



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	916 544 561
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OPERA SERVICES AS
Forretningsadresse:	Vitaminveien 4 0483 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
-------------------------	-------------------------

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Joakim Kasbohm
Dato for fastsettelse av årsregnskapet:	28.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses	2	35 000	56 000
Sum kostnader		35 000	56 000
Driftsresultat		-35 000	-56 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	6	33 000	82 000
Other finance income	5	71 160 000	0
Sum finansinntekter		71 193 000	82 000
Rentekostnad til foretak i samme konsern	4	7 842 000	11 275 000
Net foregin exchange gain (loss)	4	5 583 000	-5 483 000
Sum finanskostnader		13 425 000	5 792 000
Netto finans		57 768 000	-5 710 000
Ordinært resultat før skattekostnad		57 733 000	-5 766 000
Income tax (expense) benefit	8	-1 919 000	-2 376 000
Ordinært resultat etter skattekostnad		59 652 000	-3 390 000
Årsresultat		59 652 000	-3 390 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	8 863 000	6 829 000
Sum immaterielle eiendeler		8 863 000	6 829 000
Finansielle anleggsmidler			
Investering i datterselskap	5	564 946 000	564 946 000
Sum finansielle anleggsmidler		564 946 000	564 946 000
Sum anleggsmidler		573 809 000	571 775 000
Omløpsmidler			
Varer			
Fordringer			
Loans to subsidiaries	4	1 165 000	2 123 000
Sum fordringer		1 165 000	2 123 000
Bankinnskudd, kontanter og lignende			
Cash	6	481 000	2 847 000
Sum bankinnskudd, kontanter og lignende		481 000	2 847 000
Sum omløpsmidler		1 646 000	4 970 000
SUM EIENDELER		575 455 000	576 745 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		293 000	293 000
Overkurs		214 900 000	214 900 000
Sum innskutt egenkapital		215 193 000	215 193 000



Balanse

Beløp i: USD	Note	2020	2019
Opptjent egenkapital			
Retained earnings		67 954 000	8 303 000
Sum opptjent egenkapital		67 954 000	8 303 000
 Sum egenkapital		 283 147 000	 223 496 000
 Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	4	292 212 000	
Sum annen langsiktig gjeld		292 212 000	
 Sum langsiktig gjeld		 292 212 000	 0
 Kortsiktig gjeld			
Income tax payable	8	96 000	
Kortsiktig konserngjeld	4		352 719 000
Other current liabilities	3		530 000
Sum kortsiktig gjeld		96 000	353 249 000
 Sum gjeld		 292 308 000	 353 249 000
 SUM EGENKAPITAL OG GJELD		 575 455 000	 576 745 000



Kunhoo Software AS

FINANCIAL STATEMENTS

2020



2020 REPORT FROM THE BOARD OF DIRECTORS KUNHOO SOFTWARE AS

Nature and place of business

Kunhoo Software AS is domiciled in Norway and the company has its headquarters located in Vitaminveien 4 in Oslo, Norway. The Company is a limited liability company fully owned by the Luxembourg holding company Kunhoo Software Sarl. The ultimate parent company is Opera Limited. Kunhoo Software AS is a holding company, and its main purpose is to own Opera Norway AS.

This report from the board of directors includes activities in Kunhoo Software AS from January 1, 2020 until December 31, 2020. Kunhoo Software AS does not disclose consolidated accounts according to Section 3-7 of the Norwegian Accounting Act.

The Company is a holding company with no operational activities or employees.

Statement of the financial statements

As of December 31, 2020, total assets had a book value of \$575,4 million, while equity had a book value of \$283,1 million. The equity ratio as of December 31, 2020 was 49%.

The net profit in 2020 of \$59,7 million is proposed transferred from other equity in its entirety. Net profit in 2020 was primarily related to dividends from subsidiaries less interest expenses to group companies and net foreign exchange loss, related to its primary asset, the investment of Opera Norway AS. The aforementioned investment was funded with debt and equity at the Kunhoo Software AS level. Loans from group companies had a book value of \$292,2 million as of December 31, 2020. There are no significant cash flows in 2020.

The Board is of the opinion that the company has sufficient equity and liquidity for continued operations.

The Board believes that the annual accounts give a true and fair view of Kunhoo Software AS's earnings in 2020 and its financial position as of December 31, 2020.

Going concern

In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the assumption of continuation is based on the preparation of the accounts.



Events after the balance sheet date

There has not occurred events after the balance sheet date which indicates changes in the annual accounts.

Environmental

In 2020, the Group continued to work with existing data center providers to improve and reduce power consumption and the cost of moving to power-saving servers. By providing data to the development team, we are also able to focus on awareness and improvements. As Opera Mini and other hosting services grow, we continue to evaluate our results and adjust our strategy accordingly. We will continue to have focus and priority on purchasing products with efficient cooling and other power-saving products in 2021.

Opera has also invested in video conferencing equipment. The equipment not only seeks to improve internal communication, but also reduces travel costs and environment hostile emissions.

In addition, our products will contribute to lower consumption of paper.

Environmental statement

Kunhoo Software AS understands the importance of protecting the environment. The company shall:

- Act in accordance with environmental legislation
- Commit to use environmentally friendly products in the workplace
- educate employees about environmental guidelines
- evaluate their consumption of energy and other resources to assess control mechanisms
- Ensure the preparation of procedures that protect the environment

Oslo, 17 June 2021

Frode Jacobsen

Chairman of the Board / CEO

Joakim Kasbohm

Board Member



Kunhoo Software AS STATEMENT OF OPERATIONS

[US\$ thousands]	Notes	Year ended December 31,	Year ended December 31,
		2019	2020
Other operating expenses	2	(56)	(35)
Total operating expenses		(56)	(35)
Operating profit (loss)		(56)	(35)
Interest income from group companies		82	33
Other finance income	5	-	71 160
Interest expense to group companies	4	(11 275)	(7 842)
Net foregin exchange gain (loss)	4	5 483	(5 583)
Net income (loss) before income taxes		(5 766)	57 733
Income tax (expense) benefit	8	2 376	1 919
Net Income (loss)		(3 390)	59 652

The accompanying notes are an integral part of the financial statements



Kunhoo Software AS
STATEMENT OF COMPREHENSIVE INCOME (LOSS)

<i>[US\$ thousands]</i>	Notes	Year ended December 31,	Year ended December 31,
		2019	2020
Net income (loss)		(3 390)	59 652
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)		(3 390)	59 652

The accompanying notes are an integral part of the financial statements



Kunhoo Software AS STATEMENT OF FINANCIAL POSITION

		As of December 31,	As of December 31,
[US\$ thousands]	Notes	2019	2020
ASSETS			
Non-current assets			
Deferred tax assets	8	6 829	8 863
Investments in subsidiaries	5	564 946	564 946
Total non-current assets		571 775	573 809
Current assets			
Loans to subsidiaries	4	2 123	1 165
Cash	6	2 848	481
Total current assets		4 971	1 646
TOTAL ASSETS		576 745	575 455
EQUITY AND LIABILITIES			
Equity			
Share capital		293	293
Share premium		214 900	214 900
Retained earnings		8 303	67 955
Total Equity		223 496	283 147
Non-current liabilities			
Loans from group companies	4	-	292 212
Total non-current liabilities		-	292 212
Current liabilities			
Loans from group companies	4	352 719	-
Income tax payable	8	-	96
Other current liabilities	3	530	-
Total current liabilities		353 249	96
Total liabilities		353 249	292 308
TOTAL EQUITY AND LIABILITIES		576 745	575 455

