partner Members) came from mobile video advertising.

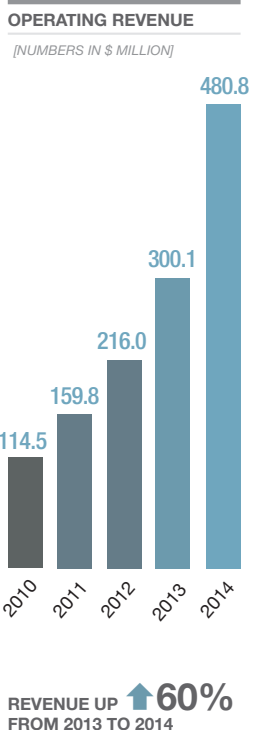
Overall, during 2014, Opera made substantial strides in our transformation into a highly scalable and profitable high-growth mobile company. In 4Q 2014, revenue related to our mobile businesses comprised over 85% of total revenue and total mobile revenue growth was 90% in 4Q 2014 vs. 4Q 2013. This growth came both from existing operations, as well as from the AdColony acquisition.

## FINANCIAL SUMMARY

Opera's operating revenues grew by 60% to \$480.8 million in 2014 (2013: \$300.1 million). Operating expenses, excluding one-time costs, increased by 85% to \$440.0 million (2013: \$238.3 million), with non-headcount expenses increasing primarily due to higher cost of goods sold or publisher-payout costs related to the Mobile Publisher and Advertiser business, higher hosting costs related to Opera Mini's hosting infrastructure, and overall marketing and

travel expenses. Opera delivered EBIT (excluding costs for restructuring the business) of \$40.8 million (2013: \$61.8 million), a decrease of 34%. The decrease in EBIT can be mostly explained by increased depreciation, amortization and impairment costs related to the depreciation of intangible assets from acquisitions consummated throughout 2014 and to the impairment cost of Skyfire, as well as by increased stock-based compensation expenses, due in particular to the issuance of restricted stock units (RSUs) based on the RSU plan that was approved by Opera's shareholders at the 2014 Annual General Meeting. Profit before income taxes (including costs for restructuring the business) ended at \$-40.2 million (2013: \$67.5 million). Income taxes were \$18.0 million (2013: \$7.2 million), and the profit for the period was \$-58.1 million (2013: \$60.3 million). In addition to the reasons given above for the decrease in EBIT, the decrease in profit in 2014 can be explained by FX losses related to contingent considerations associated with acquisitions in 2014 due to the strengthening of the USD versus the NOK, and by the revaluation of contingent considerations associated with acquisitions in 2014 due to increased earn-out expectations. Earnings per share were \$-0.424 (2013: \$0.490), and diluted earnings per share were \$-0.424 (2013: \$0.479).

Net cash flow from operating activities in 2014 totaled \$58.6 million (2013: \$49.5 million). Opera's cash balance in 2014 versus 2013 was impacted positively primarily proceeds from an equity share issue of \$125.9 million (2013: \$87.2 million). Opera's cash balance in 2014 versus 2013 was reduced by pre-tax losses, by \$144.7 million (2013: \$62.7 million) related to acquisitions, \$14.1 million (2013: \$10.2 million) related to capital expenditures, \$11.5 million (2013: \$14.4 million) related to R&D expenditures, \$5.2 million (2013: \$4.4 million) related to dividends and \$38.9 million related to taxes paid (2013: \$13.0 million). As of December 31, 2014, the Company had a cash balance of \$138.2 million (2013: \$163.4 million) and \$60 million (2013: \$60 million) in interest-bearing debt. It is the Board's opinion that the annual accounts provide a true and fair view of the Company's activities in 2014.



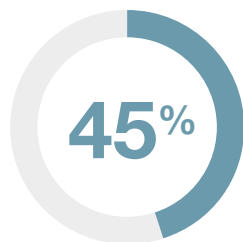




## OVERVIEW

350 MILLION  
USERS

THE COMPANY AND OUR  
OPERATOR CUSTOMERS,  
KEY MONETIZATION AND  
MARKETING PARTNERS,  
JOINTLY DELIVERED SER-  
VICES TO MORE THAN



OF THE COMPANY'S  
277 MILLION  
MOBILE CONSUMER BASE

## BUSINESS OVERVIEW

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.

By the end of 2014, Opera had more than 350 million active monthly users of our consumer products worldwide, with Opera powering the internet on mobile phones, gaming consoles, internet-connected TVs, set-top boxes, tablets, netbooks, desktop computers and laptops. Moreover, Opera's mobile monthly active users with operators exceeded 125 million, meaning that the Company and our operator customers, key monetization and marketing partners, jointly delivered services to more than 45% of the Company's 277-million-strong mobile consumer base.

In addition, Opera, via our Mobile Publisher and Advertiser business, reached major milestones in 2014. By the end of 2014, the reach of Opera's mobile audience via our publisher partners exceeded 800 million, with more than 18,500 mobile applications and websites powered by Opera's advertising technology platform, as well as 60 billion ad impressions managed by the platform on a monthly basis by year-end.

Opera has one revenue line, but Opera also provides an overview of revenue by customer type: (i) Mobile Operators (such as MTN, Telkomsel and Vodafone), (ii) Mobile Consumers (via partnerships with search providers and advertisers), (iii) Mobile Publishers and Advertisers (Opera Publisher Partner Members), which includes partners such as Pandora Media, American Express and Home Depot), (iv) device

OEMs (such as Sony and Samsung), and (vi) Desktop Consumers (primarily from search, advertising and e-commerce partnerships, including those with Google, Yandex and Amazon).

## Revenue

Opera's operating revenues grew by 60% to \$480.8 million in 2014 (2013: \$300.1 million). Compared to 2013, 2014 had growth in revenue from all 5 customer types, with very strong growth from Mobile Consumers and Mobile Publishers and Advertisers (Opera Publisher Partner Members). Mobile Publishers and Advertisers (Opera Publisher Partner Members) was the largest source of revenue in 2014 (\$272.8 million in revenue and 57% of total revenue), followed by Mobile Operators (\$67.3 million in revenue and 14% of total revenue), Desktop Consumers (\$62.2 million in revenue and 13% of total revenue), Mobile Consumers (\$52.9 million in revenue and 11% of total revenue) and Device OEMs (\$24.7 million in revenue and 5% of total revenue).

Mobile Publisher and Advertiser (Opera Publisher Partner Members) revenue grew 129%, compared to 2013. Revenue growth was driven primarily by increased revenue from premium and performance advertisers, "app-install"-driven spend primarily from the mobile gaming sector and, overall, from mobile video advertising. Mobile Consumer (Opera's owned and operated properties) revenue was up 40% in 2014, compared to 2013, with revenue driven primarily by licensing revenue and mobile advertising related to Opera's owned and operated properties. Revenue from Mobile Operators increased by 8% in 2014, compared to 2013.

Desktop revenue was up slightly in 2014, compared to 2013, with lower search revenue offset by higher license, content and advertising revenue. Device OEM revenue was up 34% in 2014, compared to 2013, driven by higher license revenue from our connected-TV customers in particular.



## REVENUE BY CUSTOMER TYPE [NUMBERS IN \$ MILLION]

272.8 ■ Mobile publishers and advertisers  
67.3 ■ Operators  
62.2 ■ Desktop consumers  
52.9 ■ Mobile consumers  
24.7 ■ Device OEMs

## Mobile Consumers –

### Opera-owned-and-operated properties:

*Helping consumers discover and reach the content and services that matter most to them*

Opera continues to maintain its position as a global leading mobile consumer company. In December 2014, 277 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 primarily because of Opera Mini. First, Opera Mini provides a fast performance, due to its unique compression technology. This makes for a much more enjoyable and efficient browsing experience for consumers. Second, Opera Mini's compression provides data savings of up to 90%, which helps consumers keep costs under control, as well as enabling them to browse more without incurring more data costs. 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 and rendering quality are superior to the competition.

Opera.com continues to be a 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 and BlackBerry App World.

From a platform standpoint, Opera has put a significant focus on growing our user base on Android, both via Opera Mini and Opera for Android, Opera's browser for high end smartphones. In December 2014, the number of Opera users on Android reached 130 million, up 53% versus December 2013. This

makes Opera one of the leading third-party browser apps on the Android platform.

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

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 Operators:

*Driving more data revenue via mobile-cloud compression solutions*

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 multimedia-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 to drive incremental revenue, and lower-priced data plans and data packages, cap-

## OPERA MINI



OPERA MINI IS FASTER  
THAN THE COMPETITION,  
DUE TO  
THE UP TO **90%**  
**COMPRESSION**  
COMPARED TO A NORMAL  
FULL WEB BROWSER



OPERATORS



italizing on the up-to-90% data compression that Opera's cloud services enable; (ii) the Rocket Optimizer™ solution, 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) Opera Web Pass, which allows users to buy time-based or content-based mobile data packages easily through a simple, one-click purchase, similar to how users buy apps today, enabling operators both to offer a broad array of personalized data package alternatives for their subscribers and increase average revenue generated per subscriber; (iv) Opera Sponsored Web Pass, where operators are able to facilitate advertisers sponsoring free internet browsing for their subscriber bases, enabling operators to generate advertising revenue; and (v) the Opera Subscription Mobile Store, an operator-branded version of Opera's consumer-focused Opera Mobile Store, which is the third-largest app storefront in the world, by number of downloads. The Opera Subscription Mobile Store allows operators to provide unlimited downloads of thousands of premium apps and games for a small weekly subscription fee, under their own brand names, thereby enabling, operators to generate new recurring revenue streams.

At the end of 2014, Opera had active agreements with 49 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 around 40% of the total global subscriber base.

During 2014, 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.

At the end of 2014, the total number of Opera Mini active users with operators grew to 127 million, an increase of 21% versus the end of 2013.

**Mobile Publishers & Advertisers —  
Opera Publisher Partner members:**

*Helping advertisers to reach their target audiences  
and publishers to monetize their content and services*

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 nearly 2 billion by the end of 2014, with smartphone users spending significantly more time engaged with their mobile devices than feature phone users; (ii) reach and "any-time-anywhere" access to users – there are more than 5 billion mobile phone users worldwide overall; (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) broader 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) the rapid increase in

AT THE END OF 2014,  
THE TOTAL NUMBER OF  
OPERA MINI ACTIVE  
USERS WITH OPERATORS  
GREW TO



AN INCREASE OF



VERSUS THE END OF 2013





For advertisers, Opera is able to offer a global audience reach of more than 800 million consumers.

For publishers, Opera is able to offer access to 90 of the top 100 global advertisers.



consumer time spent in smartphone mobile apps 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 that 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 offers 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 (currently north of 800 million consumers on a global basis), 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 ads, 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.

Opera also provides performance advertisers with comprehensive real-time targeting, real-time bidding (RTB) and real-time reporting tools for “cost per action” (CPA) campaigns, such as to secure customer signups, leads and app 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 bases. 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 have access to a range of 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 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 ca-

pabilities and drive better monetization. This helps both publishers to pool their data to provide better targeting and advertisers to identify and reach their target consumers more easily.

With the acquisition of AdColony in 3Q14, Opera is now particularly strong in mobile video advertising, the fastest-growing ad format within the mobile advertising industry. AdColony clearly complements Opera’s traditional strength in rich-media advertising and greatly strengthens Opera’s position in the high-growth user-acquisition/app-install segment of the mobile advertising market, as AdColony has demonstrated expertise and scale in leveraging mobile video advertising for performance advertisers.

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. In addition, AdColony’s highly interactive post-roll end cards are tailored for mobile engagement, for both app installation and calls-to-action for brands.

AdColony has significantly expanded both Opera’s total audience reach and Opera’s portfolio of publishers in the mobile gaming segment in particular, which accounts for the largest amount of consumer time spent within mobile apps. AdColony has a strong track record of driving high fill rates and premium eCPMs to publishers all over the globe

Overall, Opera has established a very strong competitive position in the mobile advertising market due to our ability to drive meaningful results for our advertis-

er and publisher customers. The five key reasons for Opera’s success in the marketplace are: (i) Opera’s mobile-ad tech platform, which is highly effective at matching the audience an advertiser is trying to reach with the optimal publisher traffic, leveraging first-party data from the publishers, third-party data from external providers and data-analytics insight from Opera’s data-management platform; (ii) Opera’s publisher relationships, which we have gained through the presence of our mobile-ad SDK in 18,500 mobile apps. As a result of these strong publisher relationships, Opera is able to get meaningful amounts of both “first-call” access to publisher traffic (i.e., preferential access to premium traffic, which performs significantly better than more “remnant” inventory) and exclusive access to publisher traffic, which enables Opera to sell unique inventory unavailable to any other ad platform company in the market; (iii) Opera’s global scale, enabling Opera to offer its advertiser and publisher customers broad reach on both the demand and supply side of its mobile advertising marketplace. For advertisers, Opera is able to offer a global audience reach of more than 800 million consumers; for publishers, Opera is able to offer access to 90 of the top 100 global advertisers; (iv) high service levels, enabled not only by our reporting and analytics tools, but also by our ad operations, creative and innovation teams; and (v) AdColony’s highly differentiated and unique mobile video advertising inventory at significant scale, which is highly sought after by mobile advertisers, as mobile video advertising has proved to be the most effective ad format in terms of driving results for brand and performance advertisers.

Revenue in 2014, compared to 2013, 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 apps, continues to be strongest on smartphone and tablet devices, with iOS and Android constituting the leading platforms.





**Device OEMs:**

*Driving new services and revenue streams*

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

Traditionally, TV has been referred to as a lean-back medium, where interaction is passive. Today, TV 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 apps, 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 ecosystem, such as mobile web browsing and app 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 apps that 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 those from 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 storefront for connected TVs, set-top boxes and media players, offers a selection of high-quality, easily navigated web apps. A side-by-side feature allows 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 apps. The Opera TV Store, which contains hundreds of TV apps from popular content providers such as Vimeo, Facebook and Fashion TV, has already been 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.

**Desktop Consumers:**

*Helping consumers to discover and reach the content and services that matter most to them*

Today, the desktop browser is more powerful a platform than ever. This is seen most saliently with the clear dominance of web apps over desktop-centric computing. This trend is no more pronounced than with social networking, where Facebook, for example, has more than 900 million desktop users. In addition, the rapid adoption and innovation around HTML5 is making web apps 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 clear examples where HTML5 is making the browser and browser-based apps much more powerful than in the past.

Since our first public browser release in 1995, Opera has continuously delivered browser innovation to computers. 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 not only on growing our user base in regions where we already have a strong presence, such as Russia, but also on strengthening and expanding our reach in other regions.

Opera's monetization strategy for our 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 December 2014, the number of desktop users was approximately 55 million, up 8% versus December 2013. Revenue was higher in 2014, compared to 2013, with lower search revenue, offset by higher license, content and advertising revenue.

DESKTOP USERS





CORPORATE OVERVIEW

Organization

Opera Software ASA is a company domiciled in Norway. The consolidated financial statements of the Group include the subsidiaries Hern Labs AB, Opera Distribution AS, Netview Technology AS, Jirbo, Inc. (AdColony), and Opera Software International AS (which, in turn, includes the subsidiaries (directly and indirectly)) 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., AdColony UK Limited, Jirbo Acquisiton Company, Inc., Jirbo Holdings, Inc., Advine Mobile Advertising Network Proprietary Ltd., Opera Software Brazil Ltda., Opera Software Financing Limited, Opera Financing AS, 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 December 31, 2014, Opera Software International AS had branches in Japan, China, Taiwan and Poland. At the close of 2014, the Company had 1,458 full-time employees and equivalents, compared to 1,039 full-time employees and equivalents at the end of 2013.

Board of Directors composition

At the Annual General Meeting on June 3, 2014, Sverre Munck was elected as the chairman of the Board of Directors, André Christensen was elected to the Board of Directors and Kari Stautland, Audun Wickstrand Iversen, and Marianne Blystad were re-elected to the Board of Directors. In addition, three employee-elected representatives have seats on the Board (Christian Uribe, Krystian Kolondra, and Erik Möller).

Corporate governance

The Company’s guidelines for corporate governance are in accordance with the Accounting Act §3-3b and section 3-3c and the Norwegian Code of Practice for Corporate Governance, dated October 30, 2014, as required by all listed companies on the Oslo Stock Exchange. Please see the section entitled “Principles of corporate governance” in the Annual Report for more information.

Corporate social responsibility

Almost four years after we first announced our commitment to the United Nations Global Compact (UNGC), Opera is pleased to reaffirm our ongoing support to the initiative and its ten principles in the area of human rights, labor, environment and anti-corruption.

We are guided by the principles of the UN Global Compact, and we continually strive to make the principles a part of our strategy, culture and day-to-day operations. Please see the section entitled “Principles of corporate social responsibility” in the Annual Report for more information.

Human rights

Opera helps millions of people across the globe to connect to the internet. Freedom of expression and privacy are fundamental human rights. Moreover, these rights are fundamental to facilitate the meaningful realization of other human rights, such as the right to access information.

At Opera, we strongly believe in these human rights and will strive to protect them for our users, employees, partners and other stakeholders. The open internet, including the web, has true potential as an open communication platform that enables users globally to exercise their freedom of speech. Conversely, new technologies can be used to invade citizens’ privacy. Opera will take the required measures to protect our users’ basic right to privacy.

Ethics

Our employees are our most valuable resource. Opera will interact with our employees in the same way as we strive to interact with our customers: following the highest ethical standards and with respect for individuality.

To ensure a high ethical standard, Opera last year decided to revise our Ethical Code of Conduct. By doing so, Opera reaffirms its commitment to respecting and supporting internationally recognized human rights. The guidelines apply to all staff members, in all Opera offices and departments. The code has been put in place to help employees, clients and business partners understand Opera’s values and standards.

Whistleblowing

Freedom of speech and “blowing the whistle” on malpractice, fraud, illegality, breaches of rules, regulations and procedures, or raising health and safety issues, is encouraged at Opera.

We strongly encourage and guide our employees regarding how to speak up and take action against abuse and malpractice.

Any Opera staff member making a whistleblowing report is protected from any repercussions, such as dismissal and other forms of reprisals, provided that such report is made in accordance with policies and regulations.

Labor

Opera respects and observes the fundamental employment rights set out in the international conventions on human rights, such as the conventions of the International Labor Organization (ILO) and the United Nations (UN).

Opera believes that everyone has the right to freedom of peaceful assembly and to freedom of association with others, including the right to form and join labor unions. Several Opera employees are organized into labor unions.

EMPLOYEES

NO. OF EMPLOYEES



1458

NATIONALITIES



55

MEN



74%

WOMEN



26%





Opera is an equal-opportunity employer. We insist on fair, non-discriminative treatment for all employees, in recruitment and in selection for promotion or training opportunities, irrespective of race, color, nationality, age, sex, sexual orientation, gender identity, ethnic origin, marital status, disability or religion. Individuals at every level share responsibility for maintaining a culture that is built on open, supportive and positive relationships, free from prejudice, stereotyping and unfair bias.

Our employees shall not be subjected to harassment or other improper conduct that might be perceived as threatening or demeaning.

#### Work environment

Opera is a knowledge company where the success and innovation in our products emanates from the brainpower and teamwork of our employees. We have a highly international and multinational workforce, where we combine the responsiveness of a flat structure with an extreme focus on results and innovation. This is the place where highly talented and motivated individuals thrive. At the same time as we offer our employees great challenges every day, we also emphasize the importance of employees having the flexibility to take care of their family and friends. This is reflected in our family-friendly policies, such as our two weeks of leave at birth for fathers. Our goal is always to offer our staff members a safe, healthy and inspiring work place, and we work hard together with our employees to challenge and innovate in this area.

#### Work environment committee

Opera has established a Work Environment committee to ensure a safe working environment. The committee consists of representatives from the company- and employee side. The committee's manager is responsible for surveying and documenting all working environment issues related to risks, health hazards and welfare on an on-going basis, as well as implementing necessary measures.

There have been no reported harassment or discrimination incidents at Opera in 2014.

#### Elected representatives to the board

Through elected representatives to the Board, we give our employees a voice. Our employees have the right and obligation to elect three representatives to the Board of Directors. The representatives are elected by all Opera employees, globally. Directors ensure the best interests of Opera, and a special obligation falls on the employee-elected members to voice the concerns of Opera employees.

#### Low sick leave equals happy employees

In 2011, Opera was ranked as one of the companies with the lowest registered sick leave on the Oslo Stock Exchange. These good results have continued in 2014, as the reported sick-leave numbers for Opera were well below 2% for all countries in the Group. No work-related accidents involving personal injury were reported. No incidents involving material damage occurred.

With such a low sick-leave level, we are constantly evaluating our policies. For example, discrimination on the basis of any disability shall not occur at Opera. We strive to meet all our employees' needs, and we offer shorter working hours and other services to accommodate our employees with disabilities.

We are also cognizant of our Scandinavian heritage and promote a healthy work-life balance. In our headquarters in Oslo and our offices in Poland, we provide kids' rooms where employees can bring their children to work for shorter periods of time under their own supervision. We encourage a healthy lifestyle by serving healthy meals and snacks. At the headquarters in Oslo, employees can get their daily exercise in one of Oslo's most popular recreation areas just outside the office, running in Maridalen or swimming in Nydalsdammen. During the winter, employees can work out in our newly refurbished activity and weight room. Opera also sponsors a yearly sum for gym memberships or other training activities for its employees worldwide.

#### Diversity

At the end of 2014, Opera had 1,458 full-time employees from countries all over the world, of which 26% were women and 74% were men. Opera has two female Board members and one woman on the senior Executive Team. As part of our core values, Opera promotes cultural diversity and gender equality, and Opera is proud to have 55 nationalities represented in the organization.

Equal opportunity to all Opera employees and potential employees is an important factor throughout the organization. When recruiting, we use assessment methods such as programming tests and test cases to give equal opportunity to all qualified applicants. Opera strives to continue improving the company's gender balance.

At Opera, we pride ourselves in aiming to give equal opportunity to employees in both work and personal life. One of the benefits for all male employees is the opportunity to have two weeks of paid father's leave upon the birth of their baby. By doing this, we are emphasizing the importance having a healthy work-life balance, regardless of the geographical location or local labor legislation.

#### External environment

For several years, Opera has made data-center efficiency, low-power CPUs in our servers and procuring power from renewable energy sources as key components of our hosting expansion strategy. Opera also has participated in programs to dispose of electronic equipment responsibly and encourages employees to use this service for any personal electronics they are retiring.

Reducing the amount of paper produced during normal business practices and recycling what paper waste we do create are also visible examples of Opera's environmental commitments, as well as keeping lights out after hours and in unused areas.

#### Social commitment

At Opera, we believe that an open, connected world — powered by great technology and services — is

essential to breaking down the barriers that limit access to information, education and fun.

Today, around 3 billion people are connected to the internet. The cost of getting online is one of the biggest challenges for users worldwide. We want to help get the next 3 billion get online. The Opera Mini browser makes it possible to access the web from even the simplest phones, and this is our most important contribution toward achieving this. Today, we have more than 275 million monthly active mobile users, with the majority of them in developing countries.

Opera is a proud partner of Internet.org, a partnership between Facebook, Opera and other technology companies. The goal of Internet.org is to make internet access available to the two thirds of the world who are not yet connected and to bring the same opportunities to everyone that the connected third of the world has today. Opera is proud to contribute to the project with our competence in internet technology.

Opera is also engaged in measures to fight poverty and to give children an opportunity for education and a better life.

#### Smile Foundation

Since 2013, Opera has been working in India with the Smile Foundation, an organization that provides education to children who otherwise might fall through the cracks. India is a country where around 57% of the population, mostly women and elderly people, can't read and write. For those lucky enough to go to school, they face a teacher-student ratio of 1:60. The Smile Foundation is an NGO working in over 160 locations across India. Its focus is to help children get the education they deserve and a chance for a better life.

#### YCAB Foundation in Indonesia

This year, Opera continued its cooperation with YCAB Foundation (Yayasan Cinta Anak Bangsa) in Indonesia. The YCAB Foundation has, since 1999, helped the country's youth with several programs which include education for the underprivileged. YCAB is a well-established, non-profit organization that aims to enable underprivileged youth to be independent through education, entrepreneurship and economic assistance. Its goal is to transform the lives of five million people by 2015. Opera is proud to be a part of this mission.

#### Risk factors

Each of the following 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:

#### Business risk

Our international operations expose us to additional risks that could harm our business, operating results and financial condition.

In certain international markets, we have limited operating experience and may not benefit from any first-to-market advantages or otherwise succeed. In addition to risks described elsewhere in this section, our international operations expose us to other risks, including the following:

OPERA MOBILE USERS

275 MILLION

MONTHLY ACTIVE MOBILE USERS





Changes in local political, economic, regulatory, social and labor conditions, which may adversely harm our operations. Restrictions on foreign ownership and investments, as well as stringent foreign-exchange controls that might prevent us from repatriating cash earned in certain foreign countries. Import and export requirements, tariffs, trade disputes and barriers, and customs classifications that may prevent us from offering products or providing services to a particular market and may increase our operating costs. Longer payment cycles in certain countries, and higher levels of payment fraud. Different employee/employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language, and cultural differences, making it harder to do business in certain jurisdictions.

#### Financial risk

The majority of the financial risk relates to foreign-exchange fluctuations. Both revenue and expenses are exposed to currency risk.

Most of the Group's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD, EUR and other currencies. In 2014, approximately 78% of revenues were in USD, 13% in EUR, 3% in GBP, 3% in CNY, and 2% in other currencies; for expenses, approximately 67% were in USD, 12% in NOK, 4 in SEK, 4% in PLN, 4% in GBP, 1% in CNY, and 6% in other currencies. Please note that some revenue numbers are impacted by changes in local currencies which are the basis for subsequent invoicing of customers in USD or EUR. Note that approximately 6% of Opera's 2014 revenue was directly impacted through revenue share deals in RUB as per Opera estimates.

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 impact Opera's consolidated statement of comprehensive income.

#### Liquidity and credit risk

Opera is exposed to customer-related credit risk, which is primarily influenced by the financial strength and characteristics of each customer. There is always a risk of loss on accounts receivable from our customers and reduced sales to our customers if they face liquidity challenges.

In June 2014, Opera signed a \$150 million secured revolving-credit facility with DNB Bank ASA for general corporate purposes, including acquisitions. The facility is primarily 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.

As of December 31, 2014, Opera had \$60 million in interest-bearing debt, and the cash balance was \$138.2 million (parent company: \$74.3 million). Opera's equity ratio was 45% (2013: 59%). Investments

are only made in funds operated by institutions rated by S&P or Moody's, with a minimum rating of BBB or Baa2, respectively. Although Opera does invest our money conservatively, all our investments are subject to risk. For example, Opera's cash and other investments placed in Norwegian financial institutions are not guaranteed by the government above NOK 2 million per institution. If the financial institution were to go bankrupt, a portion of Opera's cash or investment could be lost.

#### Tax risk

From time to time, Opera faces tax audits and investigations by both domestic and foreign tax authorities, and the outcome of any audit could have a negative impact on our operating results and financial condition. Furthermore, the tax treatment of many transactions relies on the judgment of the Company and its auditors, since the tax laws and regulations are not always clear. Based on the uncertainty that exists, the ultimate tax outcome may differ from the amounts recorded in our financial statements and if Opera were required to re-file our taxes based on an adverse tax judgment, it could materially affect our financial results during the relevant period(s).

#### Competition

Opera's competitors include some of the largest technology, advertising, IT and telecommunication companies in the world, with significantly larger financial resources and headcount and broader distribution channels than Opera has. These large companies have a greater financial capacity to make strategic acquisitions, invest in new technology and research and development, market their products, and compete for customers. Furthermore, due to the dynamic nature of the market, there is always a risk that our large competitors, and even smaller startup competitors, could take a large share of the markets in which we are operating within a very short period of time, by developing more attractive products and taking customers away from our own products and services.

#### R&D / Product development

Opera's revenue is dependent on expanding our user base and customer base by developing and marketing products that are more attractive than our competitors' products. If the attractiveness of our products does not continuously improve and evolve to keep pace with the industry, we will have challenges retaining our current user base and gaining new customers. Our competitors are constantly improving their products and associated services. In order to stay competitive, Opera has to invest significant resources in research and development. Investing significantly in R&D is, however, no guarantee that consumers and customers will, in fact, find our products to be attractive enough to begin or continue using them, as it is impossible to accurately predict the behavior of our consumer and business customers.

#### Customer/Partner risk

There is always a risk that existing customers will terminate or fail to renew their contracts with us if, for example, Opera's technology does not remain competitive enough to provide value to our customers or our customers' products, which incorporate Opera's technology, or does not generate revenue and users as the customer expected. There is also a risk that

#### REVENUE CURRENCY\*

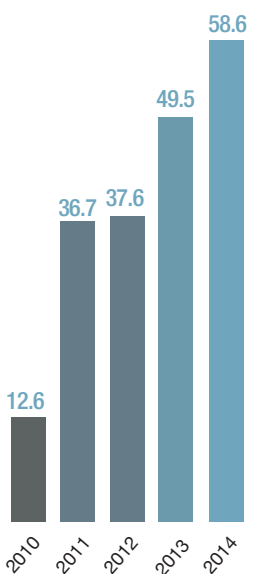


78 % USD  
13 % EUR  
3 % GBP  
3 % CNY  
2 % Other currencies

\*PLEASE NOTE THAT SOME REVENUE NUMBERS ARE IMPACTED BY CHANGES IN LOCAL CURRENCIES, WHICH ARE THE BASIS FOR INVOICING OF CUSTOMERS. THESE EFFECTS ARE NOT SPECIFIED ABOVE.

#### OPERATING CASH FLOW

[NUMBERS IN \$ MILLION]





consumers will stop using Opera's technology and begin using a competitor's technology and that our brand and performance advertising customers work with our competitors instead of us for advertising campaigns. The negative impact of a loss of customers and/or end users on Opera's revenues and business could be significant. Loss of large customers or a change in the commercial terms of that deal would negatively harm our revenues and business. Similarly, not being able to attract new customers, partners and consumers to our products would have a negative impact on revenues and business.

#### Data-center risk

Many of our products and services are dependent on the continuous operation of data centers and computer hosting and telecommunications equipment. If Opera's internal IT systems fail or are damaged, or if a third party gains unauthorized access to such systems and data is lost or compromised, it could have a material impact on Opera's operations. Downtime can, for example, hurt our reputation with our consumer customers, as well as increase the risk of damage claims and monetary penalties from our customers.

If our data centers malfunction or become damaged, service can be interrupted for long periods of time. Damage can result from any number of factors, including natural disasters, such as earthquakes, floods, lightning strikes, and fires, terrorist attacks, power loss or failure, telecommunication equipment failures, severed or damaged fiber optic cables, computer viruses, security breaches, sabotage, vandalism, negligence of our suppliers, or deliberate attempts to harm our equipment and/or systems. Furthermore, actions or inactions of third-party hosting centers or telecommunications providers, including financial difficulties, can result in service disruption, which would have negative impact on our products and services.

If our centers or systems are subject to a security breach, customers' confidential or personal infor-

mation could be obtained and used by third parties, which could have a negative impact on our brand and the market perception that we are a reliable company, as well as subjecting us to significant regulatory fines or claims or damages from our customers.

For certain business models, we depend on internal systems to collect and produce accurate statistics regarding the use of our products and services, especially for products that rely on an active user royalty model. Failures or malfunctioning of these systems can have a significant impact on our financial results. Failure to adequately back up our internal systems can also have a material impact on the running of our business.

#### Brand name

Opera has a strong brand name in our markets. In order to expand our user- and customer base, we must maintain and strengthen the "Opera" brand by producing excellent products and services and maintaining and improving end users' and customers' perceptions of Opera. Issues such as data privacy and security issues, product and service outages, compatibility issues, and product/service malfunctions can have a negative impact on our brand name, which can, in turn, impact our results and business.

