

## **Nexit Ventures Exits Hantro; Shares Acquired by On2 Technologies**

**Helsinki, Finland – May 22, 2007 – Nexit Ventures**, a venture capital firm focused on mobile technologies and services, has agreed to sell its share of **Hantro Products**, a provider of video technology for mobile devices, to **On2 Technologies, Inc.** (AMEX:ONT), the world's premier developer of video compression technology.

The acquisition accelerates the deployment of On2's technology on semiconductor chipsets for mobile and embedded devices. Hantro's technology has been implemented on more than 200 million devices to date and in mobile phones produced by five of the world's top six handset manufacturers. Hantro is recognized as the market leader in wireless video intellectual property as measured in revenue, number of shipped devices, and number of customers.

Under the terms of the agreement, On2 will acquire Hantro in a share exchange directly with the holders of all of Hantro's equity securities (including all outstanding share options) for a combination of cash and shares of On2's common stock, par value \$.01 per share. Immediately after the closing, the Hantro stockholders would own approximately 12% of the combined company on a pro forma basis, based on On2's closing share price of \$3.38 on May 18, 2007. The number of On2 shares to be issued at closing is subject to adjustment based on Hantro's stockholders' equity as of the date of the closing.

Based on On2's closing share price of \$3.38 on May 18, 2007, the total value of the acquisition at closing would be \$58,431,695. After giving effect to contingent consideration of up to an additional 12.5 million On2 shares based on the level of 2007 revenues from Hantro's business lines, ownership of the combined company by Hantro's shareholders could be a maximum of approximately 19% on a pro forma basis.

Nexit Ventures owns approximately a third of Hantro shares. Other investors include Capman, Atine and 2M as well as the company's founders and key personnel.

On2's video technologies are the de-facto standard for Internet video through inclusion in Adobe® Flash® Player 8 and 9. On2 codecs are used by leading web publishers as well as VoIP and mobile video companies such as Move Networks, Skype and ChinaMobile. On2 currently has more than 1 billion deployments of its codecs. As a result of the Hantro acquisition, the combined company will offer a full range of products and capabilities for video applications ranging from very low data rates to high-definition video across web, embedded devices, consumer devices and mobile/Wifi applications.

Nexit Ventures has worked actively to develop Hantro Products' business since 1998, and the company is a co-lead investor in Hantro since 2000.

"Hantro is a great example of Nexit's successful strategy of finding and investing in companies with breakthrough innovations in the rapidly growing mobile ecosystem," said Pekka Salonoja, General Partner, Nexit Ventures, and Chairman of the Board, Hantro Products. "On2's codecs are used in nine out of ten PCs in the world through Adobe® Flash® Player. As a result of the acquisition, Hantro can help bring this technology to mobile devices. This is the first time that all the most significant advanced video formats will be available from one provider."

"We have long set the standard for excellence in video with our codec technology," said Bill Joll, president and CEO of On2. "Hantro's technology and expertise in chip implementation enable On2's video technology to be easily implemented on devices with low silicon costs, lower power demands and increased performance. Consumer electronic equipment suppliers should soon be able to deliver devices that can play longer high-quality videos at a significantly lower cost."

"In the device industry, ease of implementation, low power consumption, high performance and low bill of materials are important factors when evaluating technology," said Eero Kaikkonen, president and CEO of Hantro. "By combining Hantro's longstanding expertise in low power-consumption hardware video designs with On2's cutting-edge video technology, we expect On2's codecs will become an easy choice for embedded and mobile manufactures and service providers."

The acquisition by share exchange is expected to close before mid-August 2007 and is subject to approval by On2's stockholders and to On2's raising \$20,000,000 through sales of On2's equity securities prior to the closing of the acquisition of Hantro, as well as customary closing conditions. The purpose of the equity offering is to generate working capital for the combined companies.

Nexit's other portfolio companies include the Finland-based Conformiq, Ekahau and Futuremark, as well as the US-based Ecrio and Skypilot. In 2006, Nexit realized successful exits of its portfolio companies Bitfone, Hybrid and Mobile365 to HP, Nvidia and Sybase, respectively.

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**About Nexit Ventures**

Nexit Ventures is a venture capital firm focused on mobile technologies and services. Investments are made primarily in Nordic and US-based early-stage companies with products and services for a global market. For Nordic companies, Nexit's network of business contacts in Silicon Valley provides a bridge to markets, partners, experienced management and investors at an early stage. US-based ventures get an opportunity to profit from the market-leading wireless network infrastructure, technology, insight, and advanced user base of the Nordic countries. Nexit has offices in Helsinki, Stockholm and Silicon Valley. For further information, please visit [www.nexitventures.com](http://www.nexitventures.com).

**About Hantro**

A leader in multimedia technology for mobile devices, Hantro's designs have been incorporated in over 100 million handsets worldwide with customers in the North American, EMEA and APAC markets. Provided as intellectual property and delivering optimal value and performance, Hantro's portfolio includes hardware and software MPEG4, H.263, H.264/AVC and VC-1 video codecs, audio and still image codecs as well as integration platforms and application solutions. Uniquely positioned to deliver technology solutions for semiconductor and device manufacturers, Hantro enables IPTV, mobile TV, video sharing, camcorder, media player, video telephony and more. For further information please visit [www.hantro.com](http://www.hantro.com).