Oslo, 17 June 2021


Frode Fleten Jacobsen
Chairman / Managing director


Joakim Kasbohm
Board member

The accompanying notes are an integral part of the financial statements



Kunhoo Software AS
STATEMENT OF CHANGES IN EQUITY

[US\$ thousands]

	Share capital	Share premium	Retained earnings	Total equity
As of January 1, 2019	293	214 900	11 693	226 886
Net income (Loss)	-	-	(3 390)	(3 390)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	(3 390)	(3 390)
As of December 31, 2019	293	214 900	8 303	223 496

[US\$ thousands]

	Share capital	Share premium	Retained earnings	Total equity
As of January 1, 2020	293	214 900	8 303	223 496
Net income (Loss)	-	-	59 652	59 652
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	-	-	59 652	59 652
As of December 31, 2020	293	214 900	67 955	283 147

Share capital

The share capital is NOK 2,400,000 and consists of 2,400 shares, each with a value of NOK 1,000. Kunhoo Software S.a.r.l. owns 100 % of the shares in the company, and has 100 % of the voting rights.

The accompanying notes are an integral part of the financial statements



Kunhoo Software AS STATEMENT OF CASH FLOWS

[US\$ thousands]	Notes	Year ended December 31,	Year ended December 31,
		2019	2020
Cash flow from operating activities			
Net income (loss) before income taxes		(5 766)	57 733
Income taxes paid		-	(19)
Change in other current receivables		(82)	-
Change in prepaid expenses		5	-
Change in trade payables, other payables and other current liabilities		3	(530)
Net finance income (expense)	4	(5 483)	(65 577)
Net interest (income) expense	4	11 275	7 809
Net cash flow from (used in) operating activities		(48)	(584)
Cash flow from investment activities			
Net cash flow from (used in) investment activities		-	-
Cash flow from financing activities			
Proceeds from loans and borrowings		-	-
Repayments of loans and borrowings		-	(1 783)
Net cash flow from (used in) financing activities		-	(1 783)
Net change in cash		(48)	(2 367)
Cash at beginning of period		2 896	2 848
Net foreign exchange difference		-	-
Cash at end of period		2 848	481

The accompanying notes are an integral part of the financial statements

Note 1 General information and significant accounting policies

Kunhoo Software AS (The "Company") is a private limited company, incorporated in Norway, headquartered in Oslo at Vitaminveien 4, 0485 Oslo.

The Company is exempted from the requirement to prepare consolidated financial statements because the entity and its subsidiaries are included in the consolidated financial statements of Opera Limited prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements of Opera Limited will be made available by contacting The Company, and may be downloaded via <https://investor.opera.com/sec-filings> (annual report on Form 20-F).

Basis for preparation of the annual accounts

The Company's financial statements have been prepared in accordance with the rules on simplified application of IFRS in section 3-9 of the Norwegian Accounting Act and the related regulation. Under simplified IFRS, income and expenses, assets and liabilities are recognized and measured in accordance with IFRS as adopted by the EU, while disclosures are prepared in accordance with the requirements of the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The financial statements are prepared based on historical cost. Similar transactions and events are accounted for using consistent accounting principles.

Changes in accounting policies and disclosures

The accounting policies applied in the preparation of the financial statements are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2018. The Company has not early adopted standards, interpretations or amendments that have been issued but is not yet effective. Future changes in IFRS are disclosed in a separate section below.

Functional and presentation currency

The Company's functional and presentation currency is U.S. Dollars. Transactions in foreign currencies are translated to the functional currency using the exchange rates at the date of the transactions. At the end of each reporting period foreign currency monetary items are translated using the closing rate, while non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The impact of changes in exchange rates is recognized in the Statement of Operations.

Investment in subsidiaries

Investments in subsidiaries are initially recognized at cost, i.e. the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the shares in the subsidiaries at the time of their acquisitions.

If there are indications that investments in subsidiaries are impaired, the Company estimates the recoverable amount, i.e. the highest of the fair value less cost of disposal and the value in use. Value in use is estimated as the present value of cash flows expected to be received from the investment. Any difference between the carrying amount and the recoverable amount will be recognized as impairment loss in the Statement of Operations.

Income tax

Income tax expense consists of the sum of (i) current year income taxes payable plus (ii) the change in deferred taxes and liabilities.

Current year income taxes payable is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year-end date, and any adjustment to tax payable in respect of previous years. The Company includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. The Company records provisions relating to uncertain or disputed tax positions at the amount expected to be paid.



Deferred tax is provided using the 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 amount of deferred tax provided is based on the expected manner of realization or settlement of the underlying items, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will allow the deferred tax asset to be realized. Recognized assets are reversed when realization is no longer probable. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Income taxes include all domestic and foreign taxes, which are based on taxable profits, including withholding taxes.

Cash and cash equivalents

Cash includes cash on hand and demand deposits with banks. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Impairment

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

At each reporting date the Company assesses whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position as either current or non-current. The Company classifies an asset as current when it:

- expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- holds the asset primarily for the purpose of trading;
- expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets, including deferred tax assets, are classified as non-current.

The Company classifies a liability as current when it:

- expects to settle the liability in its normal operating cycle;
- holds the liability primarily for the purpose of trading;



- is due to be settled within twelve months after the reporting period; or
- does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities, including deferred tax liabilities, are classified as non-current.

Events after the reporting period

New information about the Company's financial position as of the end of the reporting period which becomes known after the reporting period is adjusted for in the financial statements. Events after the reporting period that do not affect the Company's financial position as of the end of the reporting period, but which will affect the company's financial position in the future are disclosed, if significant.

Significant accounting estimates, judgments, and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. The estimates and 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 continuously. 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.

The following summarizes the most significant judgments and estimates in preparing the consolidated financial statements.

Share-based payments

The employees of the Company are participants in a Restricted Share Unit (RSU) plan established by Opera Limited (ultimate parent company). The RSU plan has been established to provide long-term incentives for employees. Estimating fair value for share-based awards requires an assessment of an appropriate valuation model, which depends on the terms and condition of the grant, volatility, and dividend yield. Social security costs are accrued over the vesting period of each award, based on the award's intrinsic value. Both periodic equity and social security cost accruals are adjusted for estimated forfeitures.

Deferred tax assets

Deferred tax assets are recognized when it is probable that the Company will have a sufficient taxable profit in subsequent periods to utilize the tax benefits. The assessment of the company's future ability to utilize tax positions is based on judgements on the level of taxable profit, the expected timing of utilization, expected reversal of temporary differences and strategies for tax planning. See note 9 for further details.

New standards, interpretations and amendments not yet effective

New and amended IFRSs, interpretations and amendments, which have been published but are not effective as of December 31, 2020, are not expected to have a material impact on the financial statements upon adoption.



Kunhoo Software AS NOTES TO FINANCIAL STATEMENT

Note 2 Audit expenses and employee remuneration

[US\$ thousands]

	Year ended December 31, 2019	Year ended December 31, 2020
Statutory audit fees	17	18
Consulting services	1	-
Total	19	18

The Company has no employees. The Directors of the Company did not receive any remuneration.