Opera is exposed to reputational risk, as Opera is heavily reliant on browser products and other related products and services, while maintaining a relatively low marketing budget. In the past, Opera's reputation has been spread via word of mouth by satisfied users and customers. Failure to continue to release and develop high-quality, user-friendly and customer-attractive products and services would adversely impact our reputation, this marketing channel and Opera's business.

#### Growth or change in headcount

Our business has always experienced growth and dynamic change, which may require an increase in

headcount and/or the need to restructure the work force's competence, leading to downsizing and the rehiring of people with different skill sets. If we fail to manage this growth and change effectively, the quality of our products, services and technology could be negatively affected, and our business and operating results could be impacted. Our presence and expansion in many international markets amplifies these risks due to multiple legal and regulatory systems, languages, cultures and customs. Failing to improve our operational, financial, management, reporting and compliance procedures continuously could negatively impact our growth and financial position.

#### Senior management and key employees

Executing on our strategic objectives depends on our ability to attract and retain key executives and members of senior management, as well as skilled personnel, including software engineers and developers. There is strong competition for employees in our business, and our competitors often try to lure away our personnel. If our competitors are able to offer more competitive compensation arrangements and/or more attractive workplaces, our ability to attract and retain key employees will be hampered. Losing members of the team can negatively affect our ability to execute on our strategic objectives and compete effectively.

#### Regulatory risk

Opera operates on a global scale and is therefore subject to regulatory regimes across the globe. Not only is it a challenge for a company the size of Opera to remain current on all the regulatory regimes that may apply to Opera at any one time, but also some regulators have a particular interest in the markets within which Opera is operating. As a result, Opera may become subject to increased regulatory scrutiny in the future. If lawmakers and regulators make new laws or interpret current laws in different ways or subject Opera to regulatory scrutiny, Opera may be required to, for example, invest significant amounts

of money to participate in or defend ourselves in regulatory proceedings in multiple jurisdictions and to adapt our products and services to conform to the regulatory regimes in multiple jurisdictions. Such product adaptations may be very costly and might ultimately result in Opera's products and services becoming less attractive to our customers and end users and/or in Opera being forced to maintain different software builds for different countries.

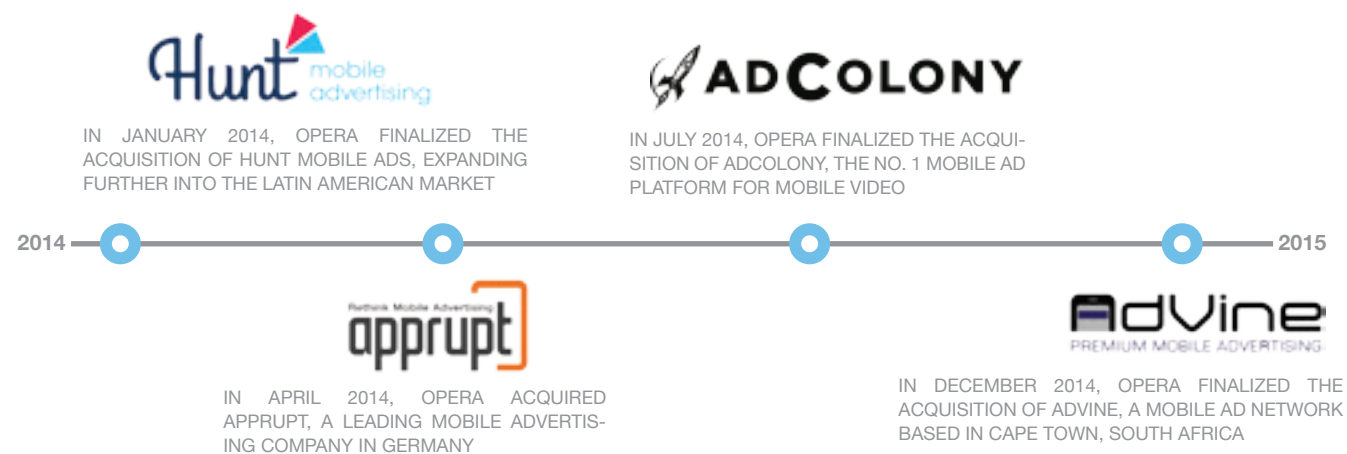
#### Lawsuits, government investigations and other claims

Opera has many customers, partners and end users around the world, and, as a result, we can be exposed to lawsuits, government investigations and other claims or proceedings on a global basis. Such lawsuits, investigations and proceedings could be related to, for example, intellectual property (issues including trademark and patent suits), labor law issues, commercial lawsuits, data protection and privacy matters, consumer law, marketing law, tax issues and so forth. All such proceedings can have a significant impact on Opera, whether or not we are ultimately successful, due to the legal cost and the internal resources we would have to employ to defend ourselves. In the event of an adverse result against Opera in such a proceeding, Opera could be required to pay significant monetary damages or fines and/or re-design our products or services, causing a material impact on Opera's business, financial results, operations and cash flow.

Intellectual property lawsuits are very common in the market within which Opera operates. Regardless of the merits of such lawsuits, they are extremely expensive to defend and litigate, and the damages awarded in such suits can be high. In addition, Opera has contractually undertaken to indemnify certain of our customers and partners, so, in the event they are sued for alleged intellectual property infringement, Opera would be required to defend them and pay their damages. Furthermore, an adverse judgment could require Opera to cease using certain



## ACQUISITIONS IN 2014



technologies in our products or names for our products, requiring Opera to re-engineer or re-name our products. Compared to Opera, many of our competitors own large numbers of patents and other intellectual property rights. Although we do seek patent protection for certain innovations, we may not have sufficient protection for important innovations. Furthermore, because many large companies are able to settle intellectual property lawsuits by cross-licensing each other's technology, the fact that our patent portfolio is not as extensive as our competitors' portfolios could have a negative impact in a cross-licensing situation.

#### Acquisitions

Opera has made a number of acquisitions in the past and will likely make future acquisitions. Acquisitions and other strategic transactions can create operational and integration challenges, diversion of management attention, dilution, cultural challenges, assumption of liabilities or debt, and other challenges that can impact our business and results. In addition, making such acquisitions requires significant costs for legal and financial advice and can take management's focus away from achieving other strategic objectives.

#### Fluctuations

Opera's operating results fluctuate from period to period, due to, for example, changing business models and factors that are outside our span of control. Furthermore, our business and the market are dynamic and evolving, and our spending has historically been cyclical in nature and user traffic tends to be seasonal.

#### Other factors

Risk factors not mentioned above and which are currently believed to be immaterial, or which are currently not known, could also materialize in a manner which could lead to a material adverse effect on the Opera Group's business, operations and financial position.

#### Shareholders and equity-related issues

As of December 31, 2014, Opera Software ASA had 143,201,613 outstanding shares. Total stock-based compensation expenses for employees in 2014 were \$11.3 million (parent company: 2.5), compared to \$4.0 million (parent company: 1.0) in 2013.

As of December 31, 2014, the Group's equity was \$367.3 million (parent company: \$314.6 million).

#### Coverage of the loss

The total comprehensive income for the period for Opera Software ASA was \$-15.5 million in 2014. The Board of Directors recommends a NOK 0.26 per share dividend payment for the 2014 accounting year. The proposed dividend payout is consistent with Opera's dividend policy. The dividend disbursement amounts to approximately \$4.7 million based on a NOK/USD exchange rate of 8.0. The Board proposes that the total comprehensive loss is covered by other equity. As the financial statements for the parent company are reported according to IFRS, the total comprehensive loss is covered by other equity.

#### Going concern

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on the going concern principle.

#### Subsequent events

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

For announcements of new contracts, please see the announcements published on the Oslo Stock Exchange website ([www.oslobors.no](http://www.oslobors.no)).

#### Share incentive program

The Annual General Meeting held on June 14, 2011,

approved a stock incentive program. The maximum number of options to be granted during 2011, 2013, 2014 and 2014 is 11,950,000. This represents slightly less than 10% of the registered share capital of the Company. However, options cannot be granted if the aggregate of all issued, un-exercised, and not-terminated options represents more than 10% of the then-registered share capital of the Company. No employee can be granted options annually which in value exceed 200% of that employee's base salary. The value is to be based on valuation principles for options as applied under IFRS and in accordance with Opera's financial statements. The options are to be granted in accordance with the Company's standard option agreement as approved by the Ordinary General Meeting in 2010, which means that the vesting structure is 50% after 3 years and 50% after 4 years, with a strike price equal to the market price at grant. After June 14, 2011, and up to June 3, 2014, 5,448,850 options have been granted under the program. All grants have been made in accordance with approved program. The options program expired in June 2014 and was replaced by a restricted stock unit program, see below for further information.

At the Annual General Meeting in June 2014, the Board of Directors and the Company's shareholders adopted a program for the granting 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).

#### Stock Buyback Program

During 2014, Opera purchased 2,500,000 own shares for \$34.7 million.

#### Shareholders

As of December 31, 2014, there were 143,201,613 (132,288,232 as of December 31, 2013) shares outstanding. The Company had 4,525 (2013: 3,638) shareholders at year's end. At that time, 56.7% (2013: 57.7%) of the shares were held in Norway-based accounts, 14.8% (2013: 16.4%) in U.K.-based accounts, 9.9% (2013: 7.7%) in U.S.-based accounts and 18.6% (2013: 18.2%) in accounts based elsewhere.

A key concept in Opera's approach to corporate governance is the equal treatment of shareholders. Opera has one class of shares and all shares are freely transferable (with possible exceptions due to foreign law restrictions on sale and offering of securities). Opera is not aware of any agreements between shareholders that restrict the ability to transfer shares or cast votes. All shares in the Company carry equal voting rights. Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be explained. Where the Board of Directors







#### PRIORITIES 2015

Opera's key operational priorities in 2015 include continuing to

- Grow revenue and users (smart-phones).
- Expand usage and monetization of Opera's owned and operated properties.
- Increase revenue from Mobile Publishers and Advertisers (Opera Publisher Partner members), by expanding Opera's demand-side advertising reach and capabilities.
- Grow the desktop user base.
- Increase overall profitability and margins.

resolves to carry out an increase in the share capital and waive the preemption rights of the existing shareholders on the basis of a mandate granted to the Board, an explanation will be publicly disclosed in a stock exchange announcement issued in connection with the increase of the capital. Please see the section entitled "Principles of corporate governance" in the Annual Report for more information.

#### Environmental statement

Opera understands the importance of protecting the environment.

Opera shall:

- Act according to environmental laws.
- Commit to using environmentally safe products in the workplace.
- Evaluate the consumption of energy and other resources to determine means of control.
- Ensure the development of environmentally protective procedures.

#### 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, the Company continues to deliver a very compelling value proposition to our burgeoning mobile consumer base, providing a fast and data saving, and therefore cheaper, browsing experience. Opera's strategy is to capitalize on our 275 million plus 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 apps. Opera expects to generate solid revenue growth from our mobile-consumer user base in 2015 versus 2014, due to much larger mobile advertising revenue streams in particular from our owned and operated mobile properties, including the Speed Dial page and the Smart Page.

Moreover, Opera continues to drive a compelling value proposition for operators, helping them increase data and services revenue streams and profitability via smartphone-targeted products such as the cloud-based Rocket Optimizer™ solution

Within Opera's Mobile Publisher & Advertiser business (Opera Publisher Partner members), Opera expects to generate meaningfully more revenue from this business in 2015 compared to 2014, as Opera continues to ramp up revenue from brand and performance advertisers and app developers.

Opera's key operational priorities in 2015 include continuing to (i) 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; (ii) increase revenue from Mobile Publishers and Advertisers (Opera Publisher Partner members), by expanding Opera's demand-side advertising reach and capabilities; (iii) sign operator agreements for Opera's existing and new products and services, including the Rocket Optimizer™ solution; (iv) grow Opera's desktop user base, particularly in Russia/CIS and emerging markets; and (v) increase Opera's overall profitability and margins.

## Report from the Board of Directors — Parent company information only

Below, please find financial information and commentary on Opera Software ASA, the Opera Software parent company. Please note that the numbers and comments below are only applicable to the parent company and not for the Group. However, the information described above for the Group is also applicable for the parent company, except for the information below.

#### FINANCIAL SUMMARY

The company's operating revenues grew by 16.6% to \$198.0 million in 2014 (2013: 169.8). Operating expenses increased by 19.2% to \$156.1 million (2013: 131.0), with non-headcount expenses increasing primarily due to higher intercompany costs related to purchases of marketing and technical services from the subsidiaries and an overall increase in marketing expenses. The company delivered EBIT (excluding costs for restructuring the business) of \$41.8 million (2013: 38.7), an increase of 8.1%, and profit before income taxes (including costs for restructuring the business) ended at \$5.1 million (2013: 74.9). Income taxes were \$20.7 million (2013:

17.4), and the Company's profit for the period was \$-15.5 million (2013: 57.6). Earnings per share was USD -0.11 (USD 0.47), and diluted earnings per share was USD -0.11 (USD 0.46).

Net cash flow from operating activities in 2014 totalled \$-9.2 million (2013: 69.3). The company's cash balance in 2014 was impacted positively by pre-tax profits and proceeds from share issues of \$125.9 million (2013: 87.2). Opera's cash balance in 2014, versus 2013, was reduced by \$118.6 million (2013: 143.7) related to acquisitions, \$4.2 million (2013: 2.1) for capital expenditure and \$5.2 million (2013: 4.4) related to dividends. As of December 31, 2014, the Company had a cash balance of \$74.3 million (2013: 128.4) and \$0 (2013: 0) in interest-bearing debt. The Company's interest-coverage was 7 (2013: 55), and the equity ratio was 54% (2013: 77%).

It is the Board's opinion that the annual accounts provide a true and fair view of the Company's activities in 2014.

Oslo, April 29, 2015

Sverre Munck  
Chairman

Marianne Blystad

Christian Mauricio Uribe Espinoza  
Employee Representative

Audun Wickstrand Iversen

Andre Christensen

Krystian Kolondra  
Employee Representative

Kari Stautland

Erik Möller  
Employee Representative

Lars Boilesen  
CEO



## Statement by the Board of Directors and the Chief Executive Officer

### The Board of Directors and the Chief

The Board of Directors and the Chief Executive Officer (CEO) have reviewed and approved the Board of Directors' report and the financial statements for Opera Software Group and Opera Software ASA as of December 31, 2014, (Annual Report for 2014).

The consolidated financial statements and the financial statements for the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations adopted by the International Accounting Standards Board (IASB). The consolidated financial statements have also been prepared according to applicable regulations and paragraphs in the Norwegian Accounting Act and the relevant paragraphs in the Security Trading Act.

### To the best of our knowledge:

- The consolidated financial statements and the financial statements for the parent company for 2014 have been prepared in accordance with applicable accounting standards.
- The consolidated financial statements and the financial statements for the parent company give a true and fair view of the assets, liabilities, financial position and profits as a whole as of December 31, 2014, for the Group and the parent company.
- The Board of Directors' report for the group and the parent company includes a true and fair review of:
  - The development and performance of the business and the position of the Group and the parent company
  - The principal risks and uncertainties the Group and the parent company face

Oslo, April 29, 2015

Sverre Munck  
Chairman

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Employee Representative

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Employee Representative

Lars Boilesen  
CEO



# Consolidated group annual accounts report 2014 Opera Software ASA

The consolidated group annual accounts report for Opera Software ASA contains the following documents:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Consolidated notes to the financial statements

*The consolidated financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.*

## Consolidated statement of comprehensive income

		1/1 - 12/31	1/1 - 12/31
<i>Numbers in \$ million, except per share amounts</i>	<b>Note</b>	<b>2014</b>	<b>2013</b>
Revenue	1, 2, 5	480.8	300.1
<b>Total operating revenue</b>		<b>480.8</b>	300.1
Cost of goods sold	1, 2, 5	137.8	58.2
Payroll and related expenses, excluding stock-based compensation expenses	3, 5	143.6	104.6
Stock-based compensation expenses	3	11.3	4.0
Depreciation, amortization, and impairment expenses	7	65.9	20.8
Other operating expenses	3, 4, 5, 7, 14	81.5	50.8
<b>Total operating expenses</b>		<b>440.0</b>	238.3
<b>Operating profit ("EBIT"), excluding restructuring costs</b>		<b>40.8</b>	61.8
Restructuring costs	12	3.2	2.5
<b>Operating profit ("EBIT")</b>		<b>37.6</b>	59.3
Interest income	5	2.3	2.2
Other financial income	5	40.1	15.9
Interest expenses	5	(3.7)	(4.2)
Other financial expenses	5	(24.2)	(7.8)
Interest expense related to contingent consideration	11	(18.6)	(17.0)
FX gains (losses) related to contingent consideration, net	11	(31.6)	(6.3)
Revaluation of contingent consideration	11	(31.8)	28.8
Share of the profit (loss) from associated companies	8	(10.3)	(3.3)
<b>Profit (loss) before income taxes</b>		<b>(40.2)</b>	67.5
Income taxes	6	18.0	7.2
<b>Profit (loss)</b>		<b>(58.1)</b>	60.3
<b>Items that will not be transferred to profit (loss)</b>			
Foreign currency translation differences		3.8	(0.2)
<b>Total comprehensive income (loss)</b>		<b>(54.4)</b>	60.1
<b>Profit (loss) attributable to:</b>			
Owners of Opera Software ASA		(58.1)	60.3
Non-controlling interests		0.0	0.0
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of Opera Software ASA		(54.4)	60.1
Non-controlling interests		0.0	0.0
<b>Earnings per share:</b>			
Basic earnings per share (USD)	15	(0.424)	0.490
Diluted earnings per share (USD)	15	(0.424)	0.479



Consolidated statement of financial position

Numbers in \$ million	Note	12/31/2014	12/31/2013
<b>Assets</b>			
Deferred tax assets	6	27.0	23.6
Goodwill	7, 8	318.4	149.5
Other intangible assets	7, 8	116.5	46.6
Property, plant and equipment	7	20.5	15.4
Other investments	8, 10	0.0	2.3
Other non-current assets	4, 8, 10	2.0	2.6
<b>Total non-current assets</b>			
		<b>484.5</b>	240.1
Accounts receivable	5, 10	150.8	94.0
Other receivables	6	35.9	35.6
Cash and cash equivalents	5	138.2	163.4
<b>Total current assets</b>			
		<b>324.8</b>	292.9
<b>Total assets</b>			
		<b>809.3</b>	533.0

Consolidated statement of financial position

Numbers in \$ million	Note	12/31/2014	12/31/2013
<b>Shareholders' equity and liabilities</b>			
Share capital	9	0.4	0.4
Share premium		258.2	184.2
Other reserves		23.5	18.9
Other equity		85.3	110.4
<b>Total equity</b>			
		<b>367.3</b>	314.0
<b>Liabilities</b>			
Financial lease liabilities	5	1.4	0.0
Other non-current liabilities	5, 10	60.1	60.1
Provisions	10, 11	140.5	14.8
<b>Total non-current liabilities</b>			
		<b>202.0</b>	74.9
Financial lease liabilities	5	1.3	0.0
Accounts payable	10	46.1	22.2
Taxes payable	6	12.5	20.2
Public duties payable		9.9	9.8
Deferred revenue	5	9.0	17.9
Stock-based compensation liability	3	0.3	0.0
Other current liabilities	5, 10	61.0	29.1
Provisions	10, 11	99.8	44.9
<b>Total current liabilities</b>			
		<b>240.0</b>	144.1
<b>Total liabilities</b>			
		<b>441.9</b>	219.0
<b>Total equity and liabilities</b>			
		<b>809.3</b>	533.0

Oslo, April 29, 2015



Sverre Munck  
Chairman



Marianne Blystad



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Employee Representative



Audun Wickstrand Iversen



Andre Christensen



Krystian Kolondra  
Employee Representative



Kari Stautland



Erik Möller  
Employee Representative



Lars Boilesen  
CEO



Consolidated statement of cash flows

		1/1 - 12/31	1/1 - 12/31
Numbers in \$ million		2014	2013
<strong>Cash flow from operating activities</strong>			
Profit (loss) before taxes		(40.2)	67.5
Taxes paid	6	(38.9)	(13.0)
Depreciation expense	7	34.8	20.8
Profit (loss) from sales of property, plant and equipment		(0.1)	(0.0)
Impairment of intangible assets	7, 12	31.0	0.0
Changes in accounts receivable **		(25.9)	(29.5)
Changes in accounts payable		(2.2)	(1.1)
Changes in other liabilities and receivables, net		16.2	2.9
Equity method accounting for associate companies	8	11.2	7.3
Share-based remuneration	3	9.7	3.4
Interest and FX related to contingent payment */ ***	8, 11	82.0	(5.5)
FX differences related to changes in balance sheet items		(19.1)	(3.1)
<strong>Net cash flow from operating activities</strong>		<strong>58.6</strong>	49.5
<strong>Cash flow from investment activities</strong>			
Proceeds from sale of property, plant, and equipment		3.9	0.0
Capital expenditures	7	(14.1)	(10.2)
Capitalized R&D costs ****	4, 7	(11.5)	(14.4)
Acquisitions ***	8	(144.7)	(62.7)
Other investments*****	8	(9.1)	(7.9)
<strong>Net cash flow from investment activities</strong>		<strong>(175.5)</strong>	(95.2)
<strong>Cash flow from financing activities</strong>			
Proceeds from exercise of treasury shares (incentive program)	9	2.8	1.5
Proceeds of share issues, net (incentive program)	9	3.6	8.4
Proceeds of share issues, net (equity increase)	9	125.9	87.2
Proceeds from sale of shares	8	0.0	0.7
Proceeds from loans and borrowings	5	0.0	60.0
Payments of loans and borrowings	5	0.0	(1.6)
Payment of finance lease liabilities	5	(0.7)	0.0
Dividends paid	9	(5.2)	(4.4)
Purchase of treasury shares	9	(34.7)	0.0
<strong>Net cash flow from financing activities</strong>		<strong>91.7</strong>	151.9
<strong>Net change in cash and cash equivalents</strong>		<strong>(25.2)</strong>	106.2
Cash and cash equivalents (beginning of period)		163.4	57.2
<strong>Cash and cash equivalents *****</strong>		<strong>138.2</strong>	163.4

\* Interest income and interest expenses are included in Profit (loss) before taxes. Interest paid and interest received are recognized in the same year that interest income and interest expenses are recognized in the consolidated statement of comprehensive income with the exception of interest related to re-evaluation of the contingent payments related to acquisitions. Conversion differences and interest related to re-evaluation of the contingent payments are recognized on a separate line as net cash flow from operating activities.

\*\* Changes in unbilled revenue are included in changes in accounts receivables.

\*\*\* In 2014, a cash payment of \$9.5 million related to the acquisition of the Microsoft Xpress browser user base associated with the Xpress mobile browser business unit of Microsoft has been included in Acquisitions.

\*\*\* In 2014, the following cash payments relating to individually immaterial business transactions have been included in Acquisitions:
- Earnout payments of \$20.0 million
- Payments of \$3.7 million that were set in escrow.
Net cash of \$0.8 million, existing on the acquisition date, has been netted in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\* In 2014, a cash payment of \$93.4 million for Jirbo Acquisition Company, Inc. (DBA: AdColony) has been included in Acquisitions. At the same time, a second payment of \$25.0 million was set in escrow. Net cash of \$21.1 million, existing on the acquisition date, has been netted in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\* In 2014, the escrow agent repaid \$14.0 million of the indemnity escrow fund to Opera as Skyfire Labs did not meet the per-

formance targets related to the escrow portion of the earnout. The payments have been included in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\* In 2014, Opera paid 2013 earnout payments of \$11.4 million relating to individually immaterial business transactions. The payments have been included in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\* In 2014, Opera paid the 2013 earnout payment of \$31.3 million related to the Mobile Theory acquisition agreement. \$7.0 million of the 2013 earnout payment had no cash effect in 2014. The payment has been included in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\* In 2014, Opera paid the 2013 earnout payment of \$4.8 million and released an escrow payment of \$1.0 million related to the 4th Screen Advertising acquisition agreement. The escrow release payment had no cash effect in 2014. The payment has been included in Acquisitions. Please see notes 8 and 11 for more information.

\*\*\*\* In 2014, \$11.5 million (2013: 14.4) of Opera's investment in product development was capitalized in the consolidated statement of financial position.

\*\*\*\*\* In 2014, Opera invested \$11.0 million in nHorizon Innovation together with a loan grant of \$6.0 million. In addition, nHorizon Innovation repaid a loan of \$8.0 million. Please see note 8 for more information.

\*\*\*\*\* As of December 31, 2014, the conversion discrepancy loss recognized on cash and cash equivalents was \$3.7 million (2013: 3.1).



Consolidated statement of changes in equity

<i>Numbers in \$ million</i>	Number of shares	Share capital	Share premium	Other reserves	Reserve for treasury shares	Trans- lation 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 (loss)							(58.1)	(58.1)
Other comprehensive income								
Foreign currency translation differences						3.8		3.8
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	3.8	(58.1)	(54.4)
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	0.9	0.0	3.5					3.6
Issue of ordinary shares related to equity increase	10.0	0.0	125.8	0.0				125.9
Treasury shares acquired	(2.5)				(34.7)			(34.7)
Treasury shares sold	1.0				0.0		2.8	2.8
Tax deduction on equity issuance costs			1.0				5.0	6.1
Share-based payment transactions				9.7				9.7
Total contributions by and distributions to owners	9.4	0.0	130.4	9.7	(34.7)	0.0	2.6	108.1
Other equity changes								
Other changes			(0.2)				(0.1)	(0.3)
Total other equity changes	0.0	0.0	(0.2)	0.0	0.0	0.0	(0.1)	(0.3)
Balance as of 12/31/2014	141.7	0.5	317.2	30.6	(34.7)	5.5	48.2	367.3

**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 NOK 800 million, and the transaction expenses amount to NOK 27.5 million. Net proceeds of \$125.9 million has been reflected in the equity reconciliation. The capital increase was paid to the company and registered in the Business Register in July 2014.

**Face value of the shares**  
The face value of the shares is NOK 0.02.

**Other reserves**  
Other reserves consist of option and RSU costs recognized

according to the equity settled method and issued shares registered in the period after the current financial year.

**Reserve for treasury shares**  
The reserve for the Group's treasury 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

<i>Numbers in \$ million</i>	Number of shares	Share capital	Share premium	Other reserves	Reserve for own shares	Trans- lation 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	143.7
Comprehensive income for the period								
Profit for the period							60.3	60.3
Other comprehensive income								
Foreign currency translation differences						(0.2)		(0.2)
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	(0.2)	60.3	60.1
Contributions by and distribu- tions to owners								
Dividend to equity holders							(4.4)	(4.4)
Issue of ordinary shares related to business combinations	2.0	0.0	13.2		0.0		0.0	13.2
Issue of ordinary shares related to the incentive program	2.7	0.0	8.4					8.4
Issue of ordinary shares related to equity increase	8.0	0.0	87.2					87.2
Treasury shares acquired								0.0
Treasury shares sold	0.3				0.0		1.5	1.5
Tax deduction on equity issuance costs			0.9				0.0	0.9
Share-based payment transactions				3.4				3.4
Total contributions by and distributions to owners	13.1	0.0	109.7	3.4	0.0	0.0	(2.9)	110.2
Other equity changes								
Other changes			(0.0)				0.0	(0.0)
Total other equity changes	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.0)
Balance as of 12/31/2013	132.3	0.4	186.9	20.9	0.0	1.8	103.8	314.0



## Note 1. Significant accounting principles and general information

### General information

Opera Software ASA (the “Company”) is a company domiciled in Norway. The Company’s principal offices are located at Gjerdrums vei 19, Oslo, Norway. The company is a public limited company that is listed on the Oslo Stock Exchange under ticker OPERA.

The consolidated financial statements of the Group for the year ended December 31, 2014, comprise the Company, its subsidiaries Hern Labs AB, Opera Distribution AS, Netview Technology AS, Jirbo, Inc. (AdColony), and Opera Software International AS (which, in turn, includes the subsidiaries (directly and indirectly)) 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., AdColony Uk Limited, Jirbo Acquisiton Company, Inc., Jirbo Holdings, Inc., Advine Mobile Advertising Network Proprietary Ltd., Opera Software Brazil Ltda., Opera Software Financing Limited, Opera Financing AS, 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 December 31, 2014, Opera Software International AS had branches in Japan, Taiwan and Poland.

### Statement of compliance

The consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and the interpretations adopted by the International Accounting Standards Board (IASB). The consolidated and parent company financial statements have also been prepared according to applicable regulations and paragraphs in the Norwegian Accounting Act and the relevant paragraph in the Securities Trading Act.

These consolidated and parent company financial statements have been approved by the Board of Directors on April 29, 2015 and will be proposed to/are subject to approval by the Annual General Meeting June 2, 2015.

### Basis of preparation

The consolidated and parent company financial statements have been prepared on a historical cost basis.

The consolidated and parent company financial statements are presented in US dollars (USD), rounded to the nearest million, unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

Except for liabilities for derivative financial instruments, cash-settled, share-based payment arrangements and contingent considerations obtained in business combinations, no other assets or liabilities are recognized at their fair value. Assets and liabilities in the business combinations are valued at fair value at the acquisition date according to IFRS 13. No subsequent changes in fair value are recognized except for impairment losses. Receivables and debts are assumed to have a market value equal to the carrying amount.

The preparation of consolidated and parent financial statements, in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

Judgments made by management in the application of IFRS, which have a significant effect on the consolidated and parent company financial statements and estimates, with a significant risk of material adjustment in the next year, are discussed in note 13.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and parent company financial statements.

The accounting policies have been applied consistently by Group entities.

### Changes in accounting policies

The Group has not changed its accounting policies during the 2014 financial year.

### Adoption of new and revised policies and standards and interpretations

The Company adopted IFRS 10 “Consolidated Financial Statements”, and IFRS 12 “Disclosure of interests in other entities”. Further, the Company adopted the changes to IAS 27 “Consolidated and Separate Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”. The adopted standards do not have a significant impact on the consolidated financial statements.

### Basis of consolidation

#### Business combinations

From January 1, 2010, the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method. Subsidiaries are included in the consolidated financial statements from the date the Group effectively obtains control of the subsidiary (acquisition date) and until the date the Group ceases to control the subsidiary. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

#### Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in the profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not premeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquirer’s awards) and relate to past services, then all or a portion of the amount of the acquiree’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

#### Acquisitions between January 1, 2004, and January 1, 2010

For acquisitions between January 1, 2004, and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group’s interest in the recognized amount (generally, fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurred in connection with business combinations, were capitalized as part of the cost of the acquisition.

#### Acquisitions prior to January 1, 2004 (date of transition to IFRS)

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. A portion of the goodwill relates to the purchase of Hern Labs AB. As the goodwill existed before January 1, 2004, the goodwill is based on the amount recognized according to NGAAP. Goodwill from the purchase of Hern Labs AB recognized as of December 31, 2010, has the same value as goodwill as of January 1, 2004.

#### Subsidiaries – consolidated financial statements

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### Loss of control - associates and jointly controlled entities

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### Investments in associates - associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognized initially

at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income, after adjustments, to align the accounting policies of the associate with those of the Group from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

#### Investments in subsidiaries – parent company

For investments in subsidiaries, associates and jointly controlled entities, the cost method is applied. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken as income. Dividends exceeding the portion of retained profit after the acquisition are reflected as a reduction in cost price. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount.

Investments in subsidiaries, associates and jointly controlled entities are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

#### Transactions eliminated on consolidation

Intra-group balances, any unrealized gains and losses, or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

#### Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners, and, therefore, no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

### Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate prevailing on that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are recognized at fair value are translated to USD at foreign exchange rates prevailing on the date the fair value was determined.

#### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from consolidation, are trans-



lated to USD at foreign exchange rates prevailing on the balance sheet date. Revenues and expenses of foreign operations are translated to USD using the approximate foreign exchange rates prevailing on the transaction date. Foreign exchange differences arising from re-translation are recognized directly in a separate component of equity.

Property, plant and equipment

Owned assets  
Property, plant and equipment are recognized at cost, less accumulated depreciation (see below) and impairment losses (see accounting policy regarding impairment).