Note 3 Other current liabilities

In 2018 Kunhoo Software AS signed an agreement with Otello Corporation ASA under which the Company agreed to pay an amount of US\$530 thousand relating to the acquisition of Opera Norway AS. The liability was recognised in the 2018 financial statement and the related expense recognized as other operating expenses. The liability was settled in 2020.

Note 4 Loans and borrowings

The Company has an outstanding liability for US\$292,2 million to Kunhoo Software Limited. The loan is denominated in Norwegian Kroner (NOK). US\$5,5 million was recognized as a currency loss in 2020, mainly related to this loan.

The loan was obtained to fund the acquisition of Opera Norway AS. Interest is calculated annually on the aggregate of 196 basis points and 3 months NIBOR. The loan and accrued interest are rescheduled to 31 December 2023 in May 2020. See note 9.

No payments are due before the maturity date and there are no financial covenants.



Kunhoo Software AS NOTES TO FINANCIAL STATEMENT

Note 5 Investments in subsidiaries

Kunhoo Software AS has 100% of the ownership and voting interests in Opera Norway AS, the holding company for the browser business. The Group with a registered office in Vitaminveien 4, Oslo, Norway. The Company acquired Opera Norway AS on November 13, 2016, for US\$559,1 million, that was reduced by US\$2,9 million in 2017 in accordance with agreement with Otello Corporation ASA.

[US\$ thousands]

2019	Purchase price	Carrying value	Equity	Net income/ (loss)
Opera Norway AS	556 150	564 946	98 563	34 885

[US\$ thousands]

2020	Purchase price	Carrying value	Equity	Net income/ (loss)
Opera Norway AS	556 150	564 946	50 253	12 950

Other financial income from subsidiaries	2019	2020
Dividend from subsidiaries	-	70 000
Proposed group contribution from subsidiaries	-	1 160
Total	-	71 160

Note 6 Cash

The Company has two bank accounts, one denominated in U.S. Dollars, and one denominated in Norwegian kroner. The Company has no restricted cash.

Note 7 Related parties

The Company did not engage in any new related party transactions in 2020, including with any members of the Board of Directors.

Note 8 Tax

Income tax is calculated based on the Norwegian tax rate. For 2019 the tax rate was 22%. As of 2019 the income tax rate in Norway is 22%, which is the rate used to calculate the deferred tax assets.

A summary of income tax (expense) benefit is as follows:

[US\$ thousands]

	Year ended December 31, 2019	Year ended December 31, 2020
Current income taxes	-	(96)
Change in deferred taxes	2 561	1 851
Adjustment prior years	(217)	-
Currency	31	164
Income tax (expense) benefit	2 376	1 919



Kunhoo Software AS NOTES TO FINANCIAL STATEMENT

Reconciliation of the tax expense

[US\$ thousands]

	Year ended December 31, 2019	Year ended December 31, 2020
Net income (loss) before income taxes	-5 766	57 733
Tax (expense) benefit at applicable tax rate	1 269	-12 701
Tax on permanent differences	1 212	12 723
Currency and other effect	0	-115
Tax effect change in restricted interest deductions	0	2 013
Adjustment prior years	-105	0
Income tax (expense) benefit for the year	2 376	1 919
Effective tax rate	41 %	-3 %

The following summarizes the Group's deferred tax assets and liabilities:

[US\$ thousands]

	Year ended December 31, 2019	Year ended December 31, 2020
Non-deducted interest carried forward	6 784	8 797
Tax losses carried forward	45	66
Net deferred tax asset recognized	6 829	8 863

Kunhoo Software AS has USD as its functional currency. This means that the currency effect on the NOK denominated loan is a permanent difference.

Note 9 Subsequent events

The adverse impact from the global COVID-19 pandemic to revenue from the Company's services during the first half of 2020 largely ceased during the second half of the year. Still, as the pandemic continues into 2021, the Company may continue to observe some negative impacts from it, in particular to the amount of advertising revenue from companies in certain industries. The Company is continuing to monitor the impact of the pandemic, the measures taken to contain it and the effect of vaccination programs. The impact of the pandemic to financial performance and position of the Company in 2021 is highly uncertain.



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	09.06.2017	19.06.2017
Telefon	Deres referanse	Vår referanse
90076012	Joakim Kasbohm/ Frode Fleten Jacobsen	2017/658700

KUNHOO SOFTWARE AS
Postboks 4214
0401 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for KUNHOO SOFTWARE AS, org. nr. 916 544 561

Vi viser til deres brev av 9. juni 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Kunhoo Software AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Kunhoo Software AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det pålegges den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Kunhoo Software AS ble stiftet 05.01.2016 som et ledd i kjøpet av Opera Software AS, org.nr. 916 368 127. I løpet av 2016 kjøpte Golden Brick Capital Private Equity Fund I L.P. Opera Software AS av Opera Software ASA, org. nr. 974 529 459. Dette ble senere organisert slik at Kunhoo Software AS står som direkte eier av Opera Software AS..

Kunhoo Software AS er en del av et konsern som etter kjøpet av Opera Software AS rapporterer til Kina. Selskapet eies av Kunhoo Software LLC som igjen rapporterer konsolidert regnskap til selskapets eiere Kunlun Tech Limited, Keeneyes Future Holding Inc, Future Holding L.P., Qifei International Development Co. Limited og Golden Brick Capital Private Equity Fund I L.P. som er, lokalisert utenfor Norge. Konsernspråket er engelsk, og regnskapet presenteres i USD. Kunhoo Software AS utarbeider konsolidert regnskapet etter IFRS.

Av styrets to medlemmer er en utenlandsk statsborger (..)

(..)Selskapet har som formål å handle med og investere i fast eiendom, verdipapirer og andre formuesobjekter, herunder deltakelse i andre selskapet med lignende virksomhet. Selskapets hovedvirksomhet i 2016 var å eie Opera Software AS.

Det henvises til søknaden i sin helhet.

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



2017/658700 Side 2 av 2

En oversettelse til norsk vil kun ha til formål å oppfylle lovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet inngår i et utenlandsk konsern. Styrets sammensetning består både av norske og ikke-norske statsborgere. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Kunhoo Software AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kunhoo Software AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in

Oslo	Elverum	Molde	Stord
Alta	Frimnes	Skien	Straume
Arendal	Hamar	Sandefjord	Tromsø
Bergen	Haugesund	Sandnessjøen	Trondheim
Birda	Kjeller	Stavanger	Tynset
Drammen	Kristiansund		Ålesund



Kunhoo Software AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kunhoo Software AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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 concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on 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 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, 22 June 2021
KPMG AS

Stian Tørrestad
State Authorised Public Accountant



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission file number: 001-38588

Opera Limited
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Cayman Islands
(Jurisdiction of incorporation or organization)

Vitaminveien 4, 0485 Oslo, Norway
(Address of principal executive offices)

Mr. Yahui Zhou, Chief Executive Officer
c/o Aaron McParlan, General Counsel
Vitaminveien 4, 0485 Oslo, Norway

Tel: +47 2369-2400

E-mail: legal@opera.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares, each representing two ordinary shares, par value US\$0.0001 per share	OPRA	The Nasdaq Stock Market LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)



Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.

228,285,684 ordinary shares, par value US\$0.0001 per share, as of December 31, 2020

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐



TABLE OF CONTENTS

	Page
CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT ON FORM 20-F	4
FORWARD-LOOKING STATEMENTS	5
PART I	6
ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	6
ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE	6
ITEM 3. KEY INFORMATION	6
ITEM 4. INFORMATION ON THE COMPANY	34
ITEM 4A. UNRESOLVED STAFF COMMENTS	46
ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	46
ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	70
ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	77
ITEM 8. FINANCIAL INFORMATION	78
ITEM 9. THE OFFER AND LISTING	79
ITEM 10. ADDITIONAL INFORMATION	80
ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	86
ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	87
PART II	89
ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	89
ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	89
ITEM 15. CONTROLS AND PROCEDURES	89
ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT	90
ITEM 16B. CODE OF ETHICS	90
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES	91
ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	91
ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	91
ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	92
ITEM 16G. CORPORATE GOVERNANCE	92
ITEM 16H. MINE SAFETY DISCLOSURE	92
PART III	93
ITEM 17 FINANCIAL STATEMENTS	93
ITEM 18 FINANCIAL STATEMENTS	93
ITEM 19. EXHIBITS	93



CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT ON FORM 20-F

Unless otherwise indicated and except where the context otherwise requires:

- “active user” refers to a user, calculated based on device identification, that has accessed one of our mobile browsers, PC browsers or other applications at least once during a given period. A unique user that is active in more than one of the applications on our platform is counted as more than one active user;
- “ADSs” refer to American depositary shares, each of which represents two ordinary shares;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report only, Taiwan and the special administrative regions of Hong Kong and Macau;
- “MAUs” or “monthly active users” refers to the average number of active users of any month (within a given period), calculated as of its final day using a 30-day lookback window;
- “shares” or “ordinary shares” refers to our ordinary shares, par value US\$0.0001 per share;
- “South Asia” comprises the four distinct markets of India, Pakistan, Bangladesh and Sri Lanka;
- “Southeast Asia” comprises the six distinct markets of Indonesia, Vietnam, Thailand, the Philippines, Malaysia and Myanmar;
- “US\$,” “U.S. Dollars,” “\$” and “dollars” refer to the legal currency of the United States; and
- “we,” “us,” “our company,” “the Group,” “our group,” “our” or “Opera” refers to Opera Limited†, an exempt company incorporated under the laws of the Cayman Islands with limited liability that is the holding company of our group.

† On June 25, 2018, Opera Limited became our holding company by way of an exchange of equity interests in which the existing members of Kunhoo Software LLC (our previous ultimate holding company) exchanged their interests in Kunhoo Software LLC for ordinary shares having substantially the same rights in Opera Limited. At such time, the historical consolidated financial statements of Kunhoo Software LLC became those of Opera Limited. For convenience, we refer herein to such historical consolidated financial statements as being those of Opera Limited. Unless stated otherwise, all share and per share information for periods prior to June 25, 2018, reflect the capitalization of Opera Limited.

All discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.



FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties. All statements other than statements of current or historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including those listed under "Item 3. Key Information—D. Risk Factors," that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

In some cases, you can identify these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "likely to" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements about:

- our goals and strategies;
- our expected development and launch, and market acceptance, of our products and services;
- our future business development, financial condition and results of operations;
- the expected growth in, and market size of, the global internet industry;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our brand, platforms and services;
- our expectations regarding growth in our user base and level of engagement;
- our ability to attract, retain and monetize users;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- growth of and trends of competition in our industry;
- government policies and regulations relating to our industry; and
- general economic and business conditions in the markets we have businesses.

You should read this annual report and the documents that we refer to in this annual report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this annual report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This annual report also contains statistical data and estimates that we obtained from industry publications and reports generated by government or third-party providers of market intelligence. Although we have not independently verified the data, we believe that the publications and reports are reliable. However, the statistical data and estimates in these publications and reports are based on a number of assumptions and if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. In addition, due to the rapidly evolving nature of the online content consumption and e-commerce industries, projections or estimates about our business and financial prospects involve significant risks and uncertainties.



PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Not applicable.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.



D. Risk Factors

Risks Related to Our Business and Industry

We may fail to maintain or grow the size of our user base or the level of engagement of our users.

The size and engagement level of our user base are critical to our success. Our business and financial performance have been and will continue to be significantly affected by our success in adding, retaining and engaging active users. We continue to invest significant resources to grow our user base and increase user engagement, whether through innovations, providing new or improved content or services, marketing efforts or other means. While our user base has expanded significantly in the last several years, we cannot assure you that our user base and engagement levels will continue growing at satisfactory rates, or at all. Our user growth and engagement could be adversely affected if:

- we fail to maintain the popularity of our platforms among users;
- we are unable to continue to develop products that work with a variety of mobile operating systems, networks and smartphones;
- we are unable to maintain the quality of our existing content and services;
- we are unsuccessful in innovating or introducing new, best-in-class content and services;
- we fail to adapt to changes in user preferences, market trends or advancements in technology;
- we are unsuccessful with cross-selling new products and services to our existing user base;
- our partners who provide content to Opera News and our other platform applications do not create content that is engaging, useful, or relevant to users;
- our partners who provide content to Opera News and our other platform applications decide not to renew agreements or not to devote their resources to creating engaging content;
- our global distribution partners decide not to distribute our software on their products or platforms or impose adverse new restrictions or requirements for distribution on their products or platforms;
- we fail to provide adequate service to users or partners;
- technical or other problems prevent us from delivering our content or services in a timely and reliable manner or otherwise affect the user experience;
- there are user concerns related to privacy, safety, fund security or other factors;
- there are adverse changes to our platforms that are mandated by, or that we elect to make to address, legislation, regulation or litigation, including settlements or consent decrees;
- we fail to maintain the brand image of our platforms, or our reputation is damaged; or
- there are unexpected changes to the demographic trends or economic development in the markets that we compete in.

Our efforts to avoid or address any of these events could require us to incur substantial expenditures to modify or adapt our content, services or platforms. If we fail to retain or continue growing our user base, or if our users reduce their engagement with our platforms, our business, financial condition and results of operations could be materially and adversely affected.



We face intense competition in a number of spaces and industries and if we do not continue to innovate and provide products and services that meet the needs of our users, we may not remain competitive.

We face intense competition in all of the products and services we offer. In the browser space, we generally compete with other global browser developers, including companies such as Google (Chrome browser), Apple (Safari browser), Samsung and Microsoft (Internet Explorer and Edge browsers), which have distributional or other advantages on their respective hardware or software platforms. We also compete with other regional internet companies that have strong positions in particular countries. In the content space, we have faced significant competition from other internet companies promoting their own content products and services globally, including Google and Apple, and traditional media such as local and global newspapers and magazines. In addition, we compete with all major internet companies for user attention and advertising spend. Moreover, in emerging international markets, where mobile devices often lack large storage capabilities, we may compete with other applications for the limited space available on a user's mobile device. As we introduce new products, as our existing products evolve, or as other companies introduce new products and services, we may become subject to additional competition. For example, we launched the Dify cashback and payments solution in February 2021 and we may further expand into other financial services businesses in the future. For details relating to the increasing competition we may face in our fintech operations, see "--We may not be able to expand our financial services business effectively and successfully." While we view our new products as extensions of Opera's existing product portfolio, adding new products and services subjects us to additional competition and new competitors.