Where parts of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leased assets  
Leases, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's statement of financial position.

Expenses concerning the upgrading of leased premises have been capitalized and are amortized over the remaining term of the contract.

Subsequent costs  
The Group recognizes, in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. All other costs are recognized in the statement of comprehensive income as an expense as incurred.

Depreciation  
Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- |                           |                |
|---------------------------|----------------|
| • Leasehold improvements  | Up to 6 years  |
| • Machinery and equipment | Up to 10 years |
| • Fixtures and fittings   | 5 years        |

The residual value, if not insignificant, is reassessed annually.

Intangible assets

Goodwill  
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see above.

Goodwill is recognized at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortized but is tested annually for impairment (see accounting policy regarding impairment).

Negative goodwill arising on an acquisition is recognized directly in the profit or loss.

Research and development  
Expenses related to research activities, which are expected to lead to scientific or technological knowledge and understanding, are recognized as costs in the statement of comprehensive income in the period they are incurred.

The Group develops specifically designed browsers for use in its customers' products. A fee is paid to the Group for this service, and this fee should cover the costs related to the development of these custom-made browsers. As the customer's payment covers the development costs, these costs are not reported in the statement of financial position.

Cost of building new features, together with significant and pervasive improvements of the core platform, provided that the significant and pervasive improvements of parts or main components of the core platform will generate probable future economic benefits, are capitalized as development costs and amortized on a straight-line, 3-year basis.

A significant portion of the work that engineering performs (beyond specifically designed browsers) is related to the implementation of the ongoing updates that are required to maintain the browser's functionality. Examples of updates include "bug fixes", updates made to comply with changes in laws and regulations, and updates made to keep pace with the latest web trends. These costs are expensed as maintenance costs.

Other intangible assets  
Other intangible assets, excluding deferred tax assets (see accounting policy regarding income tax) that are acquired by the Group, are recognized at cost less accumulated amortization (see below) and impairment losses (see accounting policy regarding impairment).

Subsequent expenditure  
Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization  
Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at each balance sheet date.

Financial instruments

Non-derivative financial instruments  
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially measured at fair value plus transaction costs, except for those non-derivative financial instruments classified as at fair value through profit or loss, which are initially measured at fair value without transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Derivative financial instruments  
From time to time, the Group holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value; associated transaction costs are recognized in the profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognized in the profit or loss. No hedge accounting has been applied.

Trade and other receivables  
Trade and other receivables are recognized at their cost less impairment losses (see accounting policy regarding impairment).

Cash and cash equivalents  
Cash and cash equivalents comprise cash balances and call deposits. Deposits in money market funds are included in cash and cash equivalents, as the funds can be withdrawn from the money market fund at will.

Impairment

Financial assets  
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets  
The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The cash-generating unit is considered to be the acquired companies except for Hern Labs AB, Netview Technology AS and Opera Software Poland Sp. z o.o. Please see note 8 for further information. Impairment losses are recognized in the statement of comprehensive income.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognized in the profit or loss.

Calculation of recoverable amount  
The recoverable amount of the Group's assets is the greater of their fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment  
An impairment loss in respect of goodwill is not reversed.

With respect to other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount do not exceed the carrying

amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Determination of fair values**  
The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**Dividends**  
Dividends on shares are recognized as a liability in the period in which they are declared.

**Distributions of non-cash assets to owners of the Company**  
The Group recognizes a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value. The carrying amount of the dividend is re-measured at each reporting date and at the settlement date, with any changes recognized directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognizes the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in the profit or loss.

**Treasury shares**  
The purchase and sale of treasury shares have been recognized directly in equity.

**Employee benefits — Defined contribution plans**  
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

**Restructuring**  
A provision for restructuring costs is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been publicly announced. Further, operating losses are not provided for.

**Termination benefits**  
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for restructuring. If benefits are not expected to be settled within 12 months of the end of the reporting period, then they are discounted.

**Share-based payment transactions**  
The share option program allows Group employees to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting. For options granted between March 2007 and June 15, 2010, 20% of the options vest after one year, another 20% after two



years, 25% after three years and the last 35% after four years. For options granted from June 16, 2010, 50% of the options vest after three years and the last 50% after four years. Option costs related to the options granted in 2007-2014 are accrued according to the principle of graded vesting. Those employees, who were granted options in 2007-2014, are responsible for the social security taxes. Opera pays the social security taxes but is reimbursed by the employee. The employees can exercise the options until three years after they have vested. This condition is included in the calculation of the fair value of the options.

In 2014, the Board of Directors and the Company's shareholders adopted a program for the granting of equity compensation in the form of restricted stock unit ("RSU") awards to the executive officers and other employees of the Group (the "RSU Program"). The RSU Program has replaced the Group's previous program authorizing the grant of options to the executive officers and other employees of the Group. The RSU Program can be summarized as follows:

- 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).

Restricted Stock Unit Plans are measured at the grant date using the current market value reduced by expected dividends paid before the vesting date, which is then further discounted.

Provisions

A provision is recognized in the statement of financial position when the Group has a currently existing legal or constructive obligation as a result of a past event, and it is probable that a future outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The fair value of a contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities (i.e., probability-weighted). Since a part of the contingent consideration is long-term in nature, it is discounted to present value.

Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Trade and other payables

Trade and other payables are recognized at cost.

Revenue recognition

The Company has the following primary sources of revenue:

- Licenses/royalties
- Development fees
- Maintenance, support and hosting
- Search
- Advertising
- Application and content
- Payment
- Subscription

Opera's main revenue recognition principles are as follows: Opera only recognizes revenues when: (i) persuasive evidence of an arrangement exists (i.e. signed agreement), (ii) delivery of the product and/or service has occurred, (iii) revenue is fixed and determinable, and the amount of revenue can be measured reliably and (iv) collection of payment is reasonably assured.

Licenses/royalties

Customer device agreements typically involve multiple sources of revenue, including license/royalty income, development fees, and maintenance and support. For customer contracts where development and customization have already been completed, or, if no development or customization is required, Opera typically recognizes license/royalty revenue in the same period as the customer ships the devices with Opera preinstalled. In cases where Opera is not preinstalled, Opera recognizes license/royalty income when the customer or customer's customer downloads the Opera browser to its device.

In some contracts, the customer prepays for a minimum number of copies of the customized browser. Opera receives this license/royalty fee irrespective of whether the customer actually uses or ships the number of minimum licenses. Where there is significant customization of the browser or significant engineering is required to port the browser to the operating system, the prepaid minimum license/royalty fees are recognized on a percentage-of-completion basis along with the development fee revenue. Where there is no customization, no significant customization of the browser is required, or, if there is no porting or no significant engineering is required to port the browser to the operating system, the prepaid minimum license/royalty fees are typically recognized when the master copy of the product is delivered to the customer. For certain agreements, a customer commits on contract signature to pay, on an installment basis, for a fixed or unlimited number of licenses over an extended time period. In these cases, provided that Opera has no substantive customization obligations attached to these committed licenses; Opera recognizes revenues on these licenses in the accounting period in which the installment payment is due from the customer, as these contracts include extended payment terms.

Opera also enters into customer agreements for a customer-branded or joint customer/Opera "co-branded" version of our Opera Mini product offering (typically with operators), where license/royalty income is generated over a defined period predicated on the number of active users of the browser in that period (where an active user is generally defined as a user who uses the Opera Mini browser to access the internet at least once in that period). Opera also enters into agreements with operators where a portion of revenue generated by the operator from data services and content is shared with Opera. For these revenue-share agreements, Opera typically hosts the Opera Mini solution and recognizes the revenue according to revenue-share reports provided by the operator. For the active user agreements, Opera typically

hosts the Opera Mini solution and recognizes the revenue based on the active user information the Company has available from its own computer servers. Opera also enters into customer agreements where the customer pays for delivery of an unlimited number of copies of active user licenses in a limited time frame with no future obligations for Opera. These revenues are recognized on an installment basis, as these contracts include extended payment terms. Some customers also pay a fee that covers the set-up of the co-branded Opera Mini product and the right to use the co-branded product technology, links, trademarks, etc., as specified in the agreements. These revenues are typically recognized ratably over the term of the agreements.

Development fees

Development fees are recognized in the month the service is provided. Development fees, or non-recurring engineering, where the Company customizes the browser for its customers and/or ports the browser to an operating system, typically spans a number of accounting periods. Consequently, a portion of the revenue is taken each period using the percentage of completion method. This calculation is made by taking the total number of hours delivered during an accounting period divided by the total estimated hours to fulfill the terms of the contract. The total estimated hours to fulfill the contract are constantly monitored by the Company and updated periodically where appropriate. The portion of revenue not yet invoiced to the customer is presented as unbilled revenue. Percentage of completion calculations are made using the contract currency and converted to USD.

Maintenance, support and hosting

Maintenance, support and hosting revenues are recognized ratably over the term of the maintenance, support and hosting agreements with the customer.

Search

Search revenue is generated when an Opera user conducts a qualified search using an Opera search partner (such as Google and Yandex) through the built-in combined address and search bar provided in Opera's desktop and mobile browsers.

Advertising

Opera recognizes revenue based on the activity of mobile users viewing ads through Opera-owned properties, developer applications and mobile websites. Our revenue is recognized when our advertising services are delivered based on the specific terms of the advertising contract, which are commonly based on the number of ads delivered, or views, clicks or actions by users on mobile advertisements. At that time, our services have been provided, the fees charged are fixed or determinable, persuasive evidence of an arrangement exists, and collectability is reasonably assured.

Opera sells advertising on several bases: CPM (cost per thousand), where Opera charges advertisers and recognizes revenue based on when an ad is delivered to a consumer; CPCV (cost per completed video view), where Opera charges advertisers and recognizes revenue based upon a completed view of a mobile video advertisement; CPC (cost per click), where Opera charges advertisers and recognizes revenue for each ad clicked on by a consumer; and CPA (cost per action), where Opera charges advertisers and recognizes revenue each time a consumer takes a specified action, such as downloading an application. The vast majority of our revenue today is earned on a CPM and CPCV basis, although Opera expects advertising revenue delivered on a CPC and CPA basis to increase in the future.

For the revenue generated through Opera-owned properties, revenue is reported on a gross basis, as Opera is the principal in our transactions with advertisers. Opera is responsible for identifying and contracting with third-party advertisers, establishing the selling prices of the advertisements sold, and performing all

billing and collection activities, including retaining credit risk, as well as bearing sole responsibility for fulfillment of the advertising. Accordingly, Opera acts as the principal in these arrangements and, therefore, reports revenue earned and costs incurred related to these transactions on a gross basis.

In the normal course of business, Opera acts as an intermediary in executing transactions with third parties. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether Opera is acting as the principal or an agent in our transactions with advertisers. The determination of whether Opera is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, in reaching our conclusions on gross versus net revenue recognition, Opera places the most weight on the analysis of whether Opera is the primary obligor in the arrangement. For agreements where Opera has a contractual relationship with both the publisher and the associated advertisement supplier, Opera is responsible for identifying and contracting with third-party advertisers, establishing the selling prices of the advertisements sold and performing all billing and collection activities, including retaining credit risk, as well as bearing sole responsibility for fulfillment of the advertising. Accordingly, Opera acts as the principal in these arrangements and, therefore, reports revenue earned and costs incurred related to these transactions on a gross basis. For agreements where the publisher has a direct contractual relationship with the advertiser, revenue is recognized on a net basis, as Opera is not the primary obligor and does not assume the fulfillment and credit risk.

Opera also offers additional services to assist in both forecasting and/or transmission of information between publishers and advertisers. Opera recognizes revenue once our services have been provided, the fees charged are fixed or determinable, persuasive evidence of an arrangement exists and collectability is reasonably assured.

Application and content

Content revenue is generated when a user purchases a premium application from the Opera-branded Opera Mobile Store (OMS), a subscription from a "co-branded" mobile store, or a white-label, operator-controlled version of the mobile store. When a transaction occurs in OMS, Opera collects the payment and shares a percentage of the revenue with the developer. When a transaction occurs in a "co-branded" or an operator-controlled version of the mobile store, two payment methods will exist. The user may pay using the Opera Payment Exchange, in which case Opera would collect and share a percentage of the revenue with both the operator and the developer, or the user may use a form of carrier billing, where the operator would collect the payment and share a portion of the revenue with Opera, who would in turn share a percentage of revenue with the developer. The revenue occurs on a transaction basis, and is recognized in the period in which the transaction occurs.

Payment

Payment revenue is generated through the Opera Payment Exchange (OPX), when a user completes a transaction using a payment service that was made available via OPX. Opera generally receives a percentage of the transaction value, and the revenue is recognized in the period in which the transaction occurs.

Subscription

Subscription revenue is generated by Opera's VPN service for smartphones, tablets, and computers. There are both paid premium subscription based VPN offerings with unlimited data as well as a free option with monthly renewing data limits. For the paid premium subscription based VPN service, Opera offers subscriptions that can be renewed for a range of periods, generally



monthly or annually, all of which require payment in advance. Revenue is recognized on a straight line basis over the period in which the subscription relates. That portion of the revenue recorded as received in advance is carried on the balance sheet as deferred revenue. In addition to periodic subscriptions, revenue is generated through hardware sales of Private Browser keys that plug into the USB port to fully secure the user's internet connection. This product is acquired through a one-time payment and in return the user is given unlimited data protection as long as the user possesses the USB key. Revenue from the sale of the USB hardware is recognized in the period the product is sold.

Bundled agreements

Some agreements are bundled agreements, where Opera receives a fee that covers development, licenses, maintenance, and other services. The total fee is allocated to the different elements, if measurable, and the allocated fee is recognized according to the principles described above.

**Cost of goods sold**

Cost of goods sold comprises publisher costs and the cost of licenses purchased from third-party suppliers. Publisher costs consist of the agreed-upon payments Opera makes 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. Opera recognizes publisher cost at the same time we recognize the associated revenue. License costs are the costs of licenses purchased from third-party suppliers.

**Other income (costs)**

Material income and costs, which are not related to the normal course of business, are classified as other operating income (cost).

**Expenses**

Lease payments

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of comprehensive income as an integral part of the total lease expense.

Minimum lease payments made under finance leases are apportioned between the finance expense and the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Other finance income and costs comprise foreign exchange gains and losses and contingent consideration, which are recognized in the statement of comprehensive income.

Interest income is recognized in the statement of comprehensive income as it accrues, using the effective interest method.

Dividend income is recognized in the statement of comprehensive income on the date upon which the entity's right to receive payments is established.

**Income tax**

Income tax on the profit or loss for the year comprises current and deferred taxes. Income tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the

balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Taxes paid abroad for the parent company will be deducted in Norwegian taxes if the Company has taxes payable in Norway. If Opera has no Norwegian taxes payable, the taxes paid abroad will be carried forward as a deductible in future taxes payable.

**Financial risk management**

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated and parent company financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies have been established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss that exists due to the potential failure of a customer or counterparty meeting their contractual obligations. Credit risk arises principally from the Group's customer receivables.

The Group's exposure to credit risk is primarily influenced by the characteristics of each customer. The majority of the Group's customers are large global companies. Each new customer is analyzed individually for creditworthiness, and large customers are arranged by region and monitored by the account executive responsible for that region. The guidelines for extending credit to customers are determined by management and the credit risk exposure is evaluated continuously.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individual exposures. The provision for bad debt is determined case by case upon evaluation of each customer in addition to a collective loss component. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.

The Board has instructed management to invest surplus cash in instruments with low credit and liquidity risk. Investments are only made in funds operated by institutions rated by S&P or Moody's, with a minimum rating of BBB or Baa2, respectively.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The majority of the financial risk that the Group carries, as a result of its subsidiaries, relates to foreign exchange fluctuations. The Group is exposed to currency risk on both sales and purchases.

Capital management

In order to achieve the Company's aggressive, long-term objectives, the policy has been to maintain a solid equity-to-asset ratio and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company has issued options to its employees in accordance with its objective that employees shall hold company shares.

From time to time, the Group purchases its own shares on the market, as determined by the Board of Directors, if mandated by the General Assembly. These shares are primarily intended to be used for the issuing of shares under the Group's share option and RSU programs.

**Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include share options granted to employees.

**Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

**New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and inter-

pretations are not yet effective for the year ending December 31, 2014, and have not been applied in preparing these consolidated and parent company financial statements.

The most significant new standards are:

- IFRS 9 Financial instruments
- IFRS 15 Revenue from Contracts with Customers

**IFRS 9 Financial Instruments**

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, and hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9. The Standard is not yet approved by the EU. The Company expects to implement IFRS 9 from January 1, 2018. The standard is not expected to have a significant effect on the consolidated and parent company financial statements.

**IFRS 15 Revenue from Contracts with Customers**

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The Standard is not yet approved by the EU. The Company expects to implement the amendments from January 1, 2017. The standard is not expected to have a significant effect on the consolidated and parent company financial statements.



Note 2. 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 prop- erties, such as license, search, and advertising revenue) and ad- vertising revenue generated from the Opera Advertising Network (i.e., non-Opera-owned-and-operated properties) primarily from Opera’s AdColony, AdMarvel, Mobile Theory, 4th Screen Adver- tising, Hunt, Apprupt, Advine and Opera Mediaworks subsidiaries.

Opera’s chief operating decision makers are members of the Ex- ecutive 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.

Based on the above, Opera has determined that it has one seg- ment. Please see note 1 for a definition of products and services for each reportable segment.

Revenue by region <i>[Numbers in \$ million]</i>	2014	2013
EMEA	160.2	104.0
Americas	281.4	166.3
Asia Pacific	39.1	29.9
Total	480.8	300.1

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 Op- era’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 prod- ucts are actually used.

In 2014, there were no customers that accounted for more than 10% of total Group revenues.

Revenue attributed to customers domiciled in the United States amounted to \$271.6 million (2013: 161.7).

Revenues attributed to Norway for 2014 amounted to \$1.0 million (2013: 0.1), and revenue attributed to all foreign countries in total amounted to \$479.7 million (2013: 300.1).

Non-current assets <i>[Numbers in \$ million]</i>	2014	2013
Non-current assets located in Norway	30.7	25.3
Non-current assets located in foreign countries	426.7	191.2
Total	457.4	216.5

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

Assets located in the United States account for \$371.1 million (2013: 167.2) of the total non-current assets. The vast majority of

the value is related to the acquisitions described in more details in note 8.

A more detailed overview of the assets domiciled in Norway is provided in the “Statement of financial position” for the parent company.

Cost of goods sold <i>[Numbers in \$ million]</i>	2014	2013
Publisher cost	137.8	58.2
License cost	0.0	0.0
Total	137.8	58.2

**Publisher cost** consists of the agreed-upon payments we make to publishers for their advertising space in which we deliver mo- bile 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 that we recognize the associated revenue.

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

Revenue type <i>[Numbers in \$ million]</i>	2014	2013
Licenses/royalties	109.7	84.2
Development fees	11.1	7.6
Maintenance, support and hosting	7.4	7.7
Search	46.8	55.3
Advertising	303.9	142.7
Application and content	1.7	1.6
Subscription	0.2	1.1
Total	480.8	300.1

Revenue by customer type <i>[Numbers in \$ million]</i>	2014	2013
Mobile Operators	67.3	62.1
Mobile Consumers (Opera owned-and-operated properties)	52.9	37.9
Mobile Publishers and Advertisers (Opera Publisher Partner Members)	272.8	119.1
Desktop Consumers	62.2	60.9
Device OEMs	24.7	18.3
Other	0.8	1.7
Total	480.8	300.1

**Mobile Operators:** 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 enable; (ii) the Rocket Optimizer™ solution, which allows mobile operators to leverage cloud computing to optimize and compress video and other multi-media traffic on crowded mobile 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) Opera Web Pass, which allows us- ers to easily buy time-based or content-based mobile data pack- ages 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; (iv) Opera’s Sponsored Web Pass, where operators are able to facilitate adver- tisers sponsoring free internet browsing for their subscriber base, enabling operators to generate advertising revenue and (v) the Opera Subscription Mobile Store, an operator-branded version of the Opera’s consumer-focused Opera Mobile Store, which is the third largest application store in the world by number of down- loads. The Opera Subscription Mobile Store allows operators to provide unlimited downloads of thousands of premium apps and games for a small weekly subscription fee, under their own brand names. The Opera Subscription Mobile Store enables Operators to generate new recurring revenue streams.

**Mobile Consumers (Opera-owned-and-operated properties):** Opera has around 277 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 Smart Page, the Opera Mobile Store and the Discover feature. These Opera-owned-and-operated properties are expect- ed to be monetized primarily via mobile advertising, mobile search and mobile applications.

**Mobile Publishers and Advertisers (Opera Network Mem- bers):** 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 ul- timate mission is both to help publishers increase revenue from their mobile properties and content and advertisers to reach and acquire potential customers.

**Desktop Consumers:** Since the first public release in 1995, Opera has continuously delivered browser innovation to desktop PCs. Opera for computers 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, as well as expanding our user base in other markets.

**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 applica- tions 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 sys- tems using web technologies, such as HTML5 and CSS, HbbTV and OIPF, while accelerating time to market for new consumer electronic devices.



Note 3. Payroll expenses and remuneration to management

Payroll expenses <i>[Numbers in \$ million]</i>	2014	2013
Salaries/bonuses	105.1	74.9
Social security cost	14.7	10.4
Pension cost	3.6	2.9
Stock-based compensation expense. including social security cost	11.3	4.0
Other payments	11.2	9.5
Consultancy fees for technical development	8.9	7.0
<b>Total</b>	<b>154.9</b>	<b>108.6</b>
Average number of employees	1 249	985

The company has incorporated the requirements set out by the Mandatory Occupational Pensions Act (“Obligatorisk Tjeneste Pensjon”).

Compensation to the CEO and Chairman of the Board

The CEO has waived his rights under Section 15-16 of the Norwegian Working Environment Act of 2005 relating to employees’ protection, termination of employment contracts, etc.

As compensation, the CEO is entitled to receive a termination amount of two years’ base salary if the employment contract is terminated by the Company.

As of December 31, 2014, there was no existing severance agreement between Opera and the Chairman of the Board.

The Group has not given any loans or security deposits to the CEO, the Chairman of the Board or their related parties.

A bonus program exists for the senior Executive Team at Opera. For each individual executive, a limit is set for the amount of bonus that can be achieved. The size of the bonus payment is dependent on actual company performance compared to a set of predefined targets. The bonus program and predefined targets are approved by the Remuneration committee and the Board of Directors.

An accrual for all 2014 bonuses for senior executives has been recognized in the consolidated financial statements. Bonuses will be paid in 2015.

Independent auditors

The total fees billed by independent auditors during 2014 was \$ 0.5 million (2013: 0.5). This is broken down as follows:

Audit fees <i>[Numbers in \$ million]</i>	2014	2013
Audit and audit related services	0.5	0.3
Assurance services	0.0	0.0
Tax services	0.0	0.0
Other service	0.0	0.1
<b>Total</b>	<b>0.5</b>	<b>0.5</b>

Employee Stock Option Plan

The Company has established a stock option program for eligible employees.

Modification to the option program in June 2014

The strike price of non-vested options was adjusted for the dividend of NOK 0.24 that was paid out following the resolution of the Annual General Meeting.

Approval of maximum number of options

The Annual General Meeting held on June 14, 2011, passed the following resolutions:

a) The maximum number of options to be granted during 2011, 2012, 2013 and 2014 is 11,950,000. This represents slightly less than 10% of the registered share capital of the Company. However, options cannot be granted if the aggregate of all issued, unexercised and not-terminated options represents more than 10% of the then-registered share capital of the Company.

b) No employee can be granted options annually that in value exceed 200% of that employee’s base salary. The value is to be based on valuation principles for options as applied under IFRS and in accordance with Opera Software’s financial statements.

c) The options are to be granted in accordance with the Company’s standard option agreement as approved by the Ordinary General Meeting in 2010, which means that the vesting structure is 50% after 3 years and 50% after 4 years, with a strike price equal to the market price at grant.

d) No changes are made to the already approved standard option agreement. The proposal does not constitute any authority for the Board to change the terms in the standard agreement, including strike price and time of vesting, for the options that may be granted, and does not include the possibility to grant options to Board members.

After June 14, 2011, and up to June 3, 2014, 5,448,850 options have been granted under the program. All grants have been made in accordance with approved program. The options program ex-

pired in June 2014 and was replaced by a restricted stock unit program, see below for further information.

Restricted stock units

At the Annual General Meeting in June 2014, the Board of Directors and the Company’s shareholders adopted a program for the granting 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 of Directors makes exemptions in special cases).

Options - weighted average exercise price

The number and weighted average exercise price of share options are as follows:

<i>[In thousands of options]</i>	Weighted average exercise price 2014 (NOK)	Number of options 2014	Weighted average exercise price 2013 (NOK)	Number of options 2013
Outstanding at the beginning of the period	34.75	7 109	26.68	9 577
Terminated (employee terminations)	40.85	329	34.64	314
Forfeited during the period	0	0	0	0
Expired during the period	0	0	26.00	3
Exercised during the period	30.50	1 936	24.79	3 035
Granted during the period	76.25	900	35.05	885
Outstanding at the end of the period		5 744		7 109
Exercisable at the end of the period		1 358		1 226

The fair value of services received in return for stock options granted is measured by using the Black & Scholes option pricing model.

The expected volatility is based on historic volatility (calculated using the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information.

Share options are granted under service conditions, not market-based conditions. Such conditions are not taken into account in the grant date fair-value measurement. There are no market conditions associated with the share option grants.

For both 2014 and 2013, an annual average attrition rate of 15% is used. This average attrition rate, and the employees responsibility for paying the Company’s contributions related to the options, are taken into consideration when estimating the cost of the options in accordance with IFRS 2. Given that employees have the right to exercise their options one or three years after the vesting date (depending on when the options were granted), the estimate is based on an assumption that the employees, on average, are exercising their options 18 months after the vesting date.

The total number of options granted in 2014 was 900,000 (2013: 1,335,000).

Fair value of share options and assumptions <i>[Numbers in NOK]</i>	2014	2013
Fair value at measurement date (average per option)	29.25	12.72
Expected volatility (weighted average)	45.95	45.00
Option life (adjusted for expectations of early exercise)	5.00	5.00
Expected dividends	0.00	0.00
Risk-free interest rate (based on national government bonds)	2.16	1.90

Options that have not yet vested shall be adjusted for any dividend paid out during the vesting period.



The table below shows the number of options issued to employees at various strike prices and exercise dates.

Exercise price <i>[In thousands of options]</i>	Total outstanding options		Vested options		
	Outstanding options per 12/31/2014	Weighted average remaining lifetime	Weighted average exercise price (NOK)	Vested options 12/31/2014	Weighted average exercise price (NOK)
10.00 - 12.30					
12.30 - 15.00					
15.00 - 20.00	310.30	0.95	18.83	310.30	18.83
20.00 - 25.00	590.50	3.02	21.13	590.50	21.13
25.00 - 30.00	1 569.51	3.62	27.11	444.50	26.92
30.00 - 35.00	877.50	5.50	34.39	12.50	31.86
35.00 - 40.00	1 511.17	4.92	37.60		
40.00 - 45.00					
45.00-	885.00	6.72	76.01		
<b>Total</b>	5 744	4.52	37.45	1 358	22.60

Exercise price = strike price

The table below shows the date, number and achieved selling price of options exercised.

Date of exercise <i>[In thousands of options]</i>	Number of exercised options	Achieved selling price (NOK)
1/6/2014	250	83.92
3/11/2014	48	78.90
7/4/2014	81	80.45
9/1/2014	587	86.85
12/1/2014	971	90.12

Restricted stock units

The total number of RSUs granted in 2014 was 1 874 855.

Fair value of RSUs and assumptions

<i>[Numbers in NOK]</i>	2014	2013
Fair value at measurement date (average per RSU)	75.53	n/a
Spot Price at grant	75.85	n/a
Expected dividends to reduce fair value (PV)	0.32	n/a
RSU life	2.00	n/a
Risk-free interest rate (based on national government bonds)	1.56	n/a

Restricted Stock Units	2014 Shares	Weighted Average Exercise Price
Outstanding at the beginning of period		
Granted	1 874 855	0.02
Transferred in	4 000	0.02
Exercised		
Released		
Cancelled		
Forfeited		
Expired		
Adjusted quantity		
Performance adjusted	-6 365	0.02
Transferred out	-4 000	0.02
Outstanding at the end of period	1 868 490	0.02
Vested options		
Weighted Average Fair Value of Options Granted during the period	1 874 855	75.53
Intrinsic value outstanding options at the end of the period	1 874 855	178 073 728
Intrinsic value vested options at the end of the period		

Estimated performance levels for unvested RSUs are estimated to be at 100 % of the performance targets.

Compensation to executive management

Compensation to executive management 2014

<i>[Numbers in \$ million]</i>	Remu- neration	Salary	Bonus	Other compen- sation	Pension compen- sation	Benefit exercised options/ RSUs	Total compen- sation
<b>Executives</b>							
Lars Boilesen, Chief Executive Officer		0.62	0.55	0.05	0.10	3.93	5.25
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer		0.43	0.33	0.30	0.01		1.07
Rikard Gillemyr, EVP Product Development		0.29	0.20	0.00	0.00	1.10	1.60
Tove Selnes, CHRO		0.27	0.15	0.03	0.03	0.72	1.19
Andreas Thome, CCO		0.31	0.44	0.00	0.03	2.01	2.80
Mahi de Silva, CEO Opera Mediaworks		0.32	0.22	0.00	0.01	0.39	0.93

The Board of Directors

Arve Johansen, Chairman until June 2014	0.14					0.22	0.36
Sverre Munck, Chairman from June 2014	0.05						0.05
Gregory Gerard Coleman, Board Member until June 2014	0.04					0.08	0.13
Andre Christensen, Board Member from June 2014	0.03						0.03
Kari Stautland, Board Member	0.05						0.05
Audun Wickstrand Iversen, Board Member	0.05					0.10	0.15
Marianne Blystad, Board Member	0.05						0.05
Christian Uribe, Board Member - Employee Representative	0.01	0.13	0.00	0.00	0.01		0.15
Krystian Kolondra, Board Member - Employee Representative	0.01	0.14	0.03			0.36	0.54
Erik Möller, Board Member - Employee Representative	0.01	0.10	0.00	0.00		0.00	0.11

The Nomination Committee

Jakob Iqbal, Chairman	0.01						0.01
Michael Tetzschner, Member	0.00						0.00
Nils Foldal, Member	0.00						0.00
<b>Total</b>	0.45	2.61	1.93	0.38	0.19	8.92	14.48

Presented above are the bonuses earned in 2014 and paid in 2015, which are based on the 2014 results.

from the Company or any business owned by the Company, except that mentioned above.

Other remuneration mentioned in the Norwegian Accounting Act § 7-31b has no relevance for the Company.

There has been no significant additional compensation given to directors with regard to special services performed outside of their normal function.

The Executive Team is included in the Company's employee pension scheme, which is a defined contribution plan.

Sverre Munck was elected as Chairman of the Board in June 2014. Andre Christensen was elected as a Board Member in June 2014.