Many of our current and potential competitors have significantly greater resources and broader global recognition and occupy better competitive positions in certain markets or on certain platforms than we do. These factors may allow our competitors to respond to new or emerging technologies and changes in market requirements better than we can. Our competitors may also develop products, features or services that are similar to ours or that achieve greater market acceptance. These products, features and services may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. In addition, our partners may use information that we share with them to develop or work with competitors to develop products or features that compete with us. Certain competitors, including Apple, Microsoft, Samsung and Google, could use strong or dominant positions on their respective platforms or in one or more markets to gain competitive advantages against us in areas where we operate, including by:

- integrating competing features into products they control such as web browsers or mobile device operating systems;
- making acquisitions for similar or complementary products or services; or
- impeding Opera's accessibility and usability by modifying or imposing use restrictions on existing hardware and software on which the Opera application operates or upon which it depends.

As a result, our competitors may acquire and engage users at the expense of our user growth or engagement, which may seriously harm our business.

We believe that our ability to compete effectively depends on many factors, many of which are beyond our control, including:

- the usefulness, novelty, performance and reliability of our products compared to our competitors;
- the size and demographics of our MAUs;
- the timing and market acceptance of our products, including developments and enhancements of our competitors' products;
- our ability to monetize our products;



- the effectiveness of our marketing and distribution teams;
- our ability to establish and maintain partners' interest in using Opera;
- the frequency, relative prominence and type of advertisements displayed on our applications or by our competitors;
- the effectiveness of our customer service and support efforts;
- the effectiveness of our marketing activities;
- changes as a result of legislation, regulatory authorities or litigation, including settlements and consent decrees, some of which may have a disproportionate effect on us;
- acquisitions or consolidation within the industries in which we operate;
- our ability to attract, retain and motivate talented employees, particularly engineers and sales personnel;
- our ability to cost-effectively manage and scale our rapidly growing operations; and
- our reputation and brand strength relative to our competitors.

If we cannot effectively compete, our user engagement may decrease, which could make us less attractive to users, advertisers and partners and seriously harm our business.

We may fail to keep up with rapid changes in technologies and mobile devices.

The PC and mobile internet industry is characterized by rapid technological changes. Our future success will depend on our ability to respond to rapidly changing technologies, adapt our services to evolving industry standards and improve the performance and reliability of our products and services. Our failure to adapt to such changes could harm our business. In addition, changes in mobile devices resulting from technological development may also adversely affect our business. If we are slow to develop new products and services for the latest mobile devices, or if the products and services we develop are not widely accepted and used by mobile device users, we may not be able to capture a significant share of this increasingly important market. In addition, the widespread adoption of new internet, mobile, networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our products, services or infrastructure. If we fail to keep up with rapid technological changes to remain competitive, our future success may be adversely affected.

We may not succeed in managing or expanding our business across the expansive and diverse markets that we operate in.

Our business has become increasingly complex as we have expanded the markets in which we operate, the variety of products and services we offer and the overall scale of our operations. We have expanded and expect to continue to expand our headcount, office facilities and infrastructure. As our operations continue to expand, our technology infrastructure systems and corporate functions will need to be scaled to support our operations, and if they fail to do so, it could negatively affect our business, financial condition and results of operations, and our ability to provide accurate and timely information.

The markets where we operate are diverse and fragmented, with varying levels of economic and infrastructure development and distinct legal and regulatory systems, and do not operate seamlessly across borders as a single or common market. Managing our growing businesses across these emerging markets requires considerable management attention and resources. Entering into new markets also involves various legal and regulatory risks and requires us to obtain various licenses and permits. We cannot assure you that we will be able to maintain, renew or obtain such licenses or permits on commercially reasonable terms or at all. We may incur additional compliance costs and may be subject to regulatory action or be ordered to cease our operations in certain markets if we fail to maintain, renew or obtain any material license or permit. Should we choose to expand into additional markets, these complexities and challenges could further increase. Because each market presents its own unique challenges, the scalability of our business is dependent on our ability to tailor our content and services to this diversity.



For example, we entered the market for content discovery and recommendation platforms in 2017 with our Opera News product. Opera News is now available in a wide variety of markets worldwide. In recent years, several countries have adopted regulatory regimes for news aggregation services requiring local registration or licensing, in some cases enabling more effective governmental restrictions on their citizens' access to certain categories of information. In Western markets some countries have adopted legislation expanding publishers' copyright entitlements on digital platforms including search engines, social media and content recommendation platforms. At the same time, there has been an increased discussion of the extent to which content aggregators should prevent the dissemination of "fake news," on the one hand, or be prevented from restricting free expression on their platforms on the other hand.

In short, content recommendation and aggregation are increasingly regulated, and we anticipate that we will be subject to an increasingly diverse and fragmented regulatory environment over time.

Our growing multi-market operations also require that we incur certain additional costs, including costs relating to staffing, logistics, intellectual property licensing or protection, tariffs and other trade barriers. Moreover, we may become subject to risks associated with:

- recruiting and retaining talented and capable management and employees in various markets;
- challenges caused by distance, language and cultural differences;
- providing content and services that appeal to the tastes and preferences of users in multiple markets;
- implementing our businesses in a manner that complies with local laws and practices, which may differ significantly from market to market;
- maintaining adequate internal and accounting control across various markets, each with its own accounting principles that must be reconciled to IFRS upon consolidation;
- currency exchange rate fluctuations;
- protectionist laws and business practices;
- complex local tax regimes. Digital business models in general are under significant scrutiny from tax authorities around the world, given the considerable complexity that these can bring on a cross-border basis, particularly when there may be no physical presence involved;
- potential political, economic and social instability;
- potential local government initiatives to restrict access to our products and services; and
- higher costs associated with doing business in multiple markets.

Any of the foregoing could negatively affect our business, financial condition and results of operations.



We may not be able to expand our financial services business effectively and successfully.

We have developed a non-custodial crypto currency wallet integrated into certain of our browsers. In February 2021 we launched Dify, a cashback and payments solution debuting in Spain, with the intention to expand to additional European markets. We may pursue additional opportunities in or relating to the financial services industry in the future, for which we would provide different financial services to our users across different markets. These services may include consumer lending or other financial services and activities or initiatives relating to payments or crypto currencies. We have limited experience in most aspects of the operation of our financial services businesses, which makes it difficult to evaluate our future prospects. We intend to promote our new financial services offerings to our existing user base and the success of such cross promotional efforts is uncertain. Moreover, we may not be able to obtain the regulatory approvals, permits or licenses as may be required for all of our desired financial services initiatives. Failure to manage or grow our financial services businesses may have material adverse effects on our overall financial position and results of operations.

To the extent our financial services offerings come to involve lending money, either through consumer lending or otherwise, we may bear the credit risk of our borrowers. As we carry out our plans to expand into new markets and offer new financial services or loan products to an expanding borrower base, we may not be able to effectively manage any relevant credit risks associated with our financial services businesses. Furthermore, we are subject to the risk of fraudulent activity associated with borrowers and parties handling borrower information. In addition, our business may be subject to credit cycles associated with the volatility of the general economy in the markets in which we operate our financial services businesses, which could be impacted by a wide array of factors. If economic conditions deteriorate, we may face an increased risk of default or borrower delinquency, which will result in lower returns or losses.

A small number of business partners contribute a significant portion of our revenues.

A small number of business partners contribute a significant portion of our revenues. Our largest business partner, Google contributed approximately 46.1% of our revenues in 2020, compared to 42.1% in 2019, and 42.1% in 2018. Although we continue efforts to diversify our partner base, we cannot assure you that a limited number of partners will not continue to contribute a significant portion of our revenues for the near future. Consequently, any of the following events may materially and adversely impact our business, results of operations and growth prospects:

- reduction, delay or cancellation of services by our large search partners;
- a significant decrease in the business results or prospects of one of our large search partners;
- failure by one or more of our large search partners to pay for our services; or
- loss of one or more of our significant search customers and any failure to identify and acquire additional or replacement partners.

In 2020 and 2019, 48.4% and 46.1% of our revenues respectively were generated from customers and monetization partners domiciled in Ireland. During 2018, 58.4% of our revenues were generated from monetization partners domiciled in two geographic markets, with 47.6% and 10.8% from Ireland and Russia, respectively. This geographic concentration is not necessarily an indication of where user activity occurs as our end users are located across the world but is affected by the geographic concentration of domicile among certain of our primary monetization partners. We are especially exposed to risks related to the economic conditions, regional specific legislation and tax law of the identified countries.

We rely on our users' web searches within Opera browsers for a substantial portion of our revenues.

We share in the revenue generated by search partners when our users conduct searches initiated within the URL bar or search boxes embedded in our PC and mobile browsers. Revenue generated from search partners accounted for 49.7%, 48.7% and 50.9% of our total revenue in 2018, 2019 and 2020, respectively. The revenue sharing and fee arrangements with these search partners are subject to change. If our search partners reduce or discontinue their advertising spending with us, we fail to attract new search or advertising partners, our search partners see reduced monetization or the fees we receive for the traffic we refer to our search partners significantly decrease, our business, financial condition and results of operations could be materially and adversely affected.



Our existing business and our expansion strategy depend on certain key collaborative arrangements, and we may be unable to maintain or develop these relationships.

Our existing business, and our strategy for developing our business, involve maintaining and developing various types of collaborations with third parties, which provide us with access to additional user traffic, search services, products and technology. For example, our collaborations with Google and Yandex allow us to provide our users with best-in-class search services. We also work with leading device manufacturers, chipset vendors and mobile software storefront providers, to ensure cost-efficient and reliable distribution of our products and services. Moreover, as part of our focus on expanding our AI capabilities, we formed strong relationships with high profile media and independent content providers to obtain comprehensive news and other content that we can make available to users on our platform. We consider these collaborations to be important to our ability to deliver attractive services, products and content offerings to our users, in order to maintain and expand our user and advertiser bases, and we believe that it will continue to be important for us to develop similar partnerships in the future. Our inability to maintain and grow such relationships could have an adverse impact on our existing business and our growth prospects.

We also have existing, and hope to develop additional, relationships with mobile device manufacturers for pre-installation of our browsers and standalone news app. If we are unable to maintain and expand such relationships, the quality and reach of delivery of our services will be adversely affected, and it may also be difficult for us to maintain and expand our user base and enhance awareness of our brand. In addition, our competitors may establish the same relationships that we have, which would diminish any advantage we might otherwise gain from these relationships.

We may fail to maintain and expand our collaborations with third party operators of internet properties.

We place promotional links to some of our search engine providers and other partners on our browsers, thereby providing easy access to premier search and other online services for our users and increasing our associated revenues. Moreover, we rely on third party operators of internet properties for auxiliary services. For example, we use Google BigQuery to store and analyze most of our system data including number of active users, clicks-per-user, impressions, comments, likes, visits, etc. Google BigQuery allows us to scale our data warehouse capacity affordably and seamlessly, which is key as we derive insights from our massive user base to enhance our AI-powered content discovery platform. If these third parties decide to stop collaborating with us, our revenues and growth and operations may be adversely affected.

Privacy concerns relating to our services and the use of user information could negatively impact our user base or user engagement, or subject us to governmental regulation and other legal obligations.

We collect certain user profile, user location and other data from our users for various purposes including to better understand our users and their needs and to support our AI-powered content discovery and recommendation platform and big data analytical capabilities for more targeted services such as personalized news, videos and other online content recommendations. We or our suppliers also collect or may in the future collect certain data from users of our financial services products for purposes such as transaction attribution, account opening, credit scoring and/or money transfer purposes. Concerns about the collection, use, disclosure or security of personal information and data or other privacy-related matters, even if unfounded, could damage our reputation, cause us to lose users and subject us to regulatory investigations, all of which may adversely affect our business. While we strive to comply with applicable data protection laws and regulations, as well as our privacy policies pursuant to our terms of use and other obligations we may have with respect to privacy and data protection, any failure or perceived failure to comply with these laws, regulations or policies may result, and in some cases have resulted, in inquiries and other proceedings or actions against us by government agencies or others, as well as negative publicity and damage to our reputation and brands, each of which could cause us to lose users and have an adverse effect on our business and operating results. The confidential information we collect, store and process may make us an attractive target and potentially vulnerable to cyber-attacks, computer virus, physical or electronic break-ins or similar disruptions.



Any actual or perceived systems failure or compromise of our security that results in the unauthorized access to or release of the data of our users because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, could significantly reduce our users' willingness to use our services, as well as harm our reputation and brands. We expect to continue expending significant resources to protect against security breaches. The risk that these types of events could seriously harm our business is likely to increase as we expand the number of services we offer and increase the size of our user base.

We are exposed to cyber-attacks, data breaches, internal employee and other insider misconduct, computer viruses, physical and electronic break-ins and similar disruptions that may adversely impact our ability to protect the confidential information of our users and borrowers.

We collect, store and process certain personal and other sensitive data from our users during our daily business operations. For example, for our financial services business, we or our external service providers may collect our users' personal information for transaction attribution, account opening, credit assessment and/or money transfer purposes. The data that we have processed and stored makes us and our external service providers a target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions.

While we have taken measures to protect the confidential information that we have access to, our security measures could be breached. Moreover, the techniques used to obtain unauthorized, improper or illegal access to our and our external service providers' systems, our data or customers' data, disable or degrade service, or sabotage systems are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been launched against a target. Unauthorized parties can and have attempted to gain access to our systems and facilities through various means, including, among others, hacking into the systems or facilities of us or our partners or customers, or attempting to fraudulently induce our employees, partners, customers or others into disclosing usernames, passwords, or other sensitive information, which may in turn be used to access our information technology systems. Certain efforts may be state-sponsored and supported by significant financial and technological resources, making them even more difficult to detect. Computer malware, viruses and hacking, phishing and denial of service attacks by third parties have become more prevalent in our industry and have occurred on our systems in the past and may occur on our systems in the future. Although to date we have not suffered material costs or disruption to our business caused by any such incident, any future security breach could have a material adverse impact on our relationships with our borrowers and our reputation, business operations and financial performance.

Because we store, process and use data, some of which contains personal information, we are subject to complex and evolving laws and regulations across multiple jurisdictions regarding privacy, data protection and other matters.

We are subject to a variety of laws and regulations in the European Union, Nigeria and other markets that involve matters central to our business, including user privacy, rights of publicity, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, taxation and online-payment services. These laws can be particularly restrictive in certain countries, and constantly evolve and remain subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations and declines in user growth, retention or engagement, any of which could seriously harm our business.