There has been no compensation or other economic benefit provided to any member of the Executive Team or Board of Directors



Compensation to executive management 2013

<i>[Numbers in \$ million]</i>	Remu- neration	Salary	Bonus	Other compen- sation	Pension compen- sation	Benefit exercised options	Total compen- sation
<b>Executives</b>							
Lars Boilesen, Chief Executive Officer		0.61	0.63	0.05	0.10	5.53	6.93
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer		0.40	0.37	0.09	0.04	2.61	3.52
Rikard Gillemyr, EVP Product Development		0.31	0.24	0.00	0.03	1.05	1.63
Tove Selnes, EVP Human Resources		0.27	0.16	0.04	0.03	0.38	0.88
Andreas Thome, EVP Commercial and Operations		0.31	0.48	0.00	0.03	1.22	2.05
Mahi de Silva, EVP Consumer Mobile		0.27	1.19	0.00		0.04	1.49
Jeffrey S. Glueck, EVP Operator Solutions, director from March 14, 2013		0.23					0.23
<b>The Board of Directors</b>							
Arve Johansen, Chairman	0.10					0.05	0.15
Gregory Gerard Coleman	0.09						0.09
Kari Stautland, Board Member	0.05					0.13	0.18
Audun Wickstrand Iversen, Board Member	0.05					0.03	0.08
Marianne Blystad, Board Member	0.04						0.04
Christian Mauricio Uribe Espinoza, Employee Representative	0.01	0.14		0.00	0.01	0.04	0.20
Krystian Kolondra, Employee Representative from February 1, 2013	0.02	0.12	0.00	0.00		0.08	0.21
Erik Möller, Employee Representative from February 1, 2013	0.02	0.09	0.01				0.12
<b>The Nomination Committee</b>							
Jakob Iqbal, Chairman	0.01						0.01
Michael Tetzschner, Member	0.01						0.01
Nils Foldal, Member	0.01						0.01
Total	0.39	2.75	3.08	0.19	0.25	11.18	17.84

Presented above are the bonuses earned in 2013 and paid in 2014, which are based on the 2013 results.

Other remuneration mentioned in the Norwegian Accounting Act § 7-31b has no relevance for the Company.

The Executive Team is included in the Company's employee pension scheme, which is a defined contribution plan.

There has been no compensation or other economic benefit provided to any member of the Executive Team or Board of Directors from the Company or any business owned by the Company, except that mentioned above.

There has been no significant additional compensation given to directors with regard to special services performed outside of their normal function.

Christian Mauricio Uribe Espinoza was re-elected as the Company's Employee Representative in 2012. Effective from February 1, 2013, Stig Halvorsen and Karl Anders Øygard have stepped down as Employee Representatives, while Erik Möller and Krystian Kolondra have joined the Board of Directors as Employee Representatives.

Options to executive management 2014

There are no existing agreements regarding the dispensation of loans or security deposits to key personnel, members of the board or their related parties.

The following table shows the number of options held by executive management.

<i>[In thousands of options]</i>	Opening balance	Issued options	Terminated options	Executed options	Average exercise price — A (NOK)	Closing balance	Weighted average exer- cise price — B (NOK)	Weighted average lifetime — C	Value of outstanding options (\$ million)	IFRS 2 cost for the period (\$ million)
<b>Executives</b>										
Lars Boilesen, Chief Executive Officer	700			400	27.8	300	28.31	0.92	2.7	0.0
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer	613					613	40.33	4.58	4.5	0.4
Rikard Gillemyr, EVP Product Development	663			88	37.6	575	37.25	4.08	4.5	0.3
Mahi de Silva, CEO Opera Mediaworks	88			44	28.4	44	28.16	0.01	0.4	0.0
Tove Selnes, CHRO	158			78	31.6	80	39.48	5.35	0.6	0.1
Tom Christian Gotschalksen, EVP Mobile Services	150		150						0.0	0.0
Andreas Thome, CCO	753			233	31.9	520	42.41	4.76	3.7	0.4
<b>Total</b>	<b>3 123</b>		<b>150</b>	<b>841</b>		<b>2 131</b>			<b>16.3</b>	<b>1.2</b>

A — average exercise price for options executed in the financial year  
B — average exercise price for the number of options held by the end of the financial year



The table below shows option and RSU grants in 2014, and option and RSU costs in 2014  
(in thousands of options and RSUs, cost in \$ million)

2014	Options		RSUs	
	Granted	2014 Cost	Granted	2014 Cost
<b>Executives</b>				
Lars Boilesen, Chief Executive Officer			120	0.42
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer		0.38	20	0.07
Rikard Gillemyr, EVP Product Development			10	0.04
Tove Selnes, CHRO		0.28	20	0.07
Andreas Thome, CCO		0.42	20	0.07
Mahi de Silva, CEO Opera Mediaworks		0.03	115	0.40
<b>The Board of Directors</b>				
Arve Johansen, Chairman until June 2014		(0.29)		
Sverre Munck, Chairman from June 2014				
Gregory Gerard Coleman, Board Member until June 2014		(0.15)		
Andre Christensen, Board Member from June 2014				
Kari Stautland, Board Member		0.02		
Audun Wickstrand Iversen, Board Member				
Marianne Blystad, Board Member		0.00		
Christian Uribe, Board Member - Employee Representative	20	0.01		
Krystian Kolondra, Board Member - Employee Representative	50	0.10		
Erik Möller, Board Member - Employee Representative				
<b>The Nomination Committee</b>				
Jakob Iqbal, Chairman				
Michael Tetzschner, Member				
Nils Foldal, Member				
Total	70	0.81	305	1.07

Options to executive management 2013  
There are no existing agreements regarding the dispensation of loans or security deposits to key personnel, members of the board or their related parties.

The following table shows the number of options held by executive management.

	Opening balance	Issued options	Terminated options	Executed options	Average exercise price — A (NOK)	Closing balance	Weighted average exer- cise price — B (NOK)	Weighted average lifetime — C	Value of outstanding options (MUSD)	IFRS 2 cost for the period (MUSD)
<i>[In thousands of options]</i>										
<b>Executives</b>										
Lars Boilesen, Chief Executive Officer	1 500		800	18.2	700	19.14	1.63	6.4	0.4	
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer	923		311	14.9	613	32.86	5.58	4.4	0.4	
Rikard Gillemyr, EVP Product Development	785		123	11.7	663	27.05	4.54	5.1	0.4	
Mahi de Silva, EVP Consumer Mobile	131		43	28.6	88	28.40	0.51	0.8	0.1	
Tove Selnes, EVP Human Resources	179	50	72	22.2	158	27.75	5.51	1.3	0.1	
Tom Christian Gotschalksen, EVP Mobile Services	150				150	37.58	5.93	1.0	0.1	
Andreas Thome, EVP Sales & Marketing	972		220	24.0	753	31.88	5.33	5.5	0.5	
Total	4 640	50	1 567		3 123			24.6	1.8	

A — average exercise price for options executed in the financial year  
B — average exercise price for the number of options held by the end of the financial year



The table below shows option and RSU grants in 2013, and option and RSU costs in 2013  
(in thousands of options and RSUs, cost in \$ million)

2013	Options	
	Granted	2013 Cost
Executives		
Lars Boilesen, Chief Executive Officer		0.35
Erik C. Harrell, Chief Financial Officer/Chief Strategy Officer		0.38
Rikard Gillemyr, EVP Product Development		0.36
Tove Selnes, EVP Human Resources	50	0.09
Andreas Thome, EVP Commercial and Operations		0.48
Mahi de Silva, EVP Consumer Mobile		0.05
Jeffrey S. Glueck, EVP Operator Solutions, director from March 14, 2013		
The Board of Directors		
Arve Johansen, Chairman		0.43
Gregory Gerard Coleman		0.16
Kari Stautland, Board Member		0.02
Audun Wickstrand Iversen, Board Member		0.00
Marianne Blystad, Board Member		0.01
Christian Mauricio Uribe Espinoza, Employee Representative		0.00
Krystian Kolondra, Employee Representative from February 1, 2013	60	0.06
Erik Möller, Employee Representative from February 1, 2013		
The Nomination Committee		
Jakob Iqbal, Chairman		
Michael Tetzschner, Member		
Nils Foldal, Member		
Total	110	2.41

Shares, options, RSUs owned by members of the Board and the Chief Executive Officer as of December 31, 2014

Name							Weighted average strike price - options (NOK)	Weighted average strike price - RSUs (NOK)
[In thousands of shares and options]	Commission	Shares	Options	RSUs	Total			
Sverre Munck	Chairman	20	0	0	20			
Kari Stautland **	Board Member	7 437	30	0	7 467		31.86	
Andre Christensen	Board Member	0	0	0	0			
Audun Wickstrand Iversen ***	Board Member	25	18	0	43		21.90	
Marianne Blystad ****	Board Member	110	30	0	130		23.66	
Christian Mauricio Uribe Espinoza *****	Board Member	0	25	0	25		65.00	
Krystian Kolondra *****	Board Member	0	140	0	140		47.70	
Erik Möller *****	Board Member	1	0	0	1			
Lars Boilesen	Chief Executive Officer	10	300	120	430		18.90	0.02
		7 603	543	120	8 255			

\* Sverre Munck, with family owns 100 % of Libras AS, which owns 20 000 shares.  
\*\* Kari Stautland owns 100% of Arepo AS, which owns 7 437 120 shares.  
\*\*\* Audun Wickstrand Iversen holds 25 000 shares through Naben AS, 100% owned by Iversen.  
\*\*\*\* Marianne Blystad holds a total of 10 000 shares and, with family, owns 100% of the shares in the investment company Spencer Trading Inc, which holds 100 000 shares.  
\*\*\*\*\* Employee representative

Shares, options and RSUs owned by other leading employees as of December 31, 2014

Name							Weighted average strike price - options (NOK)	Weighted average strike price - RSUs (NOK)
[In thousands of shares and options]	Title	Shares	Options	RSUs	Total			
Erik C. Harrell	Chief Financial Officer/Chief Strategy Officer	101	613	20	733		32.62	0.02
Rikard Gillemyr	EVP Product Development	360	575	10	945		29.10	0.02
Mahi De Silva	CEO Opera Mediaworks	20	44	115	178		28.16	0.02
Tove Selnes	CHRO	9	80	20	109		31.65	0.02
Andreas Thome	CCO	10	520	20	550		34.99	0.02
		480	1 831	185	2 496			



Shares and options owned by members of the Board and the Chief Executive Officer as of December 31, 2013

Name [In thousands of shares and options]	Commission	Shares	Options	Weighted average strike price (NOK)	Total
Arve Johansen	Chairman	70	80	30.58	150
Kari Stautland *	Board Member	9 512	30	32.10	9 542
Alberto Torres	Board Member	0	30	32.10	30
Audun Wickstrand Iversen**	Board Member	90	30	22.14	120
Marianne Blystad***	Board Member	110	30	23.90	130
Christian Mauricio Uribe Espinoza ****	Board Member	0	5	21.20	5
Krystian Kolondra ****	Board Member	0	130	30.18	130
Erik Möller ****	Board Member	0			0
Lars Boilesen	Chief Executive Officer	10	700	19.14	710
		9 792	1 035		10 817

\* Kari Stautland owns 100% of Arepo AS, which owns 9 512 120 shares.  
\*\*Audun Wickstrand Iversen holds 90 000 shares through Naben AS, 100% owned by Iversen.  
\*\*\* Marianne Blystad holds a total of 10 000 shares and, with family, owns 100% of the shares in the investment company Spencer Trading Inc, which holds 100 000 shares.  
\*\*\*\* Employee representative

Shares and options owned by other leading employees as of December 31, 2013

Name [In thousands of shares and options]	Title	Shares	Options	Weighted average strike price (NOK)	Total
Erik C. Harrell	Chief Financial Officer/Chief Strategy Officer	77	613	32.86	690
Rikard Gillemyr	EVP Product Development	360	663	27.05	1 023
Mahi De Silva	EVP Consumer Mobile	0	88	28.40	88
Tove Selnes	EVP Human Resources	9	158	27.75	166
Jeffrey S. Glueck	EVP Operator Solutions	10			10
Tom Christian Gotschalksen	EVP Mobile Services	0	150	37.58	150
Andreas Thome	EVP Commercial and Operations	10	753	31.88	763
		466	2 423		2 888

Note 4. Other expenses, research and other non-current assets

Other expenses [Numbers in \$ million]	2014	2013
Rent and other office expenses	11.2	9.0
Equipment	4.8	3.5
Audit, legal and other advisory services	7.9	6.4
Marketing expenses	20.6	7.6
Travel expenses	8.7	7.1
Hosting expenses, excl. depreciation cost	13.6	10.5
Other expenses	14.6	6.7
Total	81.5	50.8

Research  
Engineering salaries are the primary expense incurred in terms of costs related to source code research, development, and maintenance. For 2014, engineering salaries, expensed in the financial statement, were \$31.8 million (2013: 39.3). Development costs capitalized in 2014 were \$11.5 million (2013: 14.4). For additional information, please see notes 7 and 13.

Other non-current assets  
Rental deposits in various countries comprise the majority of other non-current assets.

Note 5. Financial risk

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.

(2013: 4%) in CNY, and 2% (2013: 2%) in other currencies. See the table below for further details.

In 2014, approximately 67% (2013: 54%) of expenses were in USD, 12% (2013: 20%) in NOK, 4% (2013: 6%) in SEK, 4% (2013: 6%) in GBP, 4% (2013: 5%) in PLN, 1% (2013: 2%) in CNY, and 6% (2013: 6%) in other currencies.

Most of the Group's foreign exchange risk relates to sales and is the result of revenue contracts signed in USD, EUR, and other currencies.

As the majority of the Group's revenue is earned in USD and EUR, changes in the exchange rates have an immediate effect on the Group's revenue.

In 2014, approximately 78% (2013: 76%) of revenues were generated in USD, 13% (2013: 13%) in EUR, 3% (2013: 5%) in GBP, 3%

	2014		2013	
	\$ million	%	\$ million	%
NOK	0.3	0.07	0.3	0.12
USD	377.3	78.47	229.6	76.50
EUR	64.4	13.40	38.6	12.87
GBP	12.9	2.68	15.8	5.26
CNY	13.8	2.87	12.7	4.22
JPY	0.4	0.08	0.5	0.16
CHF	0.6	0.12	0.2	0.05
PLN	0.0	0.00	0.0	0.01
BYR	1.0	0.21	1.4	0.47
SEK	0.0	0.00	0.0	0.00
CAD	0.0	0.01	0.0	0.00
SGD	0.0	0.00	0.0	0.01
INR	0.3	0.07	0.0	0.00
AUD	0.0	0.00	1.0	0.33
ARS	6.1	1.28	0.0	0.00
MXN	2.4	0.51	0.0	0.00
BRL	0.8	0.17	0.0	0.00
ZAR	0.3	0.07	0.0	0.00
Total	480.8	100.00	300.1	100.00

Please note that some revenue numbers are impacted by changes in local currencies, which are the basis for invoicing of customers. These effects are not specified in the table above.



Conversion of the Group's revenues from foreign currencies into USD yields the following average exchange rates:

	2014	2013
NOK	0.144	0.171
EUR	1.313	1.331
GBP	1.640	1.580
CNY	0.163	0.162
JPY	0.009	0.010
CHF	1.086	1.093
PLN	0.320	0.316
BYR	0.000	0.000
SEK	0.149	0.154
CAD	0.898	0.961
SGD	n/a	0.807
INR	0.017	0.017
AUD	n/a	0.971
ARS	0.124	n/a
MXN	0.075	n/a
BRL	0.426	n/a
ZAR	0.089	n/a

A 10% increase in the average exchange rate of the USD versus other currencies would have the following positive effect on the Group's revenue:

<i>[Numbers in \$ million]</i>	2014	2013
NOK	0.0	0.0
EUR	6.4	3.9
GBP	1.3	1.6
CNY	1.4	1.3
JPY	0.0	0.0
CHF	0.1	0.0
PLN	0.0	0.0
BYR	0.1	0.1
SEK	0.0	0.0
CAD	0.0	0.0
SGD	0.0	0.0
INR	0.0	0.0
AUD	0.0	0.1
ARS	0.6	0.0
MXN	0.2	0.0
BRL	0.1	0.0
ZAR	0.0	0.0

Conversely, a 10% decrease in the average exchange rate would have a similar negative effect on the Group's revenue as shown above (\$ million).

In 2014, the Group had a foreign exchange loss of \$15.8 million (2013: gain of 1.8) that was comprised of \$4.7 million (2013: 5.5) realized foreign exchange gain and \$20.5 million (2013: 3.7) net unrealized foreign exchange loss. These figures include foreign exchange gains and losses related to contingent considerations. See note 11 for further information related to contingent considerations.

Foreign exchange contracts

During 2014 and 2013, the Group did not use forward exchange contracts to hedge its currency risk, and Opera had not entered into any foreign exchange contracts as of December 31, 2014.

Accounts receivable as of December 31, 2014, are converted using the following exchange rates: EUR 1.2143, JPY 0.0084, NOK 0.1345, GBP 1.5574, PLN 0.2836, CAD 0.8621, SEK 0.1289, CNY 0.1626, ISK 0.0079, INR 0.0158, ARS 0.1182, MXN 0.0679, BRL 0.3763, ZAR 0.0865

The receivables, as of December 31, are distributed as follows:

The numbers below are presented in local currencies.

	2014	2013
NOK	0.2	0.7
USD	75.5	45.1
EUR	14.1	9.4
GBP	4.2	3.9
CNY	22.8	7.0
JPY	1.3	0.8
PLN	0.0	0.1
BYR	(1.1)	0.0
SEK	0.0	0.0
CAD	0.0	0.0
ISK	0.0	2.1
INR	0.1	0.1
ARS	0.8	0.0
MXN	0.7	0.0
BRL	0.0	0.0
ZAR	0.3	0.0

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations.

Credit risk related to accounts receivable is assessed to be limited due to the high number of customers in the Group's customer base.

Further, the Group conducts most of its business with large global companies and has not experienced significant credit-related losses during this or previous financial years. Therefore, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables.

The customers have not committed any collateral or other means to secure their outstanding debt.

Credit risk regarding accounts receivable may be specified per region as follows:

<i>[Numbers in \$ million]</i>	2014	2013
EMEA	30.6	19.0
Americas	58.0	40.1
Asia Pacific	16.2	7.9
<b>Total</b>	<b>104.8</b>	<b>66.9</b>

Accounts receivable, as of December 31, by age, are as follows:

<i>[Numbers in \$ million]</i>	2014 Gross receivables	Provision for bad debt	2013 Gross receivables	Provision for bad debt
Not past due	49.4	0.1	17.5	0.2
Past due 0-30 days	22.3	0.0	9.7	0.0
Past due 31-60 days	11.1	0.0	14.7	0.1
Past due 61-90 days	7.3	0.0	14.0	1.2
More than 90 days	14.7	7.3	11.0	3.9
<b>Total</b>	<b>104.8</b>	<b>7.4</b>	<b>66.9</b>	<b>5.4</b>

The majority of the 2014 receivables that are more than 90 days outstanding have been paid in 2015 or are recognized as deferred revenue in the consolidated statement of financial position.

Changes in the provision for bad debt may be specified as follows:

<i>[Numbers in \$ million]</i>	2014	2013
Provision as of January 1	5.4	3.1
Change in the provision for bad debt recognized in the consolidated statement of comprehensive income	1.9	2.6
Change in the provision for bad debt not recognized in the consolidated statement of comprehensive income *	1.0	0.1
Change in the provision for bad debt not recognized in the consolidated statement of comprehensive income **	0.0	0.0
Currency adjustment	(0.8)	(0.4)
Provision as of December 31	7.4	5.4
Realized losses, recognized directly in the the consolidated statement of comprehensive income	0.4	1.3
Received from previously written-down bad debts	(0.1)	(0.0)

\* Opening balance acquisitions 2014

\*\* Currency adjustment provision as of January 1



Accounts receivables and other receivables
(Numbers in \$ million)

Table with 3 columns: Description, 2014, 2013. Rows include Accounts receivable, Unbilled revenue, Other receivables, and Total.

Accounts receivable represent the part of receivables that is invoiced to customers but not yet paid. Unbilled revenue is revenue recognized in the quarter which was not invoiced to the customers at quarter end and which will be invoiced to customers in a subsequent period.

Other receivables consists of prepayments, non-trade receivables, and escrow payments related to acquisitions. As of December 31, 2014, \$28.8 million was related to escrow payments in connection with acquisitions.

Liquidity risk

The Group had the following liquidity reserve and credit facility as of December 31, 2014:

Table with 3 columns: Description, 12/31/2014, 12/31/2013. Sections include Liquidity reserve, Cash and cash equivalents, and Liquidity reserve.

\* Cash and cash equivalents of \$7.1 million were restricted assets as of December 31, 2014. Cash and cash equivalents of \$76.3 million were restricted assets as of December 31, 2013. In addition the Group has cash and cash equivalents of \$0.1 million in Argentina which should be treated as restricted cash due to the political situation in the country \$68.7 million of the restricted cash as of December 31, 2013 was released on January 20, 2014 as it was used as part of a share capital increase in Opera Software International AS.

Table with 3 columns: Description, 12/31/2014, 12/31/2013. Section: Credit Facility.

The Group has, in June 2014, signed a new \$150 million 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.

Deferred revenue

Deferred revenue consists of prepaid license/royalty payments, prepaid maintenance and support, prepaid development fee-sand prepaid campaigns. Of the Group's total current liabilities, \$9.0 million (2013: 17.9) relates to deferred revenue, and \$6.3 million (2013: 13.3) relates to deferred revenue that has no future cash payments.

Capital management

In order to achieve the Group's ambitious, long-term objectives, the policy has been to maintain a high equity-to-asset ratio and to maintain a solid capital base so as to maintain investor, creditor and market confidence and to sustain future development of the

business. The Group still possesses a business model that anticipates considerable cash flow in the future.

The Company has issued options to the Group's employees in accordance with its objective that employees shall hold company shares.

In 2014, the Board of Directors has used its authorization to purchase the treasury shares. Please see note 9 for more information.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Finance lease liabilities

The Group leases server equipment for hosting purpose under several finance leases. Some leases provide the option to buy the equipment at the end of the leasing period. However, the Group has, as of today, no intention to exercise that option.

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance lease liabilities are payable as follows:

Table with 7 columns: Description, Future minimum lease payments (12/31/2014, 12/31/2013), Interest (12/31/2014, 12/31/2013), Present value of minimum lease payments (12/31/2014, 12/31/2013). Rows include Finance lease liabilities, Less that one year, Between one and five years, More that five years, and Total.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Group will obtain ownership by the end of the lease term.

Table with 3 columns: Description, 2014, 2013. Section: Lease expenses.



Note 6. Tax

Table with 3 columns: Tax expense [Numbers in \$ million], 2014, 2013. Rows include Current tax, Deferred tax, Tax expense related to change in tax rate, Deferred tax assets from previously unrecognized tax losses, Taxes on capital raising costs, Tax payable abroad, Too much/little tax booked previous year, and Total.

Table with 3 columns: Tax payable [Numbers in \$ million], 2014, 2013. Rows include Current tax, Tax payable abroad, Too much/little tax booked previous year, Tax settlement previous year, Prepaid tax subsidiaries/branches, Taxes on capital raising costs, Withholding tax paid to a foreign country, Tax effect on losses from sales of own shares\*, Effect of FX differences, Withholding tax utilized, and Total.

\*Booked against equity.

Table with 3 columns: Prepaid tax [Numbers in \$ million], 2014, 2013. Rows include Prepaid tax subsidiaries/branches, Withholding tax paid to a foreign country, and Sum other receivables.

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Table with 7 columns: [Numbers in \$ million], ASSETS (2014, 2013), LIABILITIES (2014, 2013), NET (2014, 2013). Rows include Inventory, office machinery, etc., Accounts receivables, Derivatives, Other liabilities, Tax value of loss carry-forwards utilized, Deferred taxes/ (tax assets), Set-off of tax, and Net deferred taxes / (tax assets).

Deferred tax assets and liabilities
Movement in temporary differences during the year

Table with 6 columns: [Numbers in \$ million], Balance 1/1/13, Posted to statement of comprehensive income, Posted directly to the equity, Acquired in business combinations (note 8), Balance 12/31/13. Rows include Inventory, office machinery, etc., Accounts receivables, Liabilities, Tax value of loss carry-forwards utilized, and Deferred taxes / (tax assets).

Table with 6 columns: [Numbers in \$ million], Balance 1/1/14, Posted to statement of comprehensive income, Posted directly to the equity, Acquired in business combinations (note 8), 12/31/14. Rows include Inventory, office machinery, etc., Accounts receivables, Liabilities, Tax value of loss carry-forwards utilized, and Deferred taxes / (tax assets).

It is Opera's opinion that the deferred tax asset can be utilized in future periods. Its measure is based on the expected and estimated future income. Consequently, Opera has capitalized the deferred tax asset.

All U.S. entities are included in a U.S. consolidated tax group.

Table with 3 columns: Change in deferred tax asset directly posted against the equity capital [Numbers in \$ million], 2014, 2013. Rows include Changes due to foreign currency changes, Other changes, and Total deferred taxes posted directly against the equity.

Table with 5 columns: Reconciliation of effective tax rate [Numbers in \$ million], 2014, 2013. Rows include Profit before tax, Income tax using the domestic corporate tax rate, Overbooked taxes, previous year, Tax paid to a foreign country, Effect of different tax rates between countries, Taxes on other permanent differences, Deferred tax assets from previously unrecognized tax losses, and Total tax expense for the year.

Permanent differences
Permanent differences include non-deductable costs and share-based remuneration.



Note 7. Property, plant and equipment

<i>[Numbers in \$ million]</i>	Cost rented premis- es	Machin- ery and equip- ment	Fixtures and fittings	Goodwill	Develop- ment	Other in- tangible assets	2014 Total	2013 Total
Acquisition cost								
Acquisition cost as of 1/1/14	1.4	34.7	1.4	150.3	13.5	48.8	250.1	123.8
Acquisitions through business combinations	0.4	0.9	0.1	200.4	0.0	70.8	272.6	111.9
Other acquisitions	1.0	12.5	0.6	0.0	11.5	19.3	44.9	24.6
Disposal	(0.3)	(5.7)	(0.1)	0.0	0.0	0.0	(6.0)	(9.4)
Currency differences	(0.1)	0.3	(0.2)	(0.5)	(3.4)	(3.5)	(7.5)	(0.8)
Acquisition cost as of 12/31/14	2.4	42.8	1.7	350.3	21.6	135.4	554.1	250.1
Depreciation and impairment losses								
Depreciation and impairment losses as of 1/1/14	0.3	21.4	0.4	0.8	3.1	12.7	38.7	25.2
Acquisitions through business combinations	0.0	0.4	0.0	0.0	0.0	0.0	0.5	0.2
Disposal	(0.2)	(2.0)	(0.0)	0.0	0.0	0.0	(2.3)	(8.2)
Currency differences	0.0	(2.6)	(0.1)	0.0	(1.1)	(0.3)	(4.0)	0.7
Accumulated depreciation and impairment losses as of 12/31/14	0.5	25.2	0.7	31.9	9.2	31.3	98.7	38.7
Net book value as of 12/31/14	1.9	17.6	1.0	318.4	12.4	104.1	455.4	211.4
Depreciation for the year	0.4	8.1	0.4	0.0	7.2	18.9	34.8	20.8
Impairment losses for the year (see note 8)	0.0	0.0	0.0	31.0	0.0	0.0	31.0	0.0
Useful life	Up to 6 years	Up to 10 years	Up to 5 years	Undetermined	Up to 4 years	Up to 7 years		
Depreciation plan	Linear	Linear	Linear	No depreciation	Linear	Linear		

Goodwill and other intangible assets relate to the acquisition of Hern Labs AB, Opera Software Poland Sp. z o.o., AdMarvel, Inc., Handster, Inc., Mobile Theory, Inc., 4th Screen Advertising Ltd., Netview Tehnology AS, Moolah Media, Inc., Skyfire Labs, Inc., Hunt Mobile Ads Panamá Corp., Hunt Mobile Ads SA de CV, Hunt Mobile Ads aplicativos para internet Ltda, Huntmads SA, Apprput GmbH, Jirbo, Inc., AdColony Uk Limited, Jirbo Acquisiton Company, Inc., Jirbo Holdings, Inc., Advine Mobile Advertising Network Proprietary Ltd.

Development is internally developed intagible asset.

Other intangible assets relate to the acquisition of Opera Distribution AS, AdMarvel, Inc., Handster, Inc., Mobile Theory, Inc., 4th Screen Advertising Ltd., Moolah Media, Inc., Skyfire Labs, Inc, Hunt Mobile Ads Panamá Corp., Hunt Mobile Ads SA de CV, Hunt

Mobile Ads aplicativos para internet Ltda, Huntmads SA, Apprput GmbH, Jirbo, Inc., AdColony Uk Limited, Jirbo Acquisiton Company, Inc., Jirbo Holdings, Inc., Advine Mobile Advertising Network Proprietary Ltd.

Please see note 8 for asset additions related to business combinations.

Operating leases

The most significant agreements relate to the rental of premises in United States, Norway, the United Kingdom, Sweden and Poland.

In 2012, the Company entered into a new lease for the rental of its Norwegian offices at Gjerdrums vei 19. The new lease will run through November 2019. The lease agreement, according to IAS 17, is considered an operating lease.

*[Numbers in \$ million]*

	2014	2013
Leasing costs expensed	7.8	6.2
Termination date of the lease contract	11/30/19	11/30/19
Non-terminable operating leases due in:	2014	2013
Less than one year	7.2	4.6
Between one to five years	14.3	13.5
More than five years	1.4	1.4
Total	22.9	19.5

Note 8. Investments in subsidiaries, associated companies and other shares

Subsidiaries <i>[Numbers in \$ million]</i>	Hern Labs AB	Opera Software International AS	Opera Distribution AS	Netview Technology AS	AdColony, Inc
Formal information					
Acquisition date	12/13/2000	1/5/2005	12/16/2008	5/14/2012	6/24/2014
Registered office	Linköping, Sweden	Oslo, Norway	Oslo, Norway	Oslo, Norway	Los Angeles, USA
Ownership interest	100%	100%	100%	100%	100%
Proportion of votes	100%	100%	100%	100%	100%
Information related to the acquisition date					
Acquisition cost	1.3	0.2	0.3	0.8	265.1
Goodwill at acquisition cost	1.3	0.0	0.0	0.5	183.2
Other intangible assets at acquisition cost	0.0	0.0	0.3	0.5	67.0

Associated companies

In 1Q 2011, Opera and China's Telling Telecom announced that they planned to establish a company in China with the goal of becoming the most popular consumer mobile web browser and web services platform in China. Opera will provide our 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. nHo-

rizon 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](http://www.oupeng.com).

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

Information regarding nHorizon Innovation *[Numbers in \$ million]*

	2014	2013
Revenue	12.0	10.1
EBIT	(26.3)	(28.0)
Net profit (loss)	(27.3)	(28.5)
Assets	19.7	10.4
Short term liabilities	14.0	15.6
Equity	5.7	(5.2)



Investment in associate

The investments in nHorizon Innovation are accounted for using the equity method. In 2014, Opera invested \$11.0 million. The total investment as of December 31, 2014 is \$23.8 million.

Total outstanding loans as of December 31, 2014 is \$2.7 million.

As of December 31, 2014, Opera owned 29.09% of nHorizon Innovation (29.09 % of the voting rights). Opera has recognized the following fair value amount as Other investments and deposits:

Carrying value <i>[Numbers in \$ million]</i>	2014	2013
Investment (Booked value January 1)	0.0	2.0
Investment during the financial year	11.0	5.7
FX adjustment	(1.0)	(0.4)
Share of the profit/loss	(9.4)	(3.3)
Elimination portion of sale	(1.8)	(4.0)
<b>Total</b>	<b>(1.2)</b>	(0.0)

The negative value of the investment is recognized under other short-term liabilities as of December 31, 2014.

Other shares

Opera Software ASA owns 20% of the European Center for Information and Communication Technologies — EICT GmbH, and 5% of the shares in Alliance Venture Spring AS. The total booked value of the shares are USD 0.1. The market value of the companies are unknown. The EICT is a public/private partnership of scientific institutions, institutes of applied research and leading industrial companies. The strategic innovation partnership pools and specifically links research and development activities in industry and science to information and communication technologies. For more information about EICT, please see the website at [www.eict.de](http://www.eict.de). Alliance Venture Spring is a Norwegian venture capital firm investing in early stage technology companies.

Acquisition of AdColony

On June 24, 2014, Opera announced that it had reached a definitive agreement to acquire 100% of the shares and voting interests 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 shares 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](http://www.AdColony.com).

The mobile advertising market, including Opera's existing customers, has 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 \$75.0 million in cash for AdColony at the closing date, plus \$18.4 for the net cash on AdColony's balance sheet.