In the European Union, for example, the General Data Protection Regulation, or the GDPR applies to processing of the personal data of users in the European Union/EEA, as well as by businesses established in the European Union/EEA. We serve our European users from our business establishment in Norway and consequently all our processing of the personal data of such users is subject to the GDPR. Likewise, the Nigeria Data Protection Regulation of 2019, or the NDPR, was adopted based on the GDPR but applying to the personal data of Nigerians. Under NDPR, entities collecting the personal data of Nigerians must register with Nigeria's National Information Technology Development Agency and submit to the agency the results of annual data privacy audits conducted by registered data privacy auditors. We serve a substantial number of Nigerian users and consequently must comply with the NDPR. Non-compliance with the GDPR or NDPR may seriously harm our business and may result in significant penalties.



The application and interpretation of data privacy laws is also continuing to evolve in our markets. In July 2020, the Court of Justice for the European Union (or CJEU) handed down a decision with potentially significant implications for all companies, including Opera, which are engaged in the international transfer of personal data. The judgment, commonly referred to as *Schrems II*, invalidated the EU Commission's "Privacy Shield" program, a self-certification framework that allowed some companies in the EEA to transfer personal data more easily to their partners in the United States; the decision also upheld, but called into question, the degree to which EU Commission-approved standard contractual clauses can be used for international personal data transfers. While Privacy Shield was not crucial to Opera's business, both the *Schrems II* decision itself, and ensuing guidance and statements from European regulators, increased uncertainty and potential risk to our business and the businesses of our partners.

Additionally, the long-debated E-Privacy Regulation (replacing the 2002 E-Privacy Directive) recently took significant steps forward in the EU parliamentary process and could be enacted within the next year. Although the text is still being debated, we anticipate, based on drafts recently made public, that there may be an impact on our products and our overall GDPR compliance strategy.

Our move into the financial service industry has subjected us to complex, evolving and uncertain regulatory regimes in multiple jurisdictions.

In 2019, we scaled our microfinance business in Kenya and further expanded our footprint to India, before contributing these operations in August 2020 to an investee (Nanobank) in which we continue to hold a significant interest. The online microfinance markets in the countries where Nanobank operates may not evolve as expected and applicable regulatory regimes may be subject to significant uncertainties.

In January 2020, we completed the acquisition of the Estonian-based banking-as-a-service company Pocosys. In July 2020, we invested in Fjord Bank, a Lithuanian specialized bank. In February 2021 we launched Dify, a cashback and payments solution debuting in Spain, with the intention to expand to additional European markets. These expansions have subjected us to complex regulatory regimes in multiple jurisdictions and increased our compliance burden. If one of our financial services products is deemed not to comply with any laws and regulations, our business, financial condition and results of operation could be materially and adversely affected. As a result of our expansion into new jurisdictions, each with different regulatory compliance requirements, we have incurred new compliance costs, and if any of the relevant regulatory authorities introduce new regulations or impose greater restrictions on us, we may incur additional compliance costs. Other regulatory changes could require us to change our business model or processes in order to comply. We may also be subject to new taxes or cumbersome reporting obligations, which could be financially burdensome to us. If we fail to comply with any of the applicable regulations, we may be subject to monetary penalties, which would also affect our results of operations.

Our business depends on a strong brand and reputation, and we may not be able to maintain and enhance our brand or reputation or there may be negative publicity against us.

We believe that our "Opera" brand and our reputation have contributed significantly to the success of our business. We also believe that maintaining and enhancing the "Opera" brand and our reputation are critical to increasing the number of our users and customers. As our market becomes increasingly competitive, our success in maintaining and enhancing our brand and reputation will depend largely on our ability to remain as a leading provider of AI-powered news feed, browser and other products and services, which may become more expensive and challenging.

We consistently conduct marketing and brand promotion efforts and over the years have increased related spending. In addition, we work closely with key mobile device manufacturer partners to pre-install Opera products and co-market our products and services. However, we cannot assure you that our marketing and brand promotion activities in the future will achieve the expected brand promotion effect to acquire users in a cost-effective way. If we fail to maintain and further promote the "Opera" brand or our reputation, or if we incur excessive expenses in this effort, our business and results of operations may be materially and adversely affected.



Our investments in companies, new businesses and new products, services and technologies are inherently risky and could disrupt our ongoing businesses.

We have invested and expect to continue to invest in promising companies, new businesses, products, services and technologies. For example, in November 2018 we invested in Star Group Interactive Inc. (formerly StarMaker), a fast-growing technology-driven social media company focused on music and entertainment, with a user base in emerging markets such as India, Indonesia and the Middle East. Since 2019 we have also invested in OPay, a leading mobile wallet and payment services company in Nigeria. In August 2020 we contributed our emerging market fintech assets to Nanobank, an investee in which we continue to have a significant interest. Further, in July 2020, we invested in Fjord Bank, a European financial services provider.

Such endeavors may involve significant risks and uncertainties. If our investees fail to carry out their businesses in compliance with applicable laws and regulations, incur excessive amounts of debt or go bankrupt, or the business operations decline, the fair value of our investment in these companies may deteriorate. Certain of our investees, such as Nanobank for example, may be particularly material to our consolidated financial statements. To meet our own reporting obligations, we are dependent on such investees to fulfill their obligation to deliver their audited financial statements to us in a timely fashion. Moreover, general operational risks, such as inadequate or failing internal control of these investee companies, may also expose our investments to risks. Furthermore, changes to the valuation of these investees may also impact our financial results, depending on the way in which we account for our investment. Should the fair value of any of these investments decrease in future years, our financial results will be adversely affected.

In accordance with our investment policy, we have invested certain excess cash in marketable securities and other financial instruments, and to a limited extent have written short duration call options on listed equity instruments. While we did not enter into short positions during 2020, our investment policy allows such positions to be entered into. For additional details of our investments, please see "Item 11. Market risk -- Equity price risk". These investments and instruments are subject to market risks, including price risk arising from equity price volatility. We cannot guarantee that our investment portfolio will be safe or liquid or generate expected returns. Any failure to make these investments effectively could limit cash available for our business operation and expansion, result in financial losses and have a material adverse effect on our business, financial position, results of operation, and prospects.

We operate a platform that includes third parties over whose actions we have no control.

Our AI-powered content discovery platform integrates the services of third party content providers and provides a platform for independent bloggers and journalists to publish their work. For example, our recently released Opera News Hub is a new online media platform which enables bloggers and content writers to gain more exposure. We cannot control the actions of these third parties and if they were to upload any content that may be deemed inaccurate, misleading, offensive, socially unacceptable or otherwise violates applicable laws in relevant jurisdictions, or they do not perform their functions to our satisfaction or the satisfaction of our users, even if we may not be legally responsible for their actions, it may damage the reputation of our platform. In certain Western countries, such as some European states and the United States, there has recently been an increased emphasis on the veracity of online news reports, with the increasing social expectation that news and content aggregators will take steps to prevent the dissemination of "fake news." We do not have plans to begin moderating the stories that are published and promoted through Opera News, which may cause our users to lose trust in our Opera News service. Likewise, if these third parties do not perform their functions in compliance with applicable law and with due respect for the legal rights of others, this also may damage the reputation of our platform or result in us incurring legal liabilities.