In addition, the deal may include an additional variable cash and/or share consideration of up to \$275 million (including the potential release of the already paid \$25.0 million in escrow to the escrow agent) tied to ambitious 2014, 2015 and 2016 AdColony mobile video advertising revenue and Adjusted EBITDA\* targets. The first \$30.0 million of the potential 2014 variable earnout consideration will be paid in shares (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 shares for earnout 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.

Revenue and profit

The total AdColony revenue, in the first 5 months after the purchase, was \$82.5 million, and the estimate for the 12-month period beginning January 1, 2014, is \$159.3 million.

The net profit for AdColony, in the first 5 months after the purchase, was \$18.7 million, and the estimate for the 12-month period beginning January 1, 2014, is \$37.2 million.

The highlights of the variable acquisition consideration portion of the transaction for the 2014, 2015, and 2016 financial targets are as follows:

Performance components <i>[Numbers in \$ million]</i>	Total Maximum Variable Consideration	Expected additional payments on the acquisition date
Escrow	Up to \$10 million released based on 2014 Revenue and Adjusted EBITDA* targets	25.0
	Up to \$15 million released based on 2015 Revenue and Adjusted EBITDA* targets	
2014 Revenue and Adjusted EBITDA*	Up to \$22.5 million based on revenue targets	76.7
	Up to \$52.5 million based on Adjusted EBITDA* targets	
2015 Revenue and Adjusted EBITDA*	Up to \$30 million based on revenue targets	75.0
	Up to \$105 million based on Adjusted EBITDA* targets	
2016 Revenue and Adjusted EBITDA*	Up to \$7.5 million based on revenue targets	20.6
	Up to \$32.5 million based on Adjusted EBITDA* targets	
Total variable components	275	197.4

\*Adjusted EBITDA excludes stock-based compensation expenses, extraordinary/one-time costs and acquisition-related costs.

Opera was advised by Weil, Gotshal & Manges LLP as U.S. counsel and Arntzen de Besche Advokatfirma AS as Norwegian counsel.

Should AdColony deliver even stronger incremental financial performance compared to what is incorporated into Opera's updated 2015 financial guidance and 2016 financial aspirations and Opera is required to pay higher earnout payments, the multiples and attractiveness of the deal will improve even further.

In 2014, the Group incurred acquisition-related costs of \$1.4 million 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.

Please see note 11 for further information concerning earnout calculations as of December 31, 2014.

ABG Sundal Collier Norge ASA provided the Opera Board of Directors with a fairness opinion on the purchase price for AdColony.



Identifiable assets acquired and liabilities assumed  
[Numbers in \$ million]

Other intangible assets	0.0
Property, plant, and equipment	0.8
Deferred tax assets	18.4
Other investments and deposits	0.1
Accounts receivable*	12.8
Unbilled revenue	11.6
Other receivables	6.0
Cash and cash equivalents	21.1
Accounts payable	(23.0)
Taxes payable	0.0
Social security, VAT, and other taxation payable	(0.2)
Deferred revenue	(0.0)
Other short-term liabilities	(5.9)
<b>Total net identifiable assets</b>	<b>41.7</b>
Cash consideration	(93.4)
Contingent consideration	(171.8)
<b>Excess value</b>	<b>(223.4)</b>
Related customer relationships	42.0
Customer contracts	5.0
Proprietary technology	16.0
Trademarks	4.0
Deferred tax on excess values	(26.8)
Goodwill**	183.2

\* \$0.1 million as provision for bad debt  
\*\* Not deductible 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. In addition, the Group booked the excess price of the fair value of the total identifiable assets as related customer relationships, customer contracts, proprietary technology, trademarks, 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.

Opera calculated the fair value on the acquisition date and booked a contingent consideration of \$171.8 million in the financial statements.

The contingent consideration is revalued each quarter, and more information can be found in note 11.

The value of the related customer relationships is depreciated over a 6-year period, the customer contracts are depreciated over a 2-year period, the proprietary technology is depreciated over a 3-year period, and trademarks over a 5-year period.

The fair value of the net identifiable assets has 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.

Individually immaterial business combinations

The Group has acquired 100% of the shares/membership interests of several companies that individually are not seen as material transactions. These business combinations are material collectively, and the numbers below relating to individually immaterial business acquisitions in 2014, are therefore disclosed in aggregate.

The Group has aggregated future obligations related to these transactions. Up to \$16.3 million in potential cash earnout consideration (to be paid to the sellers in 2015 and 2016 based on revenue and EBIT targets), plus additional potential limited consideration based on EBIT exceeding the targets in 2015 and 2016.

These acquisitions in 2014 enable the Group to (i) meet the growing demand for mobile ad inventory and impressions in important global mobile markets, such as Latin America, South Africa, 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 2014, the Group incurred acquisition-related costs of \$0.0 million (2013: 0.7) 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.

Identifiable assets acquired and liabilities assumed - individually immaterial business combinations [Numbers in \$ million]

Other intangible assets	0.0
Other investments and deposits	0.0
Property, plant, and equipment	0.1
Deferred tax assets	0.0
Accounts receivable*	2.8
Unbilled revenue	0.6
Other receivables	0.7
Cash and cash equivalents	0.8
Accounts payable	(6.0)
Taxes payable	(0.1)
Social security, VAT, and other taxation payable	(0.1)
Deferred revenue	(0.2)
Other short-term liabilities	(1.8)
<b>Total net identifiable assets</b>	<b>(3.1)</b>
Cash consideration	(8.5)
Escrow	(1.2)
Contingent consideration	(7.4)
<b>Excess value</b>	<b>(20.3)</b>
Related customer relationships	3.8
Deferred tax on excess values	(0.8)
Goodwill	17.2

\* \$0.0 million 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, proprietary technology, deferred tax on excess values and goodwill, since the excess prices have been deemed to be related to these intangible assets.

Opera calculated the fair value on the acquisition dates and booked a contingent consideration of \$7.4 million in the financial statements. The contingent consideration is revalued each quarter, and more information can be found in note 11.

The value of the related customer relationships is depreciated over a 3- 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.



Goodwill [Numbers in \$ million]

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	17.2
Goodwill at acquisition cost for AdColony	183.2
Impairment of Skyfire goodwill	(31.0)
FX adjustment to the goodwill acquisition cost	(0.5)
Net book value as of 12/31/14	318.4

In respect to business acquisitions that have occurred since January 1, 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. A portion of the goodwill relates to the purchase of Hern Labs AB. As the goodwill existed before January 1, 2004, the goodwill is based on the amount recognized according to NGAAP. Goodwill from the purchase of Hern Labs AB booked on December 31, 2011, has the same value as goodwill on January 1, 2004.

Impairment testing

The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. Based on the impairment test, the Group recognized an impairment expense related to the Skyfire goodwill of \$31.0 million.

No additional impairment expense concerning goodwill was considered necessary as of December 31, 2014.

Tests have been performed to determine whether there has been a decrease in value of cash-generating units. See below for further information.

Skyfire Labs, Inc.

\$65.8 million of the recognized goodwill, \$15.2 million of the recognized other intangible assets, \$0.6 million of the recognized fixed assets and \$0.1 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Skyfire Labs, Inc. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36.

Following the write down of \$31.0 million, the recognized amount of the remaining goodwill is \$34.8 million.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 5-year business plan extending from FY 2015 to FY 2019. The terminal value has been calculated based on the 2019 projected cash flow, and a 2% future growth rate.

- A post-tax discount rate of 12% was used in the calculation.

This gives an implicit pre-tax discount rate of 20%.

Sensitivity analysis:

An increase in the discount rate of 2% would increase the impairment loss by \$3.2 million, whilst a 5% decrease in the cash flow projections would increase the impairment loss by \$2.5 million

Hern Labs AB, Netview Technology AS and Opera Software Poland Sp. z o.o

\$3.1 million of the recognized goodwill, \$0.6 million of the recognized fixed assets and \$0.3 million of the recognized other intangible assets is related to the acquisition of Hern Labs AB, Netview Technology AS and Opera Software Poland Sp. z o.o. Netview's operations have been sold to Opera Software ASA, and Hern Labs AB and Opera Software Poland Sp. z o.o are development companies that deliver development services to Opera Software ASA. Hern Labs AB and Opera Software Poland Sp. z o.o use a cost-plus model. Hence, it is difficult to estimate the value of Hern Labs AB and Opera Software Poland Sp. z o.o on the basis of their cash flows. The Opera Software ASA Group is thus considered to be the smallest cash-generating unit for the three acquisitions.

The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill. This judgment has, among other things, been based on estimated cash flows to the companies the coming 3-year period and the

fact that the market value of the Opera Group is considerably higher than the equity.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 9.1 % was used in the calculation including the following parameters:  
Market risk-free rate of interest: 1.59 %  
Equity risk premium of 5.0%  
Beta 1.1

This gives an implicit pre-tax discount rate of 10%.

Sensitivity analysis:

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

AdMarvel, Inc.

\$13.2 million of the recognized goodwill, \$0.0 million of the recognized fixed assets and \$4.3 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of AdMarvel, Inc. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.7 % was used in the calculation including the following parameters:  
Market risk-free rate of interest: 2.17 %  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 19%.

Sensitivity analysis:

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

Mobile Theory, Inc.

\$34.4 million of the recognized goodwill, \$0.0 million of the recognized fixed assets, \$1.4 million of the recognized other intangible assets, and \$20.5 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Mobile Theory, Inc. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.7 % was used in the calculation including the following parameters:  
Market risk-free rate of interest: 2.17 %  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 19%.

Sensitivity analysis:

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

4th Screen Advertising Ltd.

\$11.3 million of the recognized goodwill, \$0.2 million of the recognized fixed assets, \$0.6 million of the recognized other intangible assets, and \$ -3.2 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of 4th Screen Advertising Ltd. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.3% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 1.76%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 12%.

Sensitivity analysis:

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

Handster, Inc.

\$7.2 million of the recognized goodwill, \$0.6 million of the recognized other intangible assets, and \$0.0 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Handster, Inc. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.



Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the estimated cash flow 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.7% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 2.17%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 13%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

**Opera Mediaworks Performance, LLC**

\$14.4 million of the recognized goodwill, \$0.2 million of the recognized fixed assets, \$1.8 million of the recognized other intangible assets, and \$8.4 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Opera Mediaworks Performance, LLC. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.7 % was used in the calculation including the following parameters:  
Market risk-free rate of interest: 2.17 %  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 19%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

**AdColony, Inc.**

\$183.2 million of the recognized goodwill, \$2.2 million of the recognized fixed assets, \$60.2 million of the recognized other intangible assets, and \$-0.8 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of AdColony, Inc. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 10.7% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 2.17%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 19%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

**Advine Mobile Advertising Network Proprietary Limited**

\$0.6 million of the recognized goodwill, \$0.0 million of the recognized fixed assets, \$0.5 million of the recognized other intangible assets, and \$-0.3 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Advine Mobile Advertising Network Proprietary Ltd.

The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 16.3% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 7.83%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 23%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

**Apprurt GmbH**

\$10.9 million of the recognized goodwill, \$0.0 million of the recognized fixed assets, \$1.0 million of the recognized other intangible assets, and \$-3.6 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of Apprurt GmbH. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning good-

will and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 9.1% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 0.55%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 12%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.

**Hunt entities**

The combined Hunt entities are considered to be the smallest, relevant cash-generating unit. \$5.6 million of the recognized goodwill, \$1.6 million of the recognized other intangible assets, and \$-0.1 million of the net working capital excluding cash, as of December 31, 2014, are related to the acquisition of the Hunt entities. The Group has performed a complete impairment test as of December 31, 2014, according to IAS 36. The Group considers it unnecessary to recognize an impairment loss concerning goodwill and other intangible assets. This judgment has, among other things, been based on estimated cash flows to the company the coming 3-year period.

Value in use was determined by discounting the future cash flows, and the calculation was based on the following key assumptions:

- Cash flows were projected using past experience, actual operating results, and the 3-year business plan extending from FY 2015 to FY 2017. The terminal value has been calculated using the average of the estimated cash flow in 2015 to 2017 and a 2% future growth rate.

- A post-tax discount rate of 15.7% was used in the calculation including the following parameters:  
Market risk-free rate of interest: 7.17%  
Equity risk premium of 5.0%  
Beta 1.1  
Alpha 3.0%

This gives an implicit pre-tax discount rate of 24%.

**Sensitivity analysis:**

An increase in the discount rate of 2% would not cause the recognized goodwill to be impaired, nor would a 5% decrease in the cash flow projections.



Note 9. Shareholder information

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the General Meeting.

All shares rank equally with regard to the Group’s residual assets. The Company does not have any preferred shares.

Option and RSU programs

For information regarding share options and RSUs, please see note 3.

Authorization to acquire treasury 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 2014, the Group purchased 2,500,000 (2013: 0) treasury shares and sold 960,925 (2013: 339,500) treasury shares for \$2.8 million (2013: 1.5). As of December 31, 2014, the Group owned 1,539,075 treasury shares.

Authorization to increase the share capital by issuance of new shares

The Annual General Meeting held on June 3, 2014, passed the following resolutions:

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 2014, Opera issued 913,381 (2013: 2,665,544) ordinary shares related to the incentive program, 0 (2013: 2,047,906) ordinary shares related to business combinations, and 10,000,000 (2013: 8,000,000) ordinary shares related to an equity increase.

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 NOK 31.7 million (approximately \$5.3 million). 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 resolutions 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).

Capital increase

During 2014, the Company completed the offering of 10,000,000 new shares, equal to 7.5% of the existing share capital of the Company. The Offering comprised a private placement to institutional investors in Norway and internationally. The over-subscribed offering was completed at a subscription price of NOK 80 per share, which was determined through an accelerated book-building process. Gross proceeds from the offering amounted to NOK 800 million. NOK 27.5 million in transaction costs has been booked against the gross proceeds. The net proceeds, of approximately NOK 772.5 million 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 earnout obligations in connection with the recent AdColony acquisition.

Ownership structure

The 20 biggest shareholders of Opera Software ASA shares as of December 31, 2014, were as follows:

<i>[In thousands of shares]</i>	Shares	Owner's share	Voting share
Ludvig Lorentzen AS	11 055	7.72%	7.72%
Folketrygdfondet	8 995	6.28%	6.28%
Arepo AS	7 437	5.19%	5.19%
Sundt AS	6 009	4.20%	4.20%
Ferd AS	5 665	3.96%	3.96%
Clearstream Banking S.A.	4 018	2.81%	2.81%
Verdipapirfondet DNB Norge (IV)	3 690	2.58%	2.58%
J.P. Morgan Luxembourg S.A.	2 667	1.86%	1.86%
The Bank of New York Mellon SA/NV	2 656	1.85%	1.85%
State Street Bank and Trust Co.	2 456	1.71%	1.71%
Statoil Pensjon	2 212	1.54%	1.54%
Morgan Stanley & Co. LLC	2 184	1.53%	1.53%
J.P. Morgan Chase Bank N.A. London	1 914	1.34%	1.34%
The Bank of New York Mellon SA/NV	1 887	1.32%	1.32%
Lazard Freres Banque	1 868	1.30%	1.30%
State Street Bank & Trust Company	1 755	1.23%	1.23%
J.P. Morgan Clearing Corp.	1 606	1.12%	1.12%
Opera Software ASA	1 541	1.08%	1.08%
SEB Enskilda Securities AB	1 495	1.04%	1.04%
Credit Suisse Securities	1 459	1.02%	1.02%
Sum	72 568	50.68%	50.68%
Other shareholders	70 633	49.32%	49.32%
Total numbers of shares	143 202	100.00%	100.00%

The Board of Directors proposes that the 2014 Annual General Meeting approves a dividend payment of NOK 0.26 per share.



Note 10. Accounts receivable, other receivables, accounts payables, other payables and provisions

Financial assets and liabilities mainly comprise short-term items (non-interest-bearing). Based on this assessment, management does not consider the Group to have financial assets or liabilities with potentially significant differences between net book value and fair value.

Fair values of financial assets and financial liabilities as of December 31, 2014

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 \$ million]	CARRYING AMOUNT			Total	FAIR VALUE			Total
	Designated at fair value	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
Financial assets not measured at fair value								
Other investments		0.0		0.0				
Other non-current assets		2.0		2.0				
Accounts receivable		150.8		150.8				
Cash and cash equivalents		138.2		138.2				
Total financial assets not measured at fair value	0.0	290.9	0.0	290.9				
Financial liabilities measured at fair value								
Provisions	240.3			240.3			240.3	240.3
Total financial liabilities measured at fair value	240.3	0.0	0.0	240.3				
Financial liabilities not measured at fair value								
Financial lease liabilities			2.7	2.7				
Secured bank loans			60.0	60.0				
Accounts payable			46.1	46.1				
Other current liabilities			61.0	61.0				
Total financial liabilities not measured at fair value	0.0	0.0	169.8	169.8				

For more information on fair value of provisions please see note 11.

Fair values of financial assets and financial liabilities as of December 31, 2013

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 \$ million]	CARRYING AMOUNT			Total	FAIR VALUE			Total
	Designated at fair value	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
Financial assets not measured at fair value								
Other investments		2.3		2.3				
Other non-current assets		2.6		2.6				
Accounts receivable		94.0		94.0				
Cash and cash equivalents		163.4		163.4				
Total financial assets not measured at fair value	0.0	262.3	0.0	262.3				
Financial liabilities measured at fair value								
Provisions	59.7			59.7			59.7	59.7
Total financial liabilities measured at fair value	59.7	0.0	0.0	59.7				
Financial liabilities not measured at fair value								
Secured bank loans			60.0	60.0				
Accounts payable			22.2	22.2				
Other current liabilities			29.1	29.1				
Total financial liabilities not measured at fair value	0.0	0.0	111.4	111.4				



Note 11. Contingent liabilities and provisions

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows	*Forecasted annual revenue	The estimated fair value would increase (decrease) if:
	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios where Opera has forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	*Forecasted EBIT	*The annual revenue growth rate were higher (lower),
		*Risk-adjusted discount rate	* The EBIT margin were higher (lower); or
			* The risk-adjusted discount rate were lower (higher)
			Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBIT margin.

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.

<i>[Numbers in \$ million]</i>	Note	Contingent consideration
<b>Balance as of 1/1/2013</b>		28.8
Assumed in a business combination	8	54.7
Paid	8	(14.6)
Finance cost	8	(5.5)
Translation differences	8	(3.7)
OCI	8	0.0
<b>Balance as of 12/31/2013</b>		<b>59.7</b>
Assumed in a business combination	8	179.2
Paid	8	(49.5)
Finance cost	8	82.0
Translation differences	8	(31.1)
OCI	8	0.0
<b>Balance as of 12/31/2014</b>		<b>240.3</b>

AdColony — 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 \$197.4 million, at the acquisition date. Opera used a WACC of 11.5% and foreign exchange rate of 6.1897, when calculating and recognizing the earnout provision. Based on these assumptions and the earnout valuation performed at the acquisition date, Opera calculated the fair value and recognized a contingent consideration of \$171.8 million 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 \$275 million. At the acquisition date, Opera calculated the earnout value before discounting

<i>[Numbers in \$ million]</i>	Increase	Decrease
Annual revenue growth rate (10% movement)	29.9	(51.5)
EBIT margin (5% movement)	10.8	(12.4)

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 \$57.2 million, 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 recognized a contingent consideration of \$40.5 million 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 \$94.7 million. At the acquisition date, Opera calculated the earnout value before discounting to be \$26.7 million in FY 2013, \$30.5 million in FY 2014, and \$0.0 million in FY 2015.

The contingent consideration is revalued each quarter, and \$0.0 million has been recognized as a non-current provision and \$0.0 million as a current provision as of December 31, 2014. In 2014, Opera recognized \$0.2 million (2013: 6.1) as an interest expense, \$-0.1 million (2013: 2.0) as an FX expense and \$0.5 million (2013: -34.1) as revenue due to 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

<i>[Numbers in \$ million]</i>	Increase	Decrease
Annual revenue growth rate (10% movement)	0.0	0.0
EBIT margin (5% movement)	0.0	0.0

to be \$86.7 million in FY 2014, \$90.0 million in FY 2015, and \$20.6 million in FY 2016.

The contingent consideration is revalued each quarter, and \$127.4 million has been recognized as a non-current provision and \$83.5 million as a current provision as of December 31, 2014. In 2014, Opera recognized \$9.2 million as an interest expense, \$31.6 million as an FX expense and \$28.7 million as revenue due to change in likelihood.

Please see note 8 for more details.

Sensitivity analysis

For the fair values of the contingent consideration, reasonably possible changes at the reporting date to one of the forecast annual revenue growth rate and the forecast EBIT margin, would have the following effects, holding the other input constant.

of \$11.7 million. 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 \$5.0 million of the indemnity escrow fund to Opera as Skyfire Labs did not meet the performance targets related to the escrow.

In 3Q 2014, the escrow agent repaid \$9.0 million 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 \$10.0 million of any 2015 total earnout payments that become payable pursuant to the acquisition 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 \$0.0 million has been recognized as a non-current provision as of December 31, 2014. In 2014, Opera recognized \$0.8 million (2013: 1.1) as an interest expense and \$3.6 million (2013: -1.6) as revenue due to change in likelihood.

Please see note 8 for more details.

Sensitivity analysis

For the fair values of the contingent consideration, reasonably possible changes at the reporting date to one of the forecast annual revenue growth rate and the forecast EBIT margin, would have the following effects, holding the other input constant.



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 \$32.7 million, 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 recognized a contingent consideration of \$21.6 million in the financial statements. At the acquisition date, Opera calculated the earnout value before discounting to be \$8.7 million in FY 2013, \$9.8 million in FY 2014, \$12.4 million in FY 2015, and \$1.9 million in FY 2016.

The contingent consideration is revalued each quarter, and \$13.1 million has been recognized as a non-current provision and \$16.3 million as a current provision as of December 31, 2014. In 2014, Opera recognized \$1.5 million (2013: 3.8) as an interest expense, \$0.8 million (2013: 0.1) as an FX income and \$6.9 million (2013: 3.2) as expense due to change in likelihood.

In 1Q 2014, Opera paid the 2013 earnout of \$1.4 million.

Please see note 8 for more details.

**Sensitivity analysis**  
For the fair values of the contingent consideration, reasonably possible changes at the reporting date to one of the forecast annual revenue growth rate and the forecast EBIT margin, would have the following effects, holding the other input constant.

<i>(Numbers in \$ million)</i>	Increase	Decrease
Annual revenue growth rate (10% movement)	0.2	0.0
EBIT margin (5% movement)	0.5	(1.9)

Mobile Theory — Earnout agreement

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

In 2014, Opera recognized \$1.5 million (2013: 6.3) as an interest expense, \$0.7 million as an FX income (2013: 3.6 as an FX expense), and \$-0.1 million (2013: 2.2) as income due to change in likelihood. In 2014, Opera paid the 2013 earnout payment of \$31.3 million. \$7.0 million of the 2013 earnout payment had no cash effect in 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 2014, Opera recognized \$0.2 million (2013: 0.8) as an interest expense, \$0.1 million as an FX income (2013: 0.5 as as an FX expense, \$0.3 million as an expense (2013: 0.1 expense) due to change in likelihood. In 2014, Opera paid the 2013 earnout payment of \$4.8 million and an escrow release payment of \$1.0 million. The escrow release payment had no cash effect in 2014. These final payments settle the earnout liabilities with the prior shareholders.

Note 12. Restructuring costs

During 2014, the Group recognized restructuring costs related to strategic cost reductions that will better align costs with revenues and related to legal fees related to business combinations.

Costs for restructuring the business <i>[Numbers in \$ million]</i>	2014	2013
Salary restructuring cost	0.2	0.2
Option restructuring cost	0.0	0.0
Office restructuring cost	0.1	(0.1)
Legal fees related to business combinations	2.7	1.9
Other restructuring cost	0.2	0.5
<b>Total</b>	<b>3.2</b>	<b>2.5</b>

As of December 31, 2014, \$0.6 million was not paid and was recognized as other short-term liabilities in the consolidated statement of financial position. The comparative figure as of December 31, 2013, was \$0.6 million.

Note 13. Accounting estimates and judgments

Management has evaluated the development, selection and disclosure of the Group’s critical accounting policies and estimates and the application of these policies and 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 forms 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. Changes in accounting estimates are 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.

Key sources of estimation uncertainty and critical accounting judgments in applying the Group’s accounting policies

**Contingent considerations**  
The Group has entered into earnout agreements as specified in notes 8 and note 11. Opera has in note 11 given a detailed analysis of how the contingent considerations have been calculated. Changes in the chosen assumptions can have a significant impact on the size of the earnout cost.

**Stock-based compensation**  
The Company’s option program expired in June 2014 and was replaced by a restricted stock unit (RSU) program. The options and RSUs are recognized in accordance with IFRS 2. The option and RSU costs are calculated on the basis of various assumptions, such as volatility, interest level, dividend and employee turnover. For RSUs, estimates of achieved performance targets are also included. The chosen assumptions can have a significant impact on the size of the option and RSU costs. The assumptions are given in note 3.

**Income taxes**  
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on best estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Note 14. Related parties

In 2014, except for the Group’s transactions with Hern Labs AB, Opera Software International AS, Opera Distribution AS, Netview Technology AS, and Opera Software Poland Sp. z o.o, the Group did not engage in any related party transactions, including with any members of the Board of Directors or the Executive Team. Please refer to notes 3 and 8 for additional information.

**Transactions with key management personnel**  
Members of the Board of Directors and the Executive Team of the Group and their immediate relatives controlled 5.6% of the

**Estimated fair value of cash generating unit for impairment testing of goodwill**  
In accordance with IAS 36, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on a value-in-use calculation. This calculation requires the use of estimates and is based on assumptions that are consistent with the market valuation of the Group.

**Percentage of completion**  
The Group has considered its activities related to technological development in terms of the requirements in IAS 38. The Company develops specially designed browsers for use in its customers’ products. Based on signed contracts with large, established market participants, Opera develops and adjusts the Opera browser so that it is compatible with mobile phones, game consoles and many other devices. The reason entered into contracts with customers, committing the Company to develop a custom-made browser for a settled fee, is that the fee received is meant to cover Opera’s expenses related to this specific technological development. The adjustments and modifications are carried out continuously over time. Hence, income and costs recognized in accordance with the percentage of completion method, which states that related income and expenses are to be recognized in the same period. Estimation of the degree of completion is based on the best estimate. Management’s choice of estimates for the degree of completion will have an effect on recognized income.

**Development costs**  
Cost of building new features, together with significant and pervasive improvements of the core platform, provided that the significant and pervasive improvements of parts or main components of the core platform will generate probable future economic benefits, are capitalized as development costs and amortized on a straight-line 3-year basis. Please refer to notes 4 and 7 for additional information.

A significant portion of the work that engineering performs (beyond specifically designed browsers) is related to the implementation of the ongoing updates that are required to maintain the browser’s functionality. Examples of updates include “bug fixes”, updates made to comply with changes in laws and regulations, and updates made to keep pace with the latest web trends. These costs are expensed as maintenance costs.

**Bundled agreements**  
In some contracts, Opera receives a fee that covers development and a guaranteed number of licenses, as well as maintenance in the subsequent period. The elements in the different contracts are assessed in accordance with the best estimate of true value and recognized as the elements are delivered. If the elements can not be separated, all income is recognized in aggregate, in accordance with the percentage of completion method.

Group’s voting share as per December 31, 2014. The Company has not provided any loans to directors or Executive Team members as of December 31, 2014.

Executive Team members also participate in the Group’s stock option program (see note 3). Compensation for Executive Team members can be found in note 3.



Note 15. Earnings per share

Earning per share	2014	2013
Earnings per share (basic) (USD)	(0.424)	0.490
Earnings per share, fully diluted (USD)	(0.424)	0.479
Shares used in earnings per share calculation	137 181 075	123 156 089
Shares used in earnings per share calculation, fully diluted	137 181 075	125 783 923

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.

In periods with negative net income, the dilutive instruments will have an anti dilutive effect when calculating diluted earnings per share.

For this reason, there is no difference between earnings per share and diluted earnings per share for these periods.

Note 16. Events after the reporting period

The Group has signed an agreement with DNB Bank ASA to increase the size of its secured credit facility (“facility”) from \$150 million to \$250 million, of which \$60 million is a 3-year term loan and \$190 million is a 3-year Revolving Credit Facility. The new facility will primarily be secured through a share pledge in

Opera Software International AS and floating charges over accounts receivable in Opera Software ASA and certain of its U.S. subsidiaries. The new facility has a term of 3 years and has the same terms as the existing facility. The Group intends to use the financing for general corporate purposes.



# Parent company annual accounts report 2014 Opera Software ASA

The parent company annual accounts report for Opera Software ASA contains the following documents:

- Statement of comprehensive income
- Statement of financial position
- Statement of cash flows
- Statement of changes in equity
- Notes to the financial statements

*The financial statements, which have been drawn up by the Board and management, should be read in relation to the Annual Report and the independent auditor's opinion.*

## Statement of comprehensive income

<i>Numbers in \$ million</i>	Note	2014	2013
Revenue	1, 2, 5	198.0	169.8
<b>Total operating revenue</b>		<b>198.0</b>	169.8
Cost of goods sold	5	0.4	0.0
Payroll and related expenses, excluding stock-based compensation expenses	3, 5	31.3	30.0
Stock-based compensation expenses	3	2.5	1.0
Depreciation and amortization expenses	5, 7	6.2	4.4
Impairment of shares	8	6.9	12.3
Other operating expenses	3, 4, 5, 7, 14	109.0	83.3
<b>Total operating expenses</b>		<b>156.1</b>	131.0
<b>Operating profit ("EBIT"), excluding restructuring costs</b>		<b>41.8</b>	38.7
Restructuring costs	13	2.8	1.8
<b>Operating profit ("EBIT")</b>		<b>39.1</b>	36.9
Interest income	5, 9	2.3	2.2
Other financial income	5	40.0	15.9
Interest expenses	5, 9	(0.9)	(1.4)
Other financial expenses	5	(6.2)	(4.6)
Interest expense related to contingent consideration	8, 11	(9.5)	(6.1)
FX gains (losses) related to contingent consideration, net	8, 11	(31.5)	(2.0)
Revaluation of contingent consideration	8, 11	(28.2)	34.1
<b>Profit (loss) before income taxes</b>		<b>5.1</b>	74.9
Income taxes	6	20.7	17.4
<b>Profit (loss)</b>		<b>(15.5)</b>	57.6
<b>Items that will not be transferred to profit (loss)</b>			
Foreign currency translation differences		(81.8)	(13.6)
<b>Total comprehensive income (loss)</b>		<b>(97.3)</b>	44.0
<b>Profit (loss) attributable to:</b>			
Owners of the Company		(15.5)	57.6
Non-controlling interest		0.0	0.0
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company		(97.3)	44.0
Non-controlling interest		0.0	0.0
<b>Earnings per share:</b>			
Basic earnings per share (USD)	16	(0.113)	0.467
Diluted earnings per share (USD)	16	(0.113)	0.458



Statement of financial position

Numbers in \$ million	Note	12/31/2014	12/31/2013
<b>Assets</b>			
Deferred tax assets	6	3.3	3.0
Other intangible assets	7	25.6	8.7
Property, plant and equipment	7	5.6	3.3
Investments in subsidiaries	8	376.8	176.1
Investments in other shares	8	0.1	0.1
Other investments and deposits	4	0.8	3.3
Other non-current assets	9, 11	4.2	9.7
<b>Total non-current assets</b>		<b>416.4</b>	204.1
Accounts receivable	5, 9, 11	66.1	43.8
Other receivables	6, 9	31.1	21.2
Cash and cash equivalents	5	74.3	128.4
<b>Total current assets</b>		<b>171.5</b>	193.5
<b>Total assets</b>		<b>587.9</b>	397.5

Statement of financial position

Numbers in \$ million		12/31/2014	12/31/2013
<b>Shareholders' equity and liabilities</b>			
Share capital	10	0.4	0.4
Share premium		258.2	184.2
Other reserves		25.5	19.1
Other equity		30.6	102.9
<b>Total equity</b>		<b>314.6</b>	306.6
<b>Liabilities</b>			
Stock-based compensation liability	3	0.1	0.0
Provisions	12	127.4	0.4
<b>Total non-current liabilities</b>		<b>127.5</b>	0.4
Accounts payable	9, 11	13.1	14.5
Taxes payable	6	13.6	12.8
Public duties payable		7.6	9.3
Deferred revenue	5	7.5	14.3
Stock-based compensation liability	3	0.3	0.1
Other current liabilities	5, 9, 11	20.0	39.4
Provisions	12	83.5	0.0
<b>Total current liabilities</b>		<b>145.8</b>	90.5
<b>Total liabilities</b>		<b>273.3</b>	90.9
<b>Total equity and liabilities</b>		<b>587.9</b>	397.5

Oslo, April 29, 2015



Sverre Munck  
Chairman



Marianne Blystad



Christian Mauricio Uribe Espinoza  
Employee Representative



Audun Wickstrand Iversen



Andre Christensen



Krystian Kolondra  
Employee Representative



Kari Stautland



Erik Möller  
Employee Representative



Lars Boilesen  
CEO



Statement of cash flows

		1/1 - 12/31	1/1 - 12/31
Numbers in \$ million		2014	2013
Cash flow from operating activities			
Profit/loss before taxes		5.1	74.9
Taxes paid	6	(23.7)	(10.8)
Depreciation expense	7	6.2	4.4
Profit/loss from sales of property, plant and equipment		0.0	0.0
Impairment of assets	7	0.0	0.0
Impairment of shares	8	6.9	12.3
Loss on sale of shares	8	0.0	0.0
Changes in accounts receivable **		(8.0)	(8.4)
Changes in accounts payable		1.9	(2.8)
Changes in other liabilities and receivables, net		(43.1)	31.8
Share-based remuneration	3	1.9	0.9
Interest and FX related to contingent payment */ ***	8, 12	69.2	(26.0)
FX differences related to changes in balance sheet items		(25.7)	(7.0)
Net cash flow from operating activities		(9.2)	69.3
Cash flow from investment activities			
Proceeds from sale of assets	7	0.0	0.7
Capital expenditures	7	(4.2)	(2.1)
Capitalized R&D costs ****	4, 7	(5.4)	(8.7)
Acquisition of shares ***	8	(118.6)	(143.7)
Other investments *****	8	(9.1)	(7.9)
Net cash flow from investment activities		(137.3)	(161.7)
Cash flow from financing activities			
Proceeds from exercise of own shares (incentive program)	10	2.8	1.5
Proceeds of share issues, net (incentive program)	10	3.6	8.4
Proceeds of share issues, net (equity increase)	10	125.9	87.2
Dividends paid	10	(5.2)	(4.4)
Purchase of own shares	10	(34.7)	0.0
Net cash flow from financing activities		92.3	92.7
Net change in cash and cash equivalents		(54.1)	0.3
Cash and cash equivalents (beginning of period)		128.4	128.2
Cash and cash equivalents *****		74.3	128.4

\* Interest income and interest expenses are included in Profit (loss) before taxes. Interest paid and interest received are recognized in the same year that interest income and interest expenses are recognized in the consolidated statement of comprehensive income with the exception of interest related to re-evaluation of the contingent payments related to acquisitions. Conversion differences and interest related to re-evaluation of the contingent payments are recognized on a separate line as net cash flow from operating activities.

\*\* Changes in unbilled revenue are included in changes in accounts receivables.

\*\*\* In 4Q 2014, a cash payment of \$9.5 million related to the acquisition of the Microsoft Xpress browser user base associated with the Xpress mobile browser business unit of Microsoft has been included in acquisitions in the consolidated statement of cash flows.

In 3Q 2014, a cash payment of \$93.4 million for Jirbo Acquisition Company, Inc. (DBA: AdColony) has been included in acquisitions in the statement of cash flows. At the same time, a second payment of \$25.0 million was set in escrow. Please see note 8 and 11 for more information.

During 2014, the escrow agent repaid \$14.0 million of the indemnity escrow fund to Opera, as Skyfire Labs did not meet the performance targets related to the escrow.

A group contribution of \$4.7 million was made to Opera Software International AS in 2014.

\*\*\*\*In 2014, \$5.4 million (2013: 8.7) of the Company's investment in product development was capitalized in the consolidated statement of financial position.

\*\*\*\*\*In 2014, Opera invested \$11.0 million in nHorizon Innovation together with a loan grant of \$6.0 million. In addition, nHorizon Innovation repaid a loan of \$8.0 million. Please see note 8 for more information.

\*\*\*\*\*As of December 31, 2014, the conversion discrepancy loss recognized on cash and cash equivalents was \$18.4 million (2013: 1.6).

Statement of changes in equity

<i>Numbers in \$ million</i>	Number of shares	Share capital	Share premium	Other reserves	Reserve for own shares	Trans- lation reserve	Other equity	Total equity
Balance as of 12/31/2013	132.3	0.4	187.0	19.8	0.0	(7.4)	106.9	306.6
Comprehensive income for the period								
Profit for the period							(15.5)	(15.5)
Other comprehensive income								
Foreign currency translation differences						(81.8)		(81.8)
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	(81.8)	(15.5)	(97.3)
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	0.9	0.0	3.5					3.6
Issue of ordinary shares related to equity increase	10.0	0.0	125.8	0.0				125.9
Treasury shares acquired	(2.5)				(34.7)			(34.7)
Treasury shares sold	1.0				0.0		2.8	2.8
Tax deduction on equity issuance costs			1.0				2.0	3.0
Share-based payment transactions				10.1				10.1
Total contributions by and distributions to owners	9.4	0.0	130.4	10.1	(34.7)	0.0	(0.4)	105.4
Other equity changes								
Other changes			(0.2)					(0.2)
Total other equity changes	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	(0.2)
Balance as of 12/31/2014	141.7	0.5	317.2	29.9	(34.7)	(89.2)	90.9	314.6

Face value of the shares
The face value of the shares is NOK 0.02.

Other reserves
Other reserves consist of option and RSU costs recognized 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 Company'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.

Statement of changes in equity

<i>Numbers in \$ million</i>	Number of shares	Share capital	Share premium	Other reserves	Reserve for own shares	Trans- lation reserve	Other equity	Total equity
Balance as of 12/31/2012	119.2	0.4	77.4	16.1	(0.0)	6.2	52.2	152.2
Comprehensive income for the period								
Profit for the period							57.6	57.6
Other comprehensive income								
Foreign currency translation differences						(13.6)		(13.6)
Total comprehensive income for the period	0.0	0.0	0.0	0.0	0.0	(13.6)	57.6	44.0
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	2.7	0.0	8.4					8.4
Issue of ordinary shares related to equity increase	8.0	0.0	87.2					87.2
Treasury shares acquired								0.0
Treasury shares sold	0.3				0.0		1.5	1.5
Tax deduction on equity issuance costs			0.9				0.0	0.9
Share-based payment transactions				3.7				3.7
Total contributions by and distributions to owners	13.1	0.0	109.7	3.7	0.0	0.0	(2.9)	110.5
Other equity changes								
Other changes			(0.0)				0.0	(0.0)
Total other equity changes	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.0)
Balance as of 12/31/2013	132.3	0.4	187.0	19.8	0.0	(7.4)	106.9	306.6



Note 1. Accounting principles

Information about the accounting principles is given in the accompanying note 1 in the consolidated financial statement.

Note 2. Revenue and segment information

The Company'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).

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 in the consolidated financial statements.

Based on the above, Opera has determined that it has one segment. Please see note 1, in the consolidated financial statements, for a definition of products and services for each reportable segment.

Revenue by region <i>[Numbers in \$ million]</i>	2014	2013
EMEA	113.5	87.1
Americas	44.0	48.6
Asia Pacific	40.5	34.0
Total	198.0	169.8

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 2014, the Company had sales to two customers that accounted for more than 10% of total Company revenues. Revenue in 2014

from these two customers, on a combined basis, ranges between \$40 and 50 million in total.

Revenue attributed to customers domiciled in the United States amounted to \$42.3 million (2013: 43.1).

Revenues attributed to Norway for 2014 were \$1.0 million (2013: 0.0), and revenues attributed to all foreign countries in total were \$197.0 million (2013: 169.4).

Revenue type <i>[Numbers in \$ million]</i>	2014	2013
Licenses/royalties	103.5	76.8
Development fees	11.0	8.5
Maintenance, support and hosting	5.6	6.1
Search	46.8	55.3
Advertising	29.8	22.6
Application and content	1.2	0.4
Other revenue	0.1	0.0
Total	198.0	169.8

Revenue customer type <i>[Numbers in \$ million]</i>	2014	2013
Mobile Operators	57.6	50.5
Mobile Consumers	52.5	39.4
Desktop Consumers	62.2	60.9
Device OEMs	24.8	18.2
Other	0.9	0.8
Total	198.0	169.8

**Mobile Operators:** 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 enable; (ii) the Rocket Optimizer™ solution, which allows mobile operators to leverage cloud computing to optimize and compress video and other multimedia traffic on crowded mobile 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) Opera Web Pass, 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; (iv) Opera Sponsored Web Pass, where operators are able to facilitate advertisers sponsoring free internet browsing for their subscriber base, enabling operators to generate advertising revenue and (v) the Opera Subscription Mobile Store, an operator-branded version of the Opera's consumer-focused Opera Mobile Store, which is the third largest application store in the world by number of downloads. The Opera Subscription Mobile Store allows operators to provide unlimited downloads of thousands of premium apps and games for a small weekly subscription fee, under their own brand names. The Opera Subscription Mobile Store enables Operators to generate new recurring revenue streams.

**Mobile Consumers (Opera-owned-and-operated properties):** Opera has around 277 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 our extensive mobile consumer user base. These owned-and-operated properties include the Speed Dial page, the Smart Page, the Opera Mobile Store and the Discover feature. These Opera owned-and-operated properties are expected to be monetized primarily via mobile advertising, mobile search and mobile applications.

**Desktop Consumers:** Since the first public release in 1995, Opera has continuously delivered browser innovation to desktop PCs. Opera for computers provides our 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 emerging markets. Opera is particularly focused on growing users in regions where it already has a strong base of users, such as Russia, as well as expanding our user base in other markets.

**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 that 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.

Note 3. Payroll expenses and remuneration to management

Payroll expenses [Numbers in \$ million]	2014	2013
Salaries/bonuses	23.5	21.8
Social security cost	3.5	4.2
Pension cost	1.2	1.6
Share-based remuneration including social security cost	2.5	1.0
Other payments	2.6	1.9
Consultancy fees for technical development	0.4	0.4
Total	33.7	31.0
Average number of employees	215	245

The company has incorporated the requirements set out by the Mandatory Occupational Pensions Act (“Obligatorisk Tjeneste Pensjon”).

Remuneration to key management personnel
Information about remuneration to key management personnel is given in the accompanying note 3 in the consolidated financial statements.

Independent auditors
The total fees billed by the independent auditors during 2014 were \$0.2 million (2013: 0.3). This is broken down as follows:

Audit fees [Numbers in \$ million]	2014	2013
Audit and audit related services	0.2	0.2
Assurance services	0.0	0.0
Tax services	0.0	0.0
Other service	0.0	0.1
Total	0.2	0.3

Options
The number and weighted average exercise price of share options are as follows:

In thousands of options	Weighted average exercise price 2014 (NOK)	Number of options 2014	Weighted average exercise price 2013 (NOK)	Number of options 2013
Outstanding at the beginning of the period	34.65	3 868	25.70	7 184
Transferred	0.00	0	0.00	1 724
Terminated (employee terminations)	0.00	0	33.99	136
Forfeited during the period	39.30	247	0.00	0
Expired during the period	0.00	0	0.00	0
Exercised during the period	30.96	1 295	24.82	1 946
Granted during the period	76.25	690	35.09	490
Outstanding at the end of the period		3 017		3 868
Exercisable at the end of the period		659		861

Fair value of share options and assumptions [Numbers in NOK]	2014	2013
Fair value at measurement date (average per option)	28.54	12.73
Expected volatility (weighted average)	45.95	45.00
Option life (adjusted for expectations of early exercise)	5.00	5.00
Expected dividends	0.00	0.00
Risk-free interest rate (based on national government bonds)	2.16	1.90

Options that have not yet vested shall be adjusted for any dividend paid out during the vesting period.

Additional information pertaining to options and RSU is given in the accompanying note 3 of the consolidated financial statements.

The table below shows the number of options issued to employees at various strike prices and exercise dates.

Exercise price [In thousands of options]	TOTAL OUTSTANDING OPTIONS		VESTED OPTIONS		
	Outstanding options per 12/31/2014	Weighted average remaining lifetime	Weighted average exercise price (NOK)	Vested options 12/31/2014	Weighted average exercise price (NOK)
10.00 - 12.30					
12.30 - 15.00					
15.00 - 20.00	300	0.92	18.90	300	18.90
20.00 - 25.00	135	2.52	21.68	135	21.68
25.00 - 30.00	812	4.36	26.94	212	26.99
30.00 - 35.00	523	5.41	34.30	13	31.86
35.00 - 40.00	558	4.94	37.23		
40.00 - 45.00					
45.00-	690	6.72	76.01		
Total	3 017	4.76	40.31	659	22.31

Exercise price = strike price

The table below shows the date, number and achieved selling price of options exercised.

Date of exercise [In thousands of options]	Number of exercised options	Achieved selling price (NOK)
3/11/2014	33	78.90
7/4/2014	55	80.45
9/1/2014	408	86.85
12/1/2014	769	90.12



Restricted stock units

The total number of RSUs granted in 2014 was 197,000

Table with 3 columns: Fair value of RSUs and assumptions [Numbers in NOK], 2014, 2013. Rows include Fair value at measurement date, Spot Price at grant, Expected dividends, RSU life, and Risk-free interest rate.

Table with 3 columns: Restricted Stock Units, 2014 Shares, Weighted Average Exercise Price. Rows include Outstanding at beginning, Granted, Transferred in, Exercised, Released, Cancelled, Forfeited, Expired, Adjusted quantity, Performance adjusted, Transferred out, Outstanding at end, Vested options, and summary statistics.

Note 4. Other expenses, research and other non-current assets

Table with 3 columns: Other expenses [Numbers in \$ million], 2014, 2013. Rows include Intercompany services, Rent and other office expenses, Equipment, Audit, legal and other advisory services, Marketing expenses, Travel expenses, Hosting expenses, Other expenses, and Total.

Intercompany services

The Company purchases marketing services and technical services from the subsidiaries Hern Labs AB, Opera Distribution AS, Netview Technology AS and Opera Software International AS (including branches/subsidiaries) The cost is included in intercompany services above.

Research

Engineering salaries are the primary expense incurred in terms of costs related to source code research, development, and maintenance. For 2014, engineering salaries, expensed in the financial statement, were \$10.5 million (2013: 10.7). Development costs capitalized in 2014 were \$5.6 million (2013: 8.7). For additional information, please see notes 7 and 13.

Other non-current assets

Rental deposits in comprise the majority of other non-current assets.

Note 5. Financial risk

The majority of the financial risk carried by the Company, as a result of its subsidiaries, relates to foreign exchange fluctuations. Both sales and purchases 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, EUR and other currencies. In 2014, approximately 63% (2013: 68%) of revenues were in USD and approximately 29% (2013: 23%) were in EUR.

In 2014, the Company had a foreign exchange gain of \$3.5 million. \$1.1 million of the foreign exchange gain was realized, and \$4.6 million was net unrealized foreign exchange loss. The com-

pany had not entered into any foreign exchange contracts as of December 31, 2014.

In 2013, Opera had a foreign exchange gain of \$9.2 million. \$10.7 million of the foreign exchange loss was realized, and \$1.5 million was net unrealized foreign exchange loss.The Company had not entered into any foreign exchange contracts as of December 31, 2013.

Currency risk

As the majority of Opera Software's income is earned in USD and EUR, changes in exchange rates have an immediate effect on the Company's revenue.

The following table shows the breakdown of revenue generation per currency: [Numbers in \$ million]

Table with 5 columns: Currency, 2014 (\$ million, %), 2013 (\$ million, %). Rows include NOK, USD, EUR, GBP, CNY, JPY, CHF, PLN, BYR, SEK, CAD, SGD, INR, ZAR, AUD, and Total.

Conversion of the Company's revenues from foreign currencies into USD yields the following average exchange rates:

	2014	2013
NOK	0.144	0.171
EUR	1.313	1.331
GBP	1.632	1.579
CNY	0.162	0.162
JPY	0.009	0.010
CHF	1.086	1.093
PLN	0.320	0.316
BYR	0.000	0.000
SEK	0.149	0.154
CAD	0.898	0.961
INR	0.017	0.017
ZAR	0.089	n/a

A 10% increase in the average exchange rate would have the following positive effect on the Company's revenue:

[Numbers in \$ million]	2014	2013
NOK	0.0	0.0
EUR	5.7	3.9
GBP	0.0	0.0
CNY	1.4	1.3
JPY	0.0	0.0
CHF	0.1	0.0
PLN	0.0	0.0
BYR	0.1	0.1
SEK	0.0	0.0
CAD	0.0	0.0
INR	0.0	0.0
ZAR	(0.0)	n/a

Conversely, a 10% decrease in the average exchange rate would have a similar negative effect on the Company's revenue as shown above (\$ million).

Accounts receivable as of December 31, 2014, are converted using the following exchange rates: EUR 1.2143, JPY 0.0084, NOK 0.1345, GBP 1.5574, PLN 0.2836, CAD 0.8621, SEK 0.1289, CNY 0.1626, ISK 0.0079, INR 0.0158.

The receivables, as of December 31, are distributed as follows: The numbers below are presented in local currencies.

	2014	2013
NOK	0.2	0.7
USD	21.5	10.4
EUR	12.1	9.4
GBP	0.0	0.0
CNY	22.8	7.0
JPY	1.3	0.8
PLN	0.0	0.1
BYR	(1.1)	0.0
CAD	0.0	0.0
SEK	0.0	0.0
ISK	0.0	2.1
INR	0.1	0.1
BRL	0.0	0.0

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations.

Credit risk related to accounts receivable is assessed to be limited due to the high number of customers in the Group's customer base. Further, the Group conducts most of its business with large global companies and has not experienced significant credit-related losses during this or previous financial years. Therefore, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables.

The customers have not committed any collateral or other means to secure their outstanding debt.

Credit risk regarding accounts receivable may be specified per region as follows:

[Numbers in \$ million]	2014	2013
EMEA	19.7	13.2
Americas	7.3	3.7
Asia Pacific	13.0	7.9
Total	40.0	24.7

Accounts receivable, as of December 31, by age, are as follows:

	2014		2013	
[Numbers in \$ million]	Gross receivables	Provision for bad debt	Gross receivables	Provision for bad debt
Not past due	32.2	0.0	8.9	0.0
Past due 0-30 days	7.8	0.0	4.9	0.0
Past due 31-60 days	2.5	0.0	3.1	0.0
Past due 61-90 days	4.2	0.0	4.2	1.1
More than 90 days	6.4	4.8	3.6	1.4
Total	53.0	4.8	24.7	2.5

The majority of the 2014 receivables that are more than 90 days outstanding have been paid in 2015 or are recognized against deferred income in the "Statement of financial position".

Changes in the provision for bad debt may be specified as follows:

[Numbers in \$ million]	2014	2013
Provision as of January 1	2.5	2.3
Change in the provision for bad debt recognized in the "Statement of comprehensive income"	3.1	0.4
Change in the provision for bad debt not recognized in the "Statement of comprehensive income"	0.0	0.0
Change in the provision for bad debt not recognized in the "Statement of comprehensive income" **	0.0	0.0
Currency adjustment	(0.8)	(0.2)
Provision as of December 31	4.8	2.5
Realized losses, recognized directly in the "Statement of comprehensive income"	0.4	1.3
Received from previously written-down bad debts	(0.1)	(0.0)

\* Recognized against deferred income in the "Statement of financial position".

\*\* Previously written-down bad debts taken out of accounts receivable.

Accounts receivable and other receivables [Numbers in \$ million]	2014	2013
Accounts receivable	48.1	22.3
Unbilled revenue	18.0	21.5
Other receivables	31.1	21.2
Total	97.2	65.0



Liquidity risk

The Company had the following liquidity reserve and credit facility as of December 31.

Liquidity reserve <i>[Numbers in \$ million]</i>	12/31/2014	12/31/2013
<b>Cash and cash equivalents</b>		
Cash in hand and on deposit	74.3	128.4
-of which restricted funds*	7.0	7.6
<b>Unrestricted cash</b>	<b>67.3</b>	120.8
Unutilized credit facilities	0.0	0.0
Short-term overdraft facility	0.0	0.0
<b>Liquidity reserve</b>	<b>0.0</b>	0.0

\* Cash and cash equivalents of \$7.0 million were restricted assets as of December 31, 2014. Cash and cash equivalents of \$7.6 million were restricted assets as of December 31, 2013.

Credit Facility <i>[Numbers in \$ million]</i>	12/31/2014	12/31/2013
Long-term cash credit	0.0	0.0
-of which utilized	0.0	0.0
Short-term overdraft facility	0.0	0.0
-of which utilized	0.0	0.0

Foreign exchange forward contracts

During 2013 and 2014, the Company did not use forward exchange contracts to hedge its currency risk, and Opera had not entered into any foreign exchange contracts as of December 31, 2014.

Deferred revenue

Deferred revenue consists of prepaid license/royalty payments, prepaid maintenance and support, and prepaid development fees. Of the Company's total current liabilities, \$7.5 million (2013: 14.3) relates to deferred revenue, and \$6.0 million (2013: 11.6) relates to deferred revenue that has no future cash payments.

Capital management

In order to achieve the Company's ambitious, long-term objectives, the policy has been to maintain a high equity-to-asset ratio

and to maintain a solid capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company still possesses a business model that anticipates considerable cash flow in the future.

The Company has issued options to the Company's employees in accordance with its objective that employees shall hold company shares.

In 2014, the Board of Directors has used its authorization to purchase the treasury shares. Please see note 9 for more information.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 6. Tax

Current tax: <i>[Numbers in \$ million]</i>	2014	2013
Profit before income tax	5.1	74.9
Permanent differences in profit and loss	64.2	(16.1)
Tax deductible issue cost booked against equity	0.0	(0.0)
Taxes paid abroad	0.0	0.0
Changes in temporary differences	3.3	1.2
Use of taxable loss carried forward	0.0	0.0
<b>Basis for current tax</b>	<b>72.6</b>	60.1
Tax 27%	19.6	16.8
Taxes paid abroad	(3.8)	(3.9)
<b>Current tax</b>	<b>15.8</b>	12.9

\*Including tax effect from equity bookings of \$3.0 million

Tax expense <i>[Numbers in \$ million]</i>	2014	2013
Current tax	17.4	13.7
Deferred tax — gross changes	(0.9)	(0.3)
Tax expense related to change in tax rate	0.0	0.1
Taxes on capital raising costs	0.0	0.0
Tax effect on losses from sales of own shares	0.0	0.0
Tax payable abroad	3.8	3.9
Too much/little tax booked previous year	0.4	0.0
<b>Total</b>	<b>20.7</b>	17.4

Tax payable: <i>[Numbers in \$ million]</i>	2014	2013
Current tax	17.4	13.7
Tax payable abroad	3.8	3.9
Too much/little tax booked previous year	0.4	0.0
Taxes on capital raising costs	0.0	(0.0)
Withholding tax paid to a foreign country	(3.8)	(3.9)
Tax effect on losses from sales of own shares*	(3.0)	(0.9)
Withholding tax utilized	0.0	0.0
Effect of FX differences	(1.2)	0.0
<b>Total</b>	<b>13.6</b>	12.8

\*Recognized against equity.

Specification of prepaid tax: <i>[Numbers in \$ million]</i>	2014	2013
Prepaid tax	0.0	0.0
Withholding tax paid to a foreign country	0.0	0.0
<b>Sum other receivables</b>	<b>0.0</b>	0.0

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

[Numbers in \$ million]	ASSETS		LIABILITIES		NET	
	2014	2013	2014	2013	2014	2013
Inventory, office machinery, etc.	(1.9)	(1.3)	0.0	0.0	(1.9)	(1.3)
Accounts receivables	(1.1)	(0.5)	0.0	0.0	(1.1)	(0.5)
Derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	(0.4)	(1.1)	0.0	0.0	(0.4)	(1.1)
Tax value of loss carry-forwards utilized	0.0	0.0	0.0	0.0	0.0	0.0
Withholding tax paid to a foreign country carried forward	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes/ (tax assets)	(3.3)	(2.9)	0.0	0.0	(3.3)	(2.9)
Set-off of tax	0.0	0.0	0.0	0.0	0.0	0.0
Net deferred taxes / (tax assets)	(3.3)	(2.9)	0.0	0.0	(3.3)	(2.9)

Deferred tax assets and liabilities

Movement in temporary differences during the year

[Numbers in \$ million]	Balance	Posted to	Posted	Balance
	1/1/13	statement of	directly to	12/31/13
		comprehen-	equity capital	
		sive income		
Inventory, office machinery, etc.	(0.9)	(0.4)	0.0	(1.3)
Accounts receivables	(0.6)	0.1	0.0	(0.6)
Liabilities	(1.4)	0.6	(0.3)	(1.1)
Tax value of loss carry-forwards utilized	0.0	0.0	0.0	0.0
Deferred taxes / (tax assets)	(3.0)	0.3	(0.3)	(2.9)

[Numbers in \$ million]	Balance	Posted to	Posted	Balance
	1/1/14	statement of	directly to	12/31/14
		comprehen-	equity capital	
		sive income		
Inventory, office machinery, etc.	(1.3)	(1.0)	0.4	(1.9)
Accounts receivables	(0.6)	(0.7)	0.2	(1.1)
Liabilities	(1.1)	0.6	0.1	(0.4)
Tax value of loss carry-forwards utilized	0.0	0.0	0.0	0.0
Deferred taxes / (tax assets)	(2.9)	(1.0)	0.7	(3.3)

It is the Company's opinion that deferred tax assets can be substantiated in the future. The Company's opinion is based on expected and estimated future income.

Change in deferred tax asset directly posted against the equity capital [Numbers in \$ million]	2014	2013
Translation differences	0.0	0.0
Total deferred taxes posted directly against the equity	0.0	0.0

Reconciliation of effective tax rate [Numbers in \$ million]

	2014		2013	
Profit before tax		5.1		74.9
Income tax using the domestic corporate tax rate	27.0 %	1.4	28.0 %	21.0
Overbooked taxes, previous year	7.9 %	0.4	0.0 %	0.0
Tax paid to a foreign country	0.0 %	0.0	0.0 %	0.0
Taxes on other permanent differences	367.2 %	18.9	-4.8 %	(3.6)
Total tax expense for the year	402.1 %	20.7	23.2 %	17.4

Permanent differences

Permanent differences include non-deductable costs and share-based remuneration.

Note 7. Property, plant and equipment

[Numbers in \$ million]	Cost rented premises	Machinery and equipment	Fixtures and fittings	Develop- ment	Other intangible assets	2014 Total	2013 Total
Acquisition cost							
Acquisition cost as of 1/1/14	0.9	8.9	0.9	10.2	1.7	22.5	13.5
Acquisitions	0.5	3.7	0.0	5.4	19.3	28.8	10.8
Disposal	0.0	(1.0)	(0.0)	0.0	0.0	(1.0)	(0.7)
Currency differences	(0.1)	(1.7)	(0.2)	(2.6)	(1.6)	(6.1)	(1.1)
Acquisition cost as of 12/31/14	1.3	9.8	0.7	13.0	19.4	44.2	22.5
Depreciation							
Depreciation as of 1/1/13	0.1	7.1	0.2	2.4	0.8	10.6	6.8
Disposal	0.0	(1.0)	(0.0)	0.0	0.0	(1.0)	0.0
Currency differences	0.0	(1.6)	(0.0)	(1.0)	(0.2)	(2.8)	(0.6)
Accumulated depreciation as of 12/31/14	0.3	5.6	0.3	5.9	1.0	13.0	10.6
Net book value as of 12/31/14	1.0	4.2	0.4	7.2	18.4	31.2	11.9
Depreciation for the year	0.2	1.0	0.2	4.4	0.4	6.2	4.4
Impairment losses for the year (see note 12)						0.0	0.0
Useful life	Up to 6 years	Up to 10 years	Up to 5 years	Up to 4 years	Up to 5 years		
Depreciation plan	Linear	Linear	Linear	Linear	Linear		

Development is internally developed intangible assests  
Other intangible assets are assets purchased separately.



Operating leases

In 2012, the Company entered into a new lease for the rental of its Norwegian offices at Gjerdrums vei 19. The new lease will run through November 2019. The lease agreement, according to IAS 17, is considered an operating lease.

<i>[Numbers in \$ million]</i>	2014	2013
Leasing costs expensed	1.5	1.5
Termination date of the lease contract	11/30/19	11/30/19
<b>Non-terminable operating leases due in:</b>	<b>2014</b>	<b>2013</b>
Less than one year	1.8	1.5
Between one to five years	6.6	6.0
More than five years	0.0	1.4
<b>Total</b>	<b>8.4</b>	<b>8.9</b>

Note 8. Investments in subsidiaries, associated companies and other shares

The shares in the subsidiaries are booked at the cost of acquisition.

Subsidiaries <i>[Numbers in \$ million]</i>	Hern Labs AB	Opera Software International AS	Opera Distribution AS	Netview Technology AS	AdColony Inc.
<b>Formal information</b>					
Acquisition date	12/13/2000	1/5/2005	12/16/2008	5/14/2012	6/24/2014
Registered office	Linköping, Sweden	Oslo, Norway	Oslo, Norway	Oslo, Norway	Los Angeles, California
Ownership interest	100%	100%	100%	100%	100%
Proportion of votes	100%	100%	100%	100%	100%
Equity at year end	5.7	108.7	0.6	0.9	58.2
Profit for the year	1.2	(17.4)	0.0	0.3	37.2
<b>Information related to the acquisition date</b>					
Acquisition cost	1.3	0.2	0.3	0.8	265.1
Group contribution		16.5	0.4		
<b>Carrying value</b> <i>[Numbers in \$ million]</i>	<b>2014</b>	<b>2013</b>	*Options issued by the Company on behalf of employees in the subsidiaries.		
Purchase price	267.8	2.6	<b>AdColony, Inc.</b>		
Impairment	(0.5)	(0.5)	Information regarding the acquisition of AdColony,Inc. is given in note 8 and note 11 of the consolidated financial statements.		
Group contribution	16.9	13.1	<b>Opera Software International AS</b>		
Options issued*	15.0	6.8	The Annual General Meeting held on June 3, 2014, passed the resolutions to pay a group contribution of \$3.9 million to Opera Software International AS.		
Capital increase	154.0	154.0			
FX adjustment	(76.4)	0.1			
<b>Total</b>	<b>376.8</b>	<b>176.1</b>			

Associated companies

nHorizon Innovation (Beijing) Software Ltd

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 our 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](http://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.

Information regarding nHorizon Innovation <i>[Numbers in \$ million]</i>	2014	2013
Revenue	12.0	10.1
EBIT	(26.3)	(28.0)
Net profit	(27.3)	(28.5)
Assets	19.7	10.4
Short-term liabilities	14.0	15.6
Equity	5.7	(5.2)

Investment in associate

The investments in nHorizon Innovation are accounted for using the cost method. In 2014, Opera invested \$11.0 million. The total investment as of December 31, 2014 is \$23.8 million.

Total outstanding loans as of December 31, 2014 is \$2.7 million.

As of December 31, 2014, Opera owned 29.09% of nHorizon Innovation (29.09 % of the voting rights). Opera has recognized the following fair value amount as Other investments and deposits:

Booked value <i>[Numbers in \$ million]</i>	2014	2013
Investment (Booked value January 1)	0.0	7.3
Investment during the fiscal year	11.0	5.7
FX adjustment	(4.1)	(0.6)
Impairment	(6.9)	(12.3)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

Other shares

Opera Software ASA owns 20% of the European Center for Information and Communication Technologies — EICT GmbH, and 5% of the shares in Alliance Venture Spring AS. The total booked value of the shares are USD 0.1. The market value of the companies are unknown. The EICT is a public/private partnership of scientific institutions, institutes of applied research and leading industrial companies. The strategic innovation partnership pools and specifically links research and development activities in industry and science to information and communication technologies.

Note 9. Outstanding accounts between companies within the same group

[Numbers in \$ million]	OTHER RECEIVABLES (NON-CURRENT)		ACCOUNTS RECEIVABLES		OTHER RECEIVABLES (CURRENT)	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Entity within group	4.2	9.7	13.0	1.8	2.7	2.8
Sum	4.2	9.7	13.0	1.8	2.7	2.8

[Numbers in \$ million]	ACCOUNTS PAYABLE		OTHER SHORT-TERM LIABILITIES	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Entity within group	10.8	12.2	-0.0	29.9
Sum	10.8	12.2	-0.0	29.9

All outstanding balances with the related parties are priced on an arm’s-length basis and are to be settled in cash within five years of the reporting date. None of the balances are secured. The balances outstanding are specified as follows:

Balance outstanding [Numbers in \$ million]	12/31/2014	12/31/2013
Opera Software Poland Sp. z o.o	(0.0)	2.8
Opera Software Iceland ehf	1.1	(0.4)
Opera Software Technology (Beijing) Co., Ltd.	0.2	0.0
Opera Software International AS Oddzial w Polsce	(0.0)	0.0
Opera Software Americas, LLC	(0.6)	(1.7)
Mobile Theory, Inc.	0.0	(0.0)
4th Screen Advertising Limited	0.0	(0.0)
Beijing Yuege Software Technology Service Co.,Ltd.	(0.0)	(0.0)
Opera Software Singapore PTE. LTD	(0.3)	(0.2)
Opera Software Korea Ltd	(0.1)	(0.1)
Opera Software India Private Limited	(0.2)	(0.1)
Opera Software International US, Inc.	0.3	(29.9)
Opera Mediaworks, LLC	0.0	0.2
Opera Commerce, LLC	0.1	0.0
Opera Software Netherlands BV	0.8	4.7
LLC Opera Software Ukraine	(0.3)	(0.4)
Opera Mediaworks Performance, LLC	0.6	0.0
LLC Opera Software Russia	(0.2)	(0.2)
AdMarvel, Inc	(0.3)	0.3
Netview Technology AS	0.0	0.0
Opera Software International AS	8.1	0.1
Hern Labs AB	(2.1)	(2.8)
Opera Mediaworks Ireland Limited	3.8	0.0
Opera Software Ireland Limited	(1.9)	0.0
Huntmads SA	0.1	0.0
Foriades Park SA	0.1	0.0
Hunt Mobile Ads SA de CV	0.0	0.0
Hunt Mobile Ads aplicativos para internet Ltda	0.0	0.0
Hunt Mobile Ads Panamá Corp.	0.0	0.0
Apprupt GmbH	0.0	0.0
AdColony (Jirbo)	0.0	0.0

Transactions [Numbers in \$ million]	2014	2013
Intercompany revenue	6.1	1.0
Service fee costs	72.5	58.9
Intercompany costs of goods sold	3.7	1.8
Interest income from related parties	1.1	2.3
Interest expense to related parties	0.0	0.2

Note 10. Shareholder information

Shareholder information is given in the accompanying note 9 to the consolidated financial statements.

Note 11. Accounts receivable, other receivables, accounts payables, other payables and provisions

Financial assets and liabilities mainly comprise short-term items (non-interest-bearing). Based on this assessment, management does not consider the Company to have financial assets or liabilities with potentially significant differences between net book value and fair value.

**Fair values of financial assets and financial liabilities as of December 31, 2014**  
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels 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 \$ million]	Designated at fair value	Loans and receivables	Other financial liabilities	CARRYING AMOUNT		FAIR LEVEL			Total
				Total		Level 1	Level 2	Level 3	
<b>Financial assets not measured at fair value</b>									
Other investments		4.2		4.2					
Other non-current assets		0.1		0.1					
Accounts receivable		66.1		66.1					
Cash and cash equivalents		74.3		74.3					
<b>Total financial assets not measured at fair value</b>	0.0	144.7	0.0	144.7					
<b>Financial liabilities measured at fair value</b>									
Provisions	210.9			210.9				210.9	210.9
<b>Total financial liabilities measured at fair value</b>	210.9	0.0	0.0	210.9					
<b>Financial liabilities not measured at fair value</b>									
Accounts payable			13.1	13.1					
Other current liabilities			20.0	20.0					
<b>Total financial liabilities not measured at fair value</b>	0.0	0.0	33.2	33.2					

For more information, please see note 12.



Fair values of financial assets and financial liabilities as of December 31, 2013

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels 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.

		CARRYING AMOUNT			FAIR LEVEL			
[Numbers in \$ million]	Designated at fair value	Loans and receivables	Other finan- cial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Other receivables		9.7		9.7				
Investments in other shares		0.1		0.1				
Accounts receivable		43.8		43.8				
Cash and cash equivalents		128.4		128.4				
Total financial assets not measured at fair value	0.0	182.0	0.0	182.0				
Financial liabilities measured at fair value								
Provisions	0.4			0.4			0.4	0.4
Total financial liabilities mea- sured at fair value	0.4	0.0	0.0	0.4			0.4	0.4
Financial liabilities not measured at fair value								
Accounts payable			14.5	14.5				
Other current liabilities			39.4	39.4				
Total financial liabilities not measured at fair value	0.0	0.0	54.0	54.0				

Note 12. Contingent liabilities and provisions

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobserv- able inputs	Inter-relationship between significant unob- servable inputs and fair value measurement
Contingent consideration	Discounted cash flows	*Forecasted annual revenue	The estimated fair value would increase (decrease) if:
		*Forecasted EBIT	*The annual revenue growth rate were higher (lower),
		*Risk-adjusted discount rate	*The EBIT margin were higher (lower); or
			* The risk-adjusted discount rate were lower (higher)
		The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios where Op-era has forecast EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBIT margin.

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.

[Numbers in \$ million]	Note	Contingent consideration
<b>Balance as of 1/1/2013</b>		0.0
Assumed in a business combination	12	40.5
Paid	12	(11.7)
Finance cost	12	(26.0)
Translation differences	12	(2.5)
OCI	12	0.0
<b>Balance as of 12/31/2013</b>		<b>0.4</b>
Assumed in a business combination	12	171.8
Paid	12	0.0
Finance cost	12	69.2
Translation differences	12	(30.5)
OCI	12	0.0
<b>Balance as of 12/31/2014</b>		<b>210.9</b>

AdColony — Earnout agreement and senior management incentive plan

Information regarding the AdColony earnout agreement and senior management incentive plan is given in note 11 of the consolidated financial statements.

Skyfire Labs — Earnout agreement and senior management incentive plan

Information regarding the AdColony earnout agreement and senior management incentive plan is given in note 11 of the consolidated financial statements.

Note 13. Restructuring costs

During 2014, the Company recognized restructuring costs related to strategic cost reductions that will better align costs with reve-nues and related to legal fees related to business combinations.

Costs for restructuring the business [Numbers in \$ million]	2014	2013
Salary restructuring cost	0.2	0.0
Option restructuring cost	0.0	0.0
Office restructuring cost	0.0	(0.1)
Termination cost — hosting center	0.0	0.0
Impairment cost	0.0	0.0
Legal fees related to business combinations	2.3	1.9
Other restructuring cost	0.4	0.0
<b>Total</b>	<b>2.8</b>	1.8

As of December 31, 2014, \$0.6 million was not paid and was recognized as other short-term liabilities in the consolidated statement of financial position. The comparative figure as of December 31, 2013, was \$0.6 million.

Note 14. Accounting estimates and judgments

Management has evaluated the development, selection and disclosure of the Company’s critical accounting policies and estimates and the application of these policies and 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 forms 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. Changes in accounting estimates are 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.

Key sources of estimation uncertainty and critical accounting judgments in applying the Company's accounting policies

Contingent considerations

The Group has entered into earnout agreements as specified in notes 8 and 11. Opera has in note 11 given a detailed analysis of how the contingent considerations have been calculated. Changes in the chosen assumptions can have a significant impact on the size of the earnout cost.

Stock-based compensation

The Company’s option program expired in June 2014 and was replaced by a restricted stock unit (RSU) program. The options and RSUs are recognized in accordance with IFRS 2. The option and RSU costs are calculated on the basis of various assumptions, such as volatility, interest level, dividend and and employee turnover. For RSUs, estimates of achieved performance targets are also included. The chosen assumptions can have a significant impact on the size of the option and RSU costs. The assumptions are given in note 3.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on best estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Note 15. Related parties

In FY 2014, except for Opera Software ASA's transactions with Hern Labs AB, Opera Software International AS, Opera Distribution AS, Netview Technology AS and Opera Software Poland Sp. z o.o, Opera Software ASA did not engage in any related-party transactions, including with any members of the Board of Directors or the Executive Team. Please refer to notes 3, 4, 8 and 9 for additional information. The transactions with the subsidiaries are based on a model where the parent company covers the cost plus a margin. The margins are based on the arm’s-length principle.

Estimated fair value of cash generating unit for impairment testing of goodwill

In accordance with IAS 36, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on a value-in-use calculation. This calculation requires the use of estimates and is based on assumptions that are consistent with the market valuation of the Group.

Percentage of completion

The Group has considered its activities related to technological development in terms of the requirements in IAS 38. The Company develops specially designed browsers for use in its customers’ products. Based on signed contracts with large, established market participants, Opera develops and adjusts the Opera browser so that it is compatible with mobile phones, game consoles and many other devices. The reason entered into contracts with customers, committing the Company to develop a custom-made browser for a settled fee, is that the fee received is meant to cover Opera’s expenses related to this specific technological development. The adjustments and modifications are carried out continuously over time. Hence, income and costs recognized in accordance with the percentage of completion method, which states that related income and expenses are to be recognized in the same period. Estimation of the degree of completion is based on the best estimate. Management’s choice of estimates for the degree of completion will have an effect on recognized income.

Development costs

Cost of building new features, together with significant and pervasive improvements of the core platform, provided that the significant and pervasive improvements of parts or main components of the core platform will generate probable future economic benefits, are capitalized as development costs and amortized on a straight-line 3-year basis. Please refer to notes 4 and 7 for additional information.

A significant portion of the work that engineering performs (beyond specifically designed browsers) is related to the implementation of the ongoing updates that are required to maintain the browser’s functionality. Examples of updates include “bug fixes”, updates made to comply with changes in laws and regulations, and updates made to keep pace with the latest web trends. These costs are expensed as maintenance costs.

Bundled agreements

In some contracts, Opera receives a fee that covers development and a guaranteed number of licenses, as well as maintenance in the subsequent period. The elements in the different contracts are assessed in accordance with the best estimate of true value and recognized as the elements are delivered. If the elements can not be separated, all income is recognized in aggregate, in accordance with the percentage of completion method.

Transactions with key management personnel

Members of the Board of Directors and the Executive Team of the Company and their immediate relatives controlled 5.6% of the Company’s voting share as per December 31, 2014. The Company has not provided any loans to directors or Executive Team members as of December 31, 2014.

Executive Team members also participate in the Company’s stock option program (see note 3 in the consolidated financial statements).

Compensation for Executive Team members can be found in note 3 to the consolidated financial statements.

Note 16. Earnings per share

Earning per share	2014	2013
Earnings per share (basic) (USD)	(0.113)	0.467
Earnings per share, fully diluted (USD)	(0.113)	0.458
Shares used in earnings per share calculation	137 181 075	123 156 089
Shares used in earnings per share calculation, fully diluted	137 181 075	125 783 923

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.

Note 17. Events after the reporting period

The Group has signed an agreement with DNB Bank ASA to increase the size of its secured credit facility (“facility”) from \$150 million to \$250 million, of which \$60 million is a 3-year term loan and \$190 million is a 3 year Revolving Credit Facility. The new facility will primarily be secured through a share pledge in Opera Software International AS and floating charges over accounts receivable in Opera Software ASA and certain of its US subsidiaries. The new facility has a term of 3-years and has the same terms as the existing facility. The Group intends to use the financing for general corporate purposes.





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To the Annual Shareholders' Meeting of Opera Software ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Opera Software ASA, which comprise the financial statements of the parent company Opera Software ASA and the consolidated financial statements of Opera Software ASA and its subsidiaries. The parent company's and the consolidated financial statements comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

*The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements*

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statautoriserte revisorer - medlemmer av Den norske Revisorforening.

Offices in:

Oslo	Haugesund	Stavanger
Alta	Kragerø	Stord
Arendal	Kristiansand	Strøme
Bergen	Larvik	Tromsø
Bodø	Molde	Trondheim
Elverum	Molde	Tynset
Finnsnes	Narvik	Tjønsberg
Grimstad	Sandnessjøen	Ålesund
Hamar		



*Independent auditor's report 2014*  
*Opera Software ASA*

*Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Opera Software ASA and of Opera Software ASA and its subsidiaries as at 31 December 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

*Opinion on Accounting Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 April 2015  
KPMG AS

*Gunnar Sotnakk*  
Gunnar Sotnakk  
State Authorized public Accountant





## Declaration of executive compensation policies

### PART 1: POLICIES AND EXECUTIVE COMPENSATION EXCEPT SHARE-BASED INCENTIVES

The Board of Directors has, in accordance with the Public Limited Liability Companies Act § 6-16a, developed policies regarding compensation for the Executive Team.

The objectives of the Executive Team compensation program are, in particular, to (i) attract, motivate, retain and reward the individuals on the Executive Team and (ii) ensure alignment of the Executive Team with the long-term interests of the shareholders. The Company's executive compensation program is intended to be performance driven and is designed to reward the Executive Team for both reaching key financial goals and strategic business objectives and enhancing shareholder value.

The Board of Directors is of the opinion that the Company, due to its increased presence in markets with differing competitive environments for talent, and hence different traditions for executive compensation and retention, notably the difference between the USA and Scandinavia, needs to have at its disposal a variety of instruments for executive compensation. These instruments, both in their structure and their implementation in terms of performance criteria, need to be aligned with the Company's long term value creation performance. The Board of Directors will propose new long-term, equity-based incentive programs at the 2015 Annual General Meeting. Further details on the proposed programs will be included in the calling notice for the 2015 Annual General Meeting (the "2015 AGM").

The most important components of Executive Team compensation are as follows: (i) base salary, (ii) cash-incentive bonus and (iii) long-term, equity-based incentives. Only the statement in part 2 "Share-based incentives", below, will be binding for the Board of Directors.

#### 1. Base salary

Base salary is typically the primary component of Executive Team compensation and reflects the overall contribution of the executive to the Company. The determination of base salaries for the executives considers a range of factors, including (i) job scope and responsibilities, (ii) competitive pay practices, (iii) background, training and experience of the executive, and (iv) past performance of the executive at the Company. Adjustments to base salary are ordinarily reviewed every 12 months or longer by the Board.

#### 2. Cash incentive bonus

The Company uses a cash-incentive bonus to focus the Executive Team members on, and reward the Executive Team members for, achieving key corporate objectives, which typically involve a fiscal-year performance period. Key drivers of cash-incentive bonuses for the Executive Team are typically corporate financial and operational performance. Cash-incentive bonuses tied to strategic business objectives, which may be individual to or shared among the Executive Team members, may also be considered as part of the cash-incentive bonus. The determination of the total bonus that can be potentially earned by an executive in a given year is based on, among other factors, the executive's current and expected contributions to the Company's performance, his or her position within the Opera Executive Team, and competitive compensation practices. Any cash-incentive bonus is capped, so no member of the Executive Team can be awarded more than 200% of his or her on-target cash-incentive bonus unless the Board of Directors makes exemptions in particular cases.

In March 2014, the Board approved the Executive Compensation Plan for FY 2014, applicable to all Executive Team members, except for the CEO of Opera Mediaworks (Opera's mobile advertising business), who did not have a cash-incentive bonus plan for 2014, but was instead granted performance-based RSUs in 2014 that vest ratably over a four-year period.

The cash-incentive bonus for 2014 was based on achievement of certain Corporate Results.

For the 2014 Corporate Results component, 50% was tied to meeting the FY 2014 Reported Revenue target for the Company and 50% to meeting the FY 2014 Reported Adjusted EBITDA (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities) target for the Company. The Board believes that Revenue and Adjusted EBITDA are key financial measures of the operational performance of the Company. Revenue is a fundamental measure of our success at selling our solutions, growing users for our products and services, innovating and competing in the marketplace. Adjusted EBITDA is a very good indicator of pre-tax profit generation of the Company, as it eliminates the effects of events that either are not part of our core operations or are non-cash such as depreciation related to strategic acquisitions and stock-based compensation.



Based on the FY 2014 Executive Compensation Plan, there were no interim, intra-year payments, no bonus based on Corporate Results was paid or earned for attainment of Revenue below 90% achievement, and the Company had to meet at least 80% of the FY 2014 Reported Adjusted EBITDA (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities) target component to award any bonus associated with the FY 2014 revenue target. Provided the aforementioned conditions were met for Reported Revenues and Reported Adjusted EBITDA (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities), the bonus was calculated as follows: from 90%-100%, bonus percentage achievement was interpolated based on a 30% bonus at 90% achievement and a 100% bonus at 100% achievement, and, from 100%+ achievement, bonus percentage achievement was interpolated based on a 100% bonus at 100% achievement and a 200% bonus at 110% achievement. Total bonuses paid for the fiscal year for Corporate Results under the plan could not exceed 200% of the bonus opportunity for each Corporate Result component for any one individual.

In April 2015, the Board approved the Executive Compensation Plan for FY 2015. As a starting point, the cash-incentive bonus for FY 2015 for Executive Team members is based on Corporate Results for FY 2015. Certain members of the Executive Team may, however, have a portion of his other cash-incentive bonus tied to individualized, strategic business targets linked to his or her particular area of responsibility.

For the Corporate Results component, 50% is tied to meeting certain FY 2015 Reported Revenue targets for the Company and 50% to meeting certain FY 2015 Reported Adjusted EBITDA (excluding extraordinary one-time costs) targets for the Company. Based on the FY 2015 Executive Compensation Plan, there are no interim, intra-year payments, no bonus based on Corporate Results is paid or earned for attainment of Revenue below 90% achievement, and the Company must meet at least 80% of the FY 2015 Reported Adjusted EBITDA (excluding extraordinary one-time costs) target component to award any bonus associated with the FY 2015 revenue target. Provided the aforementioned conditions are met for Reported Revenues and Reported Adjusted EBITDA (excluding extraordinary one-time costs), the bonus is calculated as follows: from 90%-100%, bonus percentage achievement is interpolated based on a 30% bonus at 90% achievement and a 100% bonus at 100% achievement, and, from 100%+ achievement, bonus percentage achievement is interpolated based on a 100% bonus at 100% achievement and a 200% bonus at 110% achievement. Total bonuses paid for the fiscal year for Corporate Results under the plan shall not exceed 200% of the bonus opportunity for each Corporate Result component for any one individual, unless the Board of Directors makes exemptions in particular cases.

### 3. Severance-payment arrangements

Pursuant to Section 15-16 second subsection of the Norwegian 2005 Act relating to Employees' Protection, CEO Lars Boilesen has waived his rights

under Chapter 15 of the Act. As compensation, he is entitled to a severance payment of two years' base salary if his employment is terminated by the Company. If the CEO has committed a gross breach of his duty or other serious breach of the contract of employment, the employment can be terminated with immediate effect without any right for the CEO to the mentioned severance payment.

Except for the CEO as described above, the employment agreements for the members of the Executive Team have no provisions with respect to severance payments if a member of the Executive Team should leave his or her position, whether voluntarily or involuntarily. Severance payment arrangements, if any, will thus be based on negotiations between the Company and the relevant member of the Executive Team on a case-by-case basis.

### 4. Pension

Members of Executive Team participate in regular pension programs available for all employees of Company. For members of the Executive Team based in Norway, an additional pension agreement is in place. This agreement is based on a defined-contribution scheme and contributes 20% of salary over 12G.

## PART 2: SHARE-BASED INCENTIVES

### 1. Existing programs

The Company currently has two equity-based incentives: ordinary stock options and Restricted Stock Units ("RSU"). The RSU program has replaced the previous stock-option program, but already-granted and not exercised or terminated stock options are still outstanding. No new stock options will be issued under the previous stock-option program.

The Annual General Meeting held on June 14, 2011, approved a stock-option program under which the maximum number of options to be granted during 2011, 2012, 2013 and 2014 was 11,950,000. After June 14, 2011, and up to June 3, 2014, 5,448,850 options were granted under the program, of which 4,334,671 options were still outstanding as at December 31, 2014.

The Annual General Meeting held on June 3, 2014 approved the Company's new RSU program. The RSUs can vest and be exercised in accordance with performance-based and/or time-based criteria. Please see items 2 and 3 below for applicable vesting criteria for RSUs granted in 2014 and 2015 prior to the 2015 AGM and proposed vesting criteria for RSUs granted in 2015 post the 2015 AGM.

Moreover, for the 2015 AGM, the Company will propose replacing the current RSU program with a two-tier, share-based incentive structure consisting partly of RSUs and partly of ordinary options; please see item 3 below for more details.

### 2. 2014 vesting criteria for existing RSUs

As it relates to RSU vesting for the Executive Team, 100% of the performance targets required for RSU vesting in 1Q 2015 for all eligible Executive Team member RSUs were met. For the Chief Executive Officer, the FY 2014 RSU targets were as follows, with a 50% weighting for each: \$447.5 million for

Reported Revenue and \$115 million for Reported Adjusted EBITDA (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities). For all other Executive Team members other than the CEO of Opera Mediaworks, the FY2014 RSU targets were as follows, with a 50% weighting for each: \$435 million for Reported Revenue and \$110 million for Reported Adjusted EBITDA (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities). For the CEO of Opera Mediaworks, the FY2014 RSU targets were as follows (excluding revenue from AdColony and Apprpt), with a 100% weighting on Revenue, where the Revenue Target was \$187 million, where revenue included all mobile advertising generated by Opera with the exception of certain fixed price mobile advertising arrangements related to Opera's owned and operated browser properties.

In order to receive any RSUs, the Chief Executive Officer needed to meet at least 80% of each financial target (33% of eligible RSUs vest at 80% achievement for the Chief Executive Officer, with linear interpolation to 100% of target achievement). For all other Executive Team members other than the Chief Executive Officer and the CEO of Opera Mediaworks, achievement below 100% for each financial target would result in a 10% reduction in the number of eligible vesting RSUs assigned to each financial target. For the CEO of Opera Mediaworks, at least 91% of the Revenue Target needed to be reached and a minimum Adjusted EBITDA needed to be reached (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities) on the actual Revenue for 2014 for the Executive to be eligible for any vesting RSUs; at 91% achievement, 65% of eligible RSUs would vest, with interpolation to 100% of target achievement).

No Executive Team member is eligible for additional RSUs beyond 100% achievement of the relevant target.

### 3. 2015 vesting criteria for existing RSUs

For the Executive Team, any 2015 RSUs granted prior to the 2015 AGM will have vesting conditions based on the following performance criteria: Revenue and Adjusted EBITDA for Opera Software ASA and, for the CEO of Opera Mediaworks, Revenue and Adjusted EBITDA tied to Opera's mobile-advertising operations. In addition, certain RSUs will be granted with criteria relating to TSR (as defined below) and/or corporate strategic targets.

For the new share-based incentive program applicable for the period June 2, 2015, until the Annual General Meeting in 2016, the Board will propose to the 2015 AGM that the new RSU grants will be based upon performance criteria, including Total Shareholder Return ("TSR"), Organic Revenue Growth, Adjusted EBITDA Growth and Strategic Business Objectives.

The Board of Directors has ascertained that the use of TSR is increasingly being used in long-term, equity-based incentive programs. It is the opinion of the Board of Directors that this criterion, while not

without weaknesses, over time is well aligned with value creation for Opera shareholders. The concept captures key drivers for per-share price appreciation.

While non-organic growth will remain an important strategic lever, the Board of Directors is of the opinion that Organic Revenue Growth is a key strategic goal for the Company. The Company operates in fast growing, yet highly unpredictable and competitive market segments. Over time, Organic Revenue captures the company's ability to turn technological innovation and commercial acumen into market share and market relevance in the segments in which the company operates.

Moreover, the Board believes that Adjusted EBITDA is a key indicator of pre-tax profit generation of the Company, as it eliminates the effects of events that either are not part of our core operations or are non-cash such as depreciation related to strategic acquisitions and stock-based compensation.

All RSUs granted after the 2015 AGM and until the Annual General Meeting in 2016 will further be in accordance with the terms and conditions as approved by the 2015 AGM.

## PART 3: 2014 COMPLIANCE

In 2014, the Executive Team received base salaries and cash-incentive bonuses in line with the Executive Compensation Policy as presented to the 2014 Annual General Meeting. Increases in base salaries and cash-incentive bonuses for FY 2014 have been given based on individual merit and to ensure closer alignment with competitive pay practices.

The targets for 2014 were adjusted by the Board during FY 2014 to reflect the impact of the AdColony acquisition, which had a meaningful impact on Opera's financial results for 2014. In FY 2014, Opera achieved 109% of its FY 2014 Revenue Target and 106% of its FY 2014 Reported Adjusted EBITDA Target (including extraordinary one-time costs, but excluding advisory costs associated with Opera's acquisition-related activities. Note that the definition of "extraordinary one-time costs" was refined by the Board specifically to exclude advisory costs associated with strategic acquisition activities – mainly legal costs. If advisory costs associated with Opera's acquisition-related activities had been deducted from FY2014 Reported Adjusted EBITDA, then 103% of the Adjusted EBITDA target would have been met). Moreover, in 2014, no Executive Team member had cash-incentive bonuses tied to Strategic Business Objectives.

Total compensation earned for the Executive Team in FY 2014 is summarized in note 3 of the consolidated financial statements.

During 2014, no deviations from the share-based compensation programs as approved by the 2013 Annual General Meeting were made with respect to the Executive Team.

# Principles of corporate governance at Opera Software ASA

## General principles, implementation and reporting on corporate governance

Opera Software ASA (“Opera” or the “Company”) strongly believes that strong corporate governance creates higher shareholder value. As a result, Opera is committed to maintaining high standards of corporate governance. Opera’s principles of corporate governance have been developed in light of the Norwegian Code of Practice for corporate governance (the “Code”), dated October 30, 2014, as required for all listed companies on the Oslo Stock Exchange. The Code is available at [www.nues.no](http://www.nues.no). The principles are further developed and are in accordance with section 3-3b and section 3-3c of the Norwegian Accounting Act, which can be found at [www.lovdata.no/all/nl-19980717-056.html](http://www.lovdata.no/all/nl-19980717-056.html). Opera views the development of high standards of corporate governance as a continuous process and will continue to focus on improving the level of corporate governance.

The Board of Directors has the overall responsibility for corporate governance at Opera and ensures that the Company implements sound corporate governance. The Board of Directors has defined Opera’s basic corporate values, and the Company’s ethical guidelines and guidelines on corporate social responsibility are in accordance with these values.

## Opera’s activities

Opera’s vision is that we are shaping an open, connected world. This is reflected in Article 3 of the Articles of Association, which reads, “The Company’s business shall be to develop, produce and sell software and associated services and all activities related thereto, including participation in other companies and other activities with similar purposes.” However, reaching this goal is about much more than leading the innovation of web technologies. Our business is based on close relationships with customers, partners, investors, employees, friends, and communities all over the world — relationships we are committed to developing by conducting our business openly and responsibly. Our corporate policies are developed in order to be true to this commitment.

## CSR guidelines

The Board of Directors has adopted corporate social responsibility (“CSR”) guidelines. The CSR guidelines cover a range of topics including human rights, employee relations, health, environment & safety, anti-discrimination and anti-corruption. Opera

Software is a member of the UN Global Compact. Opera respects and supports the Global Compact’s ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. Please see the Company’s webpage for the “Communication on Progress” related to the UN Global Compact ([www.unglobalcompact.org/COPs/detail/19864/](http://www.unglobalcompact.org/COPs/detail/19864/)). Please also see the Company’s webpage for the CSR Report at <http://www.operasoftware.com/company/investors/corpgov/>.

## Equity and dividends

The Company’s equity is considered to be adequate relative to Opera’s financial objectives, overall strategy and risk profile.

To achieve our ambitious long-term growth objectives, it is Opera’s policy to maintain a solid equity ratio. Opera believes our need for growth can be met while also allowing for a dividend distribution, as long as the Company is reaching its target growth and cash-generation levels. For this reason, the Company will consider continuing to pay dividends over the next years. Dividend payments will be subject to approval by the shareholders at the Company’s Annual General Meetings. Any proposal to the General Meeting to grant the Board of Directors an authorization to approve the distribution of dividends will be explained.

Authorizations granted to the Board of Directors to increase the Company’s share capital will be restricted to defined purposes and will, in general, be limited in time to no later than the date of the next Annual General Meeting. To the extent that an authorization to increase the share capital shall cover issuance of shares under employee stock incentive schemes and other purposes, the Company will consider presenting the authorizations to the shareholders as separate items.

The Board of Directors may also be granted the authority to acquire own shares. Authorizations granted to the Board of Directors to acquire own shares will also be restricted to defined purposes. To the extent that an authorization to acquire own shares shall cover several purposes, the Company will consider presenting the authorization to the shareholders as separate items. Such authority, by statute, may apply for a maximum period of 2 years and will state the maximum and minimum amount payable for the

**Quote: Opera strongly believes that strong corporate governance creates higher firm value**



shares. Opera will, however, in general limit the duration of such authorizations to 1 year. In addition, an authorization to acquire own shares will state the highest nominal value of the shares that Opera may acquire, as well as the mode of acquiring and disposing of own shares. Opera may not at any time hold more than 10% of the total issued shares as own shares.

Current authorizations for the Board of Directors are set out in note 9 of the Annual Report.

**Equal treatment of shareholders and transactions with close associates**

A key concept in Opera’s approach to corporate governance is the equal treatment of shareholders. Opera has one class of shares, and all shares are freely transferable (with possible exceptions due to foreign law restrictions on the sale and offering of securities). All shares in the Company carry equal voting rights. The shareholders exercise the highest authority in the Company through the General Meeting. All shareholders are entitled to submit items to the agenda and to meet, speak and vote at the General Meeting.

Any decision to waive the preemption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be explained. Where the Board of Directors resolves to carry out an increase in the share capital and waive the preemption rights of the existing shareholders on the basis of a mandate granted to the Board, an explanation will be publicly disclosed in a stock exchange announcement issued in connection with the increase of the capital.

In 2014, there have been no significant transactions with closely related parties. If the Company should enter into a non immaterial transaction with associated parties within Opera or with companies in which a director or leading employee of Opera or close associates of these have a material direct or indirect vested interest, those concerned shall immediately notify the Board of Directors.

Any such transaction must be approved by the Board of Directors and, where required, be publicly disclosed to the market as soon as possible.

In the event of non-immaterial transactions between the Company and a shareholder, a shareholder’s parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board of Directors will arrange for a valuation to be obtained from an independent third party, unless the transaction requires the approval of the General Meeting.

The Company has an established and closely monitored insider-trading policy.

Any transaction the Company carries out in own shares will be carried out either through the stock exchange or at prevailing market prices if carried out in any other way.

**Freely negotiable shares**

Opera has no limitations on the transferability of

shares and has one class of shares. Each share entitles the holder to one vote.

**General Meetings**

Through the General Meeting, the shareholders exercise the highest authority in the Company. General Meetings are held in accordance with the Code. All shareholders are entitled to submit items to the agenda and to meet, speak and vote at General Meetings. The Annual General Meeting is held each year before the end of June. Extraordinary General Meetings may be called by the Board of Directors at any time. The Company’s auditor or shareholders representing at least five percent of the total share capital may demand that an Extraordinary General Meeting be called.

General Meetings are convened by written notice to all shareholders with known addresses no later than 21 days prior to the date of the meeting. Proposed resolutions and supporting information, including information on how to be represented at the meeting, voting by proxy and the right to propose items for the General Meeting, are generally made available to the shareholders no later than the date of the notice. According to the Company’s Articles of Association, attachments to the calling notice may be posted on the Company’s website and not sent to shareholders by ordinary mail. Shareholders who wish to receive the attachments may request the Company to mail such attachments free of charge. Resolutions and the supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered in the meeting. Shareholders who are unable to be present in the meeting are encouraged to participate by proxy, and a person who will be available to vote on behalf of shareholders as their proxy will be nominated. Proxy forms will allow the proxy holder to cast votes for each item separately. A final deadline for shareholders to give notice of their intention to attend the meeting or vote by proxy will be set in the notice for the meeting. Such deadline will be set as close as possible to the date of the General Meeting and under every circumstance, in accordance with the principles of section 5-3 of the Public Limited Companies Act.

The Chairman, Vice-Chairman, Chairman of the Nomination Committee, CEO, CFO and the auditor will, under normal circumstances and unless there are valid reasons to be absent, be present at the meeting in person. The Chairman for the meeting is generally independent. Notice, enclosures and protocol of meetings are available on Opera’s corporate website <http://www.operasoftware.com/company/investors/>.

The General Meeting elects the members of the Board of Directors (excluding employee representatives), determines the remuneration of the members of the Board of Directors, approves the annual accounts, and decides such other matters, which by law, by separate proposal, or according to the Company’s Articles of Association are to be decided by the General Meeting. The General Meeting will normally vote separately on each candidate for election for the Board of Directors, the Nomination Committee and any other corporate bodies to which members are elected by the General Meeting.



The Board of Directors may decide to allow electronic participation in General Meetings and will consider this before each General Meeting.

The minutes from General Meetings will be posted on the Company’s website within 15 days after the General Meeting has been held. Information that a General Meeting has been held will be made public as soon as possible after the end of the meeting.

**Nomination Committee**

The Nomination Committee is a body established pursuant to the Articles of Association and shall consist of three to five members. The members and the chairperson are elected by the General Meeting. Members of the Nomination Committee serve for a two-year period, but may be re-elected. The current members of the Nomination Committee are Jakob Iqbal (Chairman), Michael Tetzschner and Nils Foldal. The members of the Nomination Committee are independent of the Board of Directors and the executive personnel. Currently, no member of the Nomination Committee is a member of the Board of Directors. Any member who is also a member of the Board of Directors will normally not offer himself or herself for re-election to the Board.

The tasks of the Nomination Committee are to propose candidates for election as shareholder-elected members of the Board of Directors and members of the Nomination Committee. The Nomination Committee will be encouraged to have contact with shareholders, the Board of Directors and the Company’s Chief Executive Officer as part of its work on proposing candidates for election to the Board of Directors. The Committee cannot propose its own Committee members as candidates for the Company’s Board of Directors. Further, the Committee shall make recommendations regarding the remuneration of the members of the Board of Directors. Its recommendations will normally be explained, and information about proposed candidates will normally be given, no later than 21 days before the General Meeting. The tasks of the Nomination Committee are further described in the Company’s Nomination Committee guidelines, as adopted by the Annual General Meeting held on June 14, 2011. Remuneration of the members of the Nomination Committee will be determined by the General Meeting. Information regarding deadlines for proposals for members to the Board of Directors and the Nomination Committee will be posted on Opera’s corporate website. Please see <http://www.operasoftware.com/company/investors/nominations/> for further information regarding the Nomination Committee.





### Corporate assembly

Opera does not have a corporate assembly, as the employees have voted, and the General Meeting in 2010 approved, that the Company should not have one.

### Composition and independence of the Board of Directors

The Board of Directors has overall responsibility for the management of the Company. This includes a responsibility to supervise and exercise control of the Company's activities. The Board of Directors shall consist of 5-10 members, including the employee representatives. The proceedings and responsibilities of the Board of Directors are governed by a set of rules of procedure. It is the Company's intention that the members of the Board of Directors will be selected in the light of an evaluation of the Company's needs for expertise, capacity and balanced decision making, with the aim of ensuring that the Board of Directors can operate independently of any special interests and that the Board of Directors can function effectively as a collegial body.

The Chairman of the Board of Directors will be elected by the General Meeting unless statutory law prescribes that the Chairman must be elected by the Board of Directors. The Board members are encouraged to own shares in the Company. Please see [www.operasoftware.com/company/investors/board/](http://www.operasoftware.com/company/investors/board/) for a detailed description of the Board members, including share ownership. Pursuant to the Code, at least half of the shareholder-elected members of the Board of Directors shall be independent of the Company's management and its main business connections. At least two of the shareholder-elected members of the Board of Directors shall be independent of the Company's main shareholders. In the Company's view, all directors, except for Kari Stautland, are considered independent of the Company's main shareholders, and all shareholder-elected directors are independent of the Company's management and main business connections. Executive personnel should normally not be included in the Board of Directors. Currently, no executive employee is a director. The term of office for members of the Board of Directors is two years unless the General Meeting decides otherwise, but a director may be re-elected.

### The work of the Board of Directors

The conduct of the Board of Directors follows the adopted rules of procedure for the Board of Directors. A specific meeting and activity plan is adopted towards the end of each year for the following period, normally revisited twice a year. The Board of Directors will meet a number of times within a year, including for strategy meetings, and it will hold additional meetings under special circumstances. Its working methods are openly discussed. Between meetings, the Chairman and Chief Executive Officer update the Board members on current matters. There is frequent contact regarding the progress and affairs of the Company. Each Board meeting includes a briefing by one of the functional or department managers of the Company, followed by Q&A. The Board meetings are a continuous center of attention for the Board of Directors, ensuring executive personnel maintain systems, procedures and a corporate culture that promote high ethical conduct and compliance with legal and regulatory requirements.

The Board of Directors has further established a Remuneration Committee and an Audit Committee. Currently, the Remuneration Committee and the Audit Committee each consists of three members. According to the Code, a majority of the members of each Committee should be independent from the Company. If the requirements for independence are not met, Opera will explain the reasons in our Annual Report. Currently, Audun W. Iversen (Chairperson), Kari Stautland and Erik Möller are members of the Audit Committee, and Marianne Blystad (Chairperson), Christian Uribe and Sverre Munck are members of the Remuneration Committee. The requirements for independence are thus met.

The Audit Committee's main responsibilities include following up on the financial reporting process, monitoring the systems for internal control and risk management, having continuous contact with the appointed auditor, and reviewing and monitoring the independence of the auditor. The Board of Directors maintains responsibility and decision making in all such matters. Please see below under the section "Remuneration of the Executive Personnel" and the "Board Rules of Procedure" for the tasks to be performed by the Remuneration Committee.

The Board will consider evaluating its work, performance and expertise annually, and any report from such evaluation will upon request be made available to the Nomination Committee. The Board plans to carry out a self-evaluation process in 2015. To ensure a more independent consideration of matters of a material character in which the Chairman of the Board of Directors is, or has been, personally involved, such matters will be chaired by some other member of the Board of Directors. Please see [www.operasoftware.com/company/investors/board/procedures/](http://www.operasoftware.com/company/investors/board/procedures/) for further information regarding the Rules of Procedure for the Board of Directors and the instructions for its Chief Executive Officer <http://www.operasoftware.com/company/investors/corpgov/>. The Company has also established rules of procedure for our executive personnel.

### Risk management and internal control *Management and control*

#### Board of Directors

The Board of Directors has overall responsibility for the management of the Company. This includes a responsibility to supervise and exercise control of the Company's activities. The Board has drawn up the rules of procedure for the Board of Directors of Opera. The purpose of these rules of procedure is to set out rules on the work and administrative procedures of the Board of Directors of Opera. The Board of Directors shall, among other things, ensure that the Company's business activities are soundly organized, supervise the Company's day-to-day management, draw up plans and budgets for the Company's activities, keep itself informed on the financial position of the Company, and be responsible for ensuring that the Company's activities, accounts, and asset management are subject to adequate control. In its supervision of the business activities of Opera, the Board of Directors will ensure that:



- The Chief Executive Officer uses proper and effective management and control systems, including systems for risk management, which continuously provide a satisfactory overview of Opera's risk exposure.
- The control functions work as intended and that the necessary measures are taken to reduce extraordinary risk exposure.
- There exist satisfactory routines to ensure follow-up of principles and guidelines adopted by the Board of Directors in relation to ethical behavior, conformity to law, health, safety and working environment, and social responsibility.
- Opera has a proper internal auditing system, capable of producing reliable annual reports.
- Directives from the external auditor are obeyed and that the external auditor's recommendations are given proper attention.

The Board's duties can be found on our corporate site in the document called "Rules of Procedure for the Board of Directors of Opera Software ASA" found at <http://www.operasoftware.com/company/investors/board/procedures/>.

Executive Team

Opera's Board has drawn up instructions for the Executive Team of the Company. The purpose of these instructions is to clarify the powers and responsibilities of the members of the Executive Team and their duty of confidentiality.

The Executive Team conducts an annual strategy meeting with the Board of Directors. The strategy meeting focuses on product, sales, marketing, financial, organizational and the corporate development strategy for the Group.

The Board of Directors has ensured that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. The Company has performed a scoping of the financial risks in the Company and has established written control descriptions and process descriptions. The controls are executed on a monthly, quarterly or yearly basis, depending on the specific control. The internal controls and systems also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. The Board of Directors carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. In December 2014, all Board members confirmed that they had read and complied with the Code of Conduct during the term of their directorship.

The Group's CFO is responsible for the Group's control functions for risk management and internal control. Opera publishes four interim financial statements in addition to the annual report. The financials are published on the Oslo Stock Exchange. Given the importance of providing accurate financial information, a centralized corporate control function and risk management function has been established ultimately consisting of the Group's corporate and business controllers. The corporate and business controller tasks are, among other things, to perform management's risk assess-

ment and risk monitoring across the group's activities, to administer the Company's value-based management system and to coordinate planning and budgeting processes and internal controls reporting to the Board of Directors and Executive Team. The corporate and business controllers report into the CFO.

The Finance department prepares financial reporting for the Group and ensures that reporting is in accordance with applicable laws, accounting standards, established accounting principles and the Board's guidelines. The Finance department provides a set of procedures and processes detailing the requirements with which local reporting units must comply. The Group has established processes and a variety of control measures that will ensure quality assurance of financial reporting. A series of risk assessment and control measures have been established in connection with the preparation of financial statements. Reporting instructions are communicated to the reporting units each month, following internal meetings when the reporting units have submitted their Group reports, and the business controllers have reviewed the reporting package with the purpose of identifying any significant misstatements in the financial statements. Based on the reported numbers from the reporting units, the Finance department consolidates the Group numbers. Several controls are established to ensure the correctness of the consolidation, e.g., control types such as reconciliation, segregation of duties, management review and authorization.

The Group CFO, the head of Opera's internal audit function and leaders of the reporting units are responsible for (i) the ongoing financial reporting and for implementing sufficient procedures to prevent errors in the financial reporting, (ii) identifying, assessing and monitoring the risk of significant errors in the Group's financial reporting, and (iii) implementing appropriate and effective internal controls in accordance with specified group requirements and for ensuring compliance with local laws and requirements. All reporting units have their own management, and the financial functions are adapted to the organization and activities. All monthly and quarterly operations reports are analyzed and assessed relative to budgets, forecasts and historical trends.

The Executive Team analyzes and comments on the financial reporting and business results of the Group on a quarterly basis. Critical issues and events that affect the future development of the business and optimal utilization of resources are identified, and action plans are put in place, if necessary.

The Audit Committee oversees the process of financial reporting and ensures that the Group's internal controls and the risk management systems are operating effectively. The Audit Committee performs a review of the quarterly and annual financial statements, which ultimately are approved by the Board of Directors.

Other guidelines

As an extension of the general principles and guidelines, Opera has drawn up additional guidelines.

*Ethical and corporate social responsibility guidelines*

The Board of Directors has adopted Ethical and Corporate Social Responsibility Guidelines that contain the basic principles that Opera will follow with respect to our ethical guidelines and our corporate social responsibilities ("CSR"). The guidelines contain the basic principles describing the rules governing business practice, personal conduct, and roles and responsibilities, ultimately describing topics including human rights, employee relations, health, environment & safety, anti-corruption and anti-discrimination. These general principles and guidelines apply to all employees and officers of the Group.

*Information security*

Opera has guidelines and information policies covering information security roles, responsibilities, training, contingency plans, etc.

*Financial policies*

Opera has established comprehensive internal procedures and systems to mitigate risks and to ensure reliable financial reporting.

*Investor-relations guidelines*

Opera is committed to reporting financial results and other relevant information based on openness and taking into account the requirement for equal treatment of all participants in the securities market. To ensure that correct information is made public, as well as ensuring equal treatment and flow of information, the Company's Board of Directors has approved an IR Policy. A primary goal of Opera's investor-relations activities is to provide investors, capital-market players and shareholders with reli-

able, timely and balanced information for investors, lenders and other interested parties in the securities market, to enhance understanding of our operations.

External audit

Opera is subject to a yearly, external statutory audit.

The Financial Supervisory Authority of Norway

In addition to its own supervisory bodies and external auditor, the Group is subject to statutory supervision by The Norwegian Financial Supervisory Authority.

**Remuneration of the Board of Directors**

Remuneration for Board members is a fixed annual sum proposed by the Nomination Committee and approved at the Annual General Meeting. The remuneration reflects the responsibility, qualifications, time commitment and the complexity of their tasks in general. No Board members (or any company associated with such member) elected by the shareholders have assumed special tasks for the Company beyond what is described in this document, and no such member (or any company associated with such member) has received any compensation from Opera other than ordinary Board of Directors remuneration. All remuneration to the Board of Directors is disclosed in note 3 to the Annual Report.

A large number of the Company's shareholders are international investors with a different view on some of the recommendations in the Code. Hence, some of Opera's directors carry stock options in the Company, as disclosed in note 3 to the Annual Report. This practice will be further limited in the future, but it will not be excluded as a tool to enhance the interest



of any particular international expert or senior executive to join the Board of Directors. Any grant of stock options to Board members will, however, be subject to specific approval by the General Meeting. Any Board member who takes on assignments for the Company in addition to his or her appointment as a Board member will disclose such assignments to the Board of Directors, which will determine the appropriate remuneration for the assignment in question.

**Remuneration of executive personnel**

A Remuneration Committee has been established by the Board of Directors. The Committee shall act as a preparatory body for the Board of Directors with respect to (i) the compensation of the CEO and other members of the Executive Team and (ii) Opera's corporate governance policies and procedures, which, in each case, are matters for which the Board of Directors maintains responsibility and decision making.

Details concerning remuneration of the executive personnel, including all details regarding the CEO's remuneration, are given in note 3 to the Annual Report. The performance-related remuneration to executive personnel is subject to an absolute limit. The Board of Directors assesses the CEO and his terms and conditions once a year. The General Meeting is informed about incentive programs for employees, and, pursuant to section 6-16 a) of the Public Limited Companies Act, a statement regarding remuneration policies for the Executive Team will be presented to the General Meeting. The Board of Director's statement on the remuneration of the Executive Team will be a separate appendix to the agenda for the General Meeting. The Company will also normally make clear which aspects of the guidelines are advisory and which, if any, are binding. The General Meeting will normally be able to vote separately on each of these aspects of the guidelines. In addition, the Board of Directors' declaration on the compensation policies of the Executive Team is included in a separate section to the Annual Report.

**Information and communications**

Communication with shareholders, investors and analysts is a high priority for Opera. The Company believes that objective and timely information to the market is a prerequisite for a fair valuation of the Company's shares and, in turn, the generation of shareholder value. The Company continually seeks ways to enhance our communication with the investment community.

The Opera corporate website (<http://www.operasoft-ware.com/company/investors/>) provides the investment community with information about the Company, including a comprehensive investor-relations section. This section includes the Company's investor-relations policy, annual and quarterly reports, press releases and stock-exchange announcements, share price and shareholding information, a financial calendar, an overview of upcoming investor events, and other relevant information.

During the announcement of quarterly and annual financial results, there is a forum for shareholders and the investment community to ask

questions of the Company's management team. Opera also arranges regular presentations in Europe and the United States, in addition to holding meetings with investors and analysts. Important events affecting the Company are reported immediately to the Oslo Stock Exchange in accordance with applicable legislation and posted on <http://www.operasoftware.com/company/investors/>. All material information is disclosed to recipients equally in terms of content and timing.

The Board has further established an IR-policy for contact with shareholders and others beyond the scope of the General Meeting.

**Takeovers**

The Board of Directors endorses the recommendation of the Code. Opera's Articles of Association do not contain any restrictions, limitations or defense mechanisms on acquiring the Company's shares. In accordance with the Securities Trading Act and the Code, the Board has adopted guidelines for possible takeovers.

In the event of an offer, the Board of Directors will not seek to hinder or obstruct takeover bids for Opera's activities or shares. Any agreement with the bidder that acts to limit the Company's ability to arrange other bids for the Company's shares will only be entered into where the Board believes it is in the common interest of the Company and its shareholders.

Information about agreements entered into between the Company and the bidder that are material to the market's evaluation of the bid will be publicly disclosed no later than at the same time as the announcement of an impending bid is published. If an offer is made for the shares of Opera, the Board of Directors will make a recommendation as to whether the shareholders should or should not accept the offer and will normally arrange for a valuation from an independent expert.

**Auditor**

The auditor participates in meetings of the Board of Directors that deal with the annual accounts, as well as upon special request. Every year, the auditor presents to the Audit Committee a report outlining the audit activities in the previous fiscal year and highlighting the areas that caused the most attention or discussions with management, as well as a plan for the work related to the Company's audit. The auditor also reviews the Company's internal control procedures, including identified weaknesses and proposals for improvement. The auditor will make himself available upon request for meetings with the Board of Directors during which no member of the executive management is present, as will the Board of Directors upon the auditor's request. The General Meeting is informed about the Company's engagement and remuneration of the auditor and for fees paid to the auditor for services other than the annual audit, and details are given in note 3 to the Annual Report.

The Board of Directors has established guidelines with respect to the use of the auditor by the Company's executive personnel for services other than the audit.





# Corporate Social Responsibility

This report from the Board of Directors describes Opera Software's effort and results related to corporate social responsibility ("CSR").

Creating a responsible and sustainable business is an integral part of everything we do at Opera. We are committed to the highest standard of social responsibility throughout the company's sphere of influence and believe that transparency and openness are key elements in obtaining a sustainable and responsible business.

This CSR report is based on the principles set out in our CSR guidelines adopted by the Board of Directors. The guidelines cover a range of topics such as human rights, employee relations, health, environment and safety, and anti-discrimination. The CSR Policy applies equally to national and international operations across the Opera Group.

## 1. OPERA'S VISION

Opera's vision is the foundation and goal for all business conducted at company. The vision should guide us and our everyday choices should reflect it. Our staff members have been key contributors in creating this vision.

*We are shaping an open, connected world.*

- We champion an open internet.
- We strive to bring the web to everyone.
- We enable content and commerce.
- We create value through partnerships.
- We shape with love and craftsmanship.

We believe that an open, connected world — powered by great technology and services — is essential to breaking down the barriers that limit access to information, education and fun.

Our culture is playful, people-centric and innovation-driven, and our goal is to improve communication for the benefit of everyone.

## 2. ETHICAL CODE OF CONDUCT

Opera Software strives to be an ethically responsible company. Ensuring employee and human rights and assuming social responsibility have always been key elements of our corporate policy. To ensure high ethical standards, Opera has developed a company Ethical Code of Conduct. Our ethical guidelines highlight our commitment to respecting and supporting internationally recognized human rights.

Opera Software will interact with our employees in the same way as we strive to interact with our customers: following the highest ethical standards and respect for individuality.

The guidelines apply to all staff members, in all Opera Group offices and departments. The code has been put in place to help employees, clients and business partners understand Opera's values and standards. Opera's reputation is created by the conduct of each individual staff member. All staff members are therefore invited and obliged to familiarize themselves with the Ethical Code of Conduct when joining Opera.

The Ethical Code of Conduct covers the following main areas: human rights, personal conduct and a safe and healthy work environment, anti-corruption, and the environment.

The Ethical Code of Conduct is approved by the Board of Opera Software, as well as the Opera Work Environment Committee. The Human Resources department and managers are responsible for making employees aware of the Ethical Code of Conduct, as well as ensuring that employees adhere to the rules, regulations and principles therein.

A violation of the Ethical Code of Conduct will result in disciplinary action up to and including termination of employment. Several of the guidelines concern actions that are also punishable offenses, such as the harassment of co-workers and corruption. In the event of such a breach, the relevant authorities may also be notified. The Human Resources department is responsible for following up any possible breaches.

## 3. UNITED NATIONS GLOBAL COMPACT

In 2011, Opera Software ASA announced its support of the Global Compact. Today, almost four years later Opera is pleased to confirm its continued support to the initiative and the ten principles in the areas of Human Rights, Labor, Environment and Anti-Corruption.

Observing internationally proclaimed human rights is a core value for our company. Opera is committed to communicating our efforts and to respecting the ten principles set forth in the initiative.

Through the annual Communication on Progress, we describe our commitment, implementation and outcomes with regard to the ten principles. We continually strive to make the principles a part of the strategy, culture and day-to-day operations of our company.

For more details on our commitment to the Global Compact, go to <https://www.unglobalcompact.org/COPs/active/60631/>.

**4. PROMOTING HUMAN RIGHTS**

Opera Software respects and observes internationally proclaimed human rights. Opera ensures that we are not complicit in any human right abuses. Respect for human rights is a core value at Opera.

**Equal opportunities and non-discrimination**

Opera strongly condemns discrimination. We believe that people should be treated with respect at all times. Opera insists on fair, non-discriminative treatment for all employees, irrespective of race, color, nationality, age, sex, sexual orientation, gender identity, ethnic origin, marital status, disability or religion.

As part of our core values, Opera promotes cultural diversity and gender equality, and we are proud to have 55 nationalities represented within the organization.

The principles of equal opportunities and non-discrimination are present throughout the organization and in all company activities. When recruiting, we use assessment methods such as programming tests and test cases to give equal opportunities to all qualified applicants. Similar approaches are exercised when promoting, offering training opportunities, etc.

Opera continually works to improve the gender balance in the company. At the end of 2014, female employees constituted 26% of the total workforce. This is an increase from last year's 21%. Opera has two female Board members and one woman on the senior Executive Team.

At Opera, we pride ourselves on aiming to give equal opportunity to employees in both their work and personal lives. One of the benefits for all male employees is the opportunity to have two weeks of paid father's leave upon the birth of their child. By doing this, we are emphasizing the importance having a healthy work-life balance, regardless of the geographical location or local labor legislation.

**Labor rights**

Opera respects and observes the fundamental employment rights set out in the international conventions on human rights, such as the conventions of the International Labor Organization (ILO) and the United Nations (UN).

Opera respects the freedom of assembly and the freedom of association with others, including the right to form and join labor unions. Several Opera employees are organized in labor unions. Through regular meetings and discussions, we ensure a good dialogue with the unions and their members.

**Freedom of expression and the right to privacy**

Opera helps millions of people across the globe to connect to the internet. Freedom of expression and privacy are fundamental human rights. Moreover, these rights are fundamental to facilitate the meaningful realizations of other human rights.

Opera strongly believes in these human rights, and we will strive to protect them for our users, employees, partners and other stakeholders. The open internet, including the web, has true potential as an open communication platform that enables users globally to exercise their freedom of speech. Conversely, new technologies can be used to invade citizens' privacy. Opera will take the required measures to protect our users' basic right to privacy.

To make sure that we reinforce these measures, Opera has hired a Head of Information and has developed an Information Security Standard. This standard will be rolled out across the Group in 2015.

**5. WORK ENVIRONMENT**

Opera is a knowledge company, with the success and innovation in our products springing from the brainpower and teamwork of our employees. We have a highly international and multinational workforce, where we combine the responsiveness of a flat structure with an extreme focus on results and innovation. This is the place where highly talented and motivated individuals thrive! At the same time, as we offer our employees great challenges every day, we also emphasize the importance of employees having the flexibility to take care of their family and friends. This is reflected in our family-friendly policies, such as our two weeks of leave at birth for fathers. Our goal is always to offer our staff members a safe, healthy and inspiring work place, and we work hard together with our employees to challenge and innovate in this area.

Employees are expected to comply with safety and health laws and regulations that apply to our business activities.

**Work Environment committee**

Opera has established a Work Environment committee to ensure a safe working environment. The committee consists of representatives from the company- and employee sides of the business. The committee's manager is responsible for surveying and documenting all working environment issues related to risks, health hazards and welfare on an on-going basis, as well as implementing necessary measures.

There have been no reported harassment or discrimination incidents at Opera in 2014.

**Employee representatives in the Board of Directors**

Employees at Opera Software have the right and obligation to elect three employee representatives and five substitute representatives to the Board of Directors. The representatives are elected for a period of two years and participate in the Board on the same terms as the representatives elected by the shareholders. All staff members around the world are eligible to nominate and vote in the election. Through elected representatives to the Board, we give our employees a voice. The Board of Directors ensures the best interests of Opera Software ASA, and a special obligation falls on the employee-elected members to voice the concerns of Opera employees.

**Low sick leave**

In 2011, Opera Software ASA was ranked as one of the companies with the lowest-registered sick leave on the Oslo Stock Exchange. These good results have continued. In 2014, the reported sick-leave numbers for the Opera Group were well below 2% for all countries in the Opera Group.

Discrimination on the basis of sickness or disability shall not occur at Opera. We work hard to meet all our employees' needs. We offer shorter working hours and other services to accommodate our employees with disabilities our other particular needs.

**Learning and developing at Opera**

Opera's success as a company depends on the success of each employee, and it is very important for us to offer professional and personal growth to retain key talent. This year, we upgraded our online learning portal, previously called Opera Academy. We consulted the employees in a naming competition, and the final name that received the most votes was Opera Campus. The new name also spurred the team behind Opera Campus to think of new ways to offer the employees not only a technically upgraded learning portal, but also a wider selection of courses and tools and more sharing capabilities. The result is a new learning and sharing platform for our employees, available to all employees worldwide, offering a wide range of tools and activities, as well as the ability to upload and discuss their own content and training materials.

In 2014, we also launched Leading Opera – an online program with tools and resources, accessible for all leaders at Opera via Opera Campus. Leading Opera also includes a blended-learning component with three, underlying face-to-face or distance-learning options tailored to suit the different needs and schedules of Opera's leaders. The new Shape program is a global training program with three face-to-face trainings spanning two days each. The Connect program is a program tailored for middle managers offered locally in the different offices, including locations in the United States, Poland, Norway and Sweden. The third option is the Learning lab, which gives leaders at Opera the ability to discuss leadership and pressing business issues across borders and in groups of six to eight leaders.

**6. ANTI-CORUPTION**

Opera Software abstains from and works actively to combat corruption and bribery. Corruption distorts economic decision-making, deters investment, undermines competitiveness and, ultimately, weakens economic growth. As a part of our Ethical Code of Conduct, Opera has implemented the following guidelines:

**Gifts**

No person acting on behalf of Opera Software is allowed to accept any gift, service or advantage of more than insignificant value, nor receive any amount of cash, regardless of sum. Correspondingly, no gifts, services or advantages may be offered by persons acting on behalf of Opera Software, apart from gifts of insignificant value, such as the marketing merchandise provided by Opera. Cash may never be offered, regardless of sum.

**Bribery**

No person acting on behalf of Opera shall attempt to influence persons in the conduct of their post, office, or commission by offering an improper advantage. Nor shall improper advantage be offered to anyone for the purpose of influencing third parties in the conduct of their post, office or commission.

Correspondingly, no persons acting on behalf of Opera shall request, accept or receive improper advantage in connection with their position or assignment, or for the purpose of influencing a third party.

Improper advantage can take different forms, including, but not limited to money, objects, credit, discounts, travel, accommodation and other services.

**Whistleblowing**

Opera encourages freedom of speech and blowing the whistle on malpractice, fraud, illegality, or breaches of rules, regulations, and procedures or raising health and safety. Any Opera staff member making a whistleblowing report is protected from any repercussions, such as dismissal and other forms of reprisal. To secure an effective procedure, staff members may blow the whistle either in person or anonymously to the Work Environment committee.

To improve communication and ensure that issues do not escalate to the point where they become a whistleblowing case, Opera focuses on the following practices:

- Communicate the company's norms, values, and rules and regulations regarding ethical conduct.
- Create an open atmosphere by making sure that staff members have the opportunity and possibility to meet and discuss issues in formal and informal settings.
- Discuss and put questions regarding freedom of speech and whistleblowing on the agenda in internal communications.
- Ensure that there is a Work Environment committee in place that meets regularly to discuss issues.

**7. OPERA AND THE ENVIRONMENT**

Opera Software understands the importance of supporting the environment. For this reason, we have adopted an environmental policy. Opera seeks to prevent any negative environmental impact our activities may have on the environment. The environmental policy is incorporated as a part of our Ethical Code of Conduct.

Opera shall:

- Act according to environmental laws to limit the environmental burden on earth, air, water and ecosystem.
- Commit to using environmentally safe products in the workplace.
- Educate staff about company environmental regulations.
- Evaluate the consumption of energy and other resources to determine means of control.
- Ensure the development of environmentally protective procedures.



For the past several years, Opera has made data-center efficiency, low-power CPUs in our servers and procuring power from renewable energy sources key components of our hosting-expansion strategy. This has both reduced the cost per transaction and reduced our environmental impact. Opera also has participated in programs to dispose of electronic equipment responsibly and encourages employees to use this service for any personal electronics they are retiring.

Reducing the amount of paper produced during normal business practices and recycling paper waste are other visible examples of Opera's environmental commitments. We encourage keeping the lights out after hours and in unused areas. Also, as a part of our environmental commitment, Opera has effectively removed all disposable cups and glasses from our offices. Instead, each employee receives a personal coffee mug and water bottle.

8. SOCIAL COMMITMENT

At Opera, we believe that an open, connected world — powered by great technology and services — is essential to breaking down the barriers that limit access to information, education and fun.

Access to the internet and achieving 50 million users in India

Today, only 2.7 billion people are connected to the internet globally. The cost of getting online is one of the biggest challenges for users worldwide. We want to help get the next five billion users online.

This year, Opera passed a fantastic milestone in India. More than 50 million people are now using the Opera Mini browser to get online with their phones in India, making Opera Mini the third most used app in the country.

The Opera Mini browser makes it possible to access the web from even the most basic phones. Opera

Mini is our most important contribution towards achieving our goal of connecting more people to the internet. Today, we have hundreds of millions of Opera Mini users around the world, with a majority of them in developing countries.

Internet.org

Opera is a proud partner in the internet.org project, a partnership between Facebook, Opera and other technology companies. The goal is to make internet access available to the two thirds of the world who are not yet connected and to bring the same opportunities to everyone that the connected third of the world has today. Opera is proud to contribute to the project with our competence in internet technology.

Smile Foundation

Since 2013, Opera has been working in India with the Smile Foundation, an organization that provides education to children who otherwise might fall through the cracks. India is a country where around 57% of the population, mostly women and elderly people, can't read and write. For those lucky enough to go to school, they face a teacher-student ratio of 1:60. The Smile Foundation is an NGO working in over 160 locations across India. Its focus is to help children get the education they deserve and a chance for a better life.

YCAB Foundation in Indonesia

In 2014, Opera continued its cooperation with the YCAB Foundation (Yayasan Cinta Anak Bangsa) in Indonesia. The YCAB Foundation has, since 1999, helped the country's youth with several programs that include education for the underprivileged. YCAB is a well-established non-profit organization that aims to enable underprivileged youth to be independent through education, entrepreneurship, and economic assistance. Its goal is to transform the lives of five million people by 2015. Opera is proud to be a part of this mission.



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