Our browsers integrate online search capabilities from leading international and regional search companies. We cannot be certain that our search partners will provide our users with the search results that they are looking for. Our browsers also contain short-cuts to third party e-commerce, travel and other businesses and we cannot be certain that the products and services that these third-parties provide will all be legitimate, of a sufficiently high quality or that they will accurately represent the products and services in their postings. Further, while we have agreements with each of these parties, any legal protections we might have in our agreements could be insufficient to compensate us for our losses and may not be able to repair the damage to our reputation.



We rely upon third party channels and partners in distributing our products and services.

We rely upon a number of third parties for distribution of our products and services to end users. For example, we rely on mobile software application storefronts, including Google Play and Apple's App Store, as well as various mobile manufacturer app stores, to enable users to download our mobile software applications, and on key mobile manufacturers to pre-install our mobile software applications on mobile phones prior to sale. The promotion, distribution and operation of our software applications are subject to the standard terms and conditions of these distribution channel providers, which may be broad, poorly tailored to local conditions, and subject to frequent unilateral changes and interpretation by the channel providers. If one or more channel providers halt the distribution of certain of our products and services on their platforms, as they have temporarily done in the past, our business may suffer. There is no guarantee that these distribution channel providers will distribute or continue to support or feature our product offerings. Furthermore, these channel providers may not enforce their standard terms and conditions for application developers consistently or uniformly across all applications and with all application developers, in part because such terms and conditions may not be practical or otherwise appropriate in certain markets. We will continue to be dependent on distribution channel providers, and any changes, bugs, technical or regulatory issues relating to such channel providers, our relationships with these channel providers, or the requirements or interpretation of their terms and conditions or pricing that is to our detriment could adversely impact our business. These may include any changes that degrade the functionality of our offerings, reduce or eliminate our ability to distribute our offerings, give preferential treatment to competitive products, limit our ability to deliver high quality offerings, or impose fees or other charges related to delivering our offerings. Further, if a channel provider believes that we have violated the terms and conditions of its platform, regardless of whether such terms and conditions have a legitimate basis or are practical in a given market, this could result in the channel provider restricting our ability to use their services and adversely affect our product usage and monetization. Furthermore, if any of these distribution channel providers delivers unsatisfactory services, engages in fraudulent action, or is unable or refuses to continue to provide its services to us and our users for any reason, it may materially and adversely affect our business, financial condition and results of operations.

We may fail to attract, motivate and retain the key members of our management team or other experienced and capable employees.

Our future success is significantly dependent upon the continued service of our executives and other key employees. If we lose the services of any member of management or any key personnel, we may not be able to locate a suitable or qualified replacement and we may incur additional expenses to recruit and train a replacement, which could severely disrupt our business and growth.

To maintain and grow our business, we will need to identify, hire, develop, motivate and retain highly skilled employees. Identifying, recruiting, training, integrating and retaining qualified individuals requires significant time, expense and attention. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. We may also be subject to local hiring restrictions in certain markets, particularly in connection with the hiring of foreign employees, which may affect the flexibility of our management team. If our management team, including any new hires that we make, fail to work together effectively and execute our plans and strategies, or if we are not able to recruit and retain employees effectively, our ability to achieve our strategic objectives will be adversely affected and our business and growth prospects will be harmed.

Competition for highly skilled personnel is intense, particularly in the markets where our business operations are located. We may need to invest significant amounts of cash and equity to attract and retain new employees and we may not be able to realize returns on these investments.

We may fail to maintain or improve our technology infrastructure.

We are constantly upgrading our technology to provide improved performance, increased scale and better integration among our platforms. Adopting new technologies, upgrading our internet ecosystem infrastructure, maintaining and improving our technology infrastructure require significant investments of time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel. Adverse consequences for the failure to do so may include unanticipated system disruptions, security breaches, computer virus attacks, slower response times, decreased user satisfaction and delays in reporting accurate operating and financial information. In addition, many of the software and interfaces we use are internally developed and proprietary technology. If we experience problems with the functionality and effectiveness of our software or platforms, or are unable to maintain and constantly improve our technology infrastructure to handle our business needs and ensure a consistent and acceptable level of service for our users, our business, financial condition, results of operation and prospects, as well as our reputation, could be materially and adversely affected.



Mobile malware, viruses, hacking and phishing attacks, spamming and improper or illegal use of our products or services could seriously harm our business and reputation.

Mobile malware, viruses, hacking and phishing attacks have become more prevalent in our industry, have occurred on our systems in the past and may occur on our systems in the future. Because of our prominence, we believe that we are an attractive target for these sorts of attacks. In some of our businesses we rely on mobile money providers and payment processors to conclude transactions. Such suppliers may hold funds on our behalf and may themselves be attractive targets for these sorts of attacks. Although it is difficult to determine what, if any, harm may directly result from an interruption or attack, any failure to maintain performance, reliability, security and availability of our products and technical infrastructure to the satisfaction of our users may seriously harm our reputation and our ability to retain existing users and attract new users. If these activities increase on our platform, our reputation, user growth and engagement, and operational cost structure could be seriously harmed. Likewise, such failures with respect to our suppliers may harm our reputation or result in a financial loss.

We may not be able to prevent others from unauthorized use of our intellectual property or brands.

We regard our patents, copyrights, trademarks, trade secrets, and other intellectual property as critical to our business. Unauthorized use of our intellectual property by third parties may adversely affect our business and reputation. We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. It is often difficult to register, maintain and enforce intellectual property rights in the markets where we operate. For example, statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation in Africa, Southeast Asia, China, Russia and India. In addition, contractual agreements may be breached by counterparties and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

Some of our applications contain open source software, which may pose increased risk to our proprietary software.

We use open source software in some of our applications, including our Opera browsers which incorporate Chromium browser technology, and we will use open source software in the future. We are supportive of the open source community, and we regularly contribute source code to open source software projects and release internal software projects under open source licenses and anticipate continuing to do so in the future. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to sell or distribute our applications. Additionally, we may from time to time face threats or claims from third parties claiming ownership of, or demanding release of, the alleged open source software or derivative works we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These threats or claims could result in litigation and could require us to make our source code freely available, purchase a costly license or cease offering the implicated applications unless and until we can re-engineer them to avoid the alleged infringement. Such a re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully. In addition to risks related to license requirements, our use of certain open source software may lead to greater risks than use of third party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Additionally, because any software source code we contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely, and we are unable to prevent our competitors or others from using such contributed software source code. Any of these risks could be difficult to eliminate or manage and, if not addressed, could adversely affect our business, financial condition and results of operations.



We rely upon the internet infrastructure, data center providers and telecommunications networks in the markets where we operate.

Our business depends on the performance and reliability of the internet infrastructure and contracted data center providers in the markets where we operate. We may not have access to alternative networks or data servers in the event of disruptions or failures of, or other problems with, the relevant internet infrastructure. In addition, the internet infrastructure, especially in the emerging markets where we operate, may not support the demands associated with continued growth in internet usage.

We use third party data center providers for the storing of data related to our business. We do not control the operation of these facilities and rely on contracted agreements to employ their use. The owners of the data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center providers is acquired by another party, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible lengthy service interruptions in connection with doing so. Any changes in third party service levels at our data centers or any errors, defects, disruptions or other performance problems with our browsers or other services could adversely affect our reputation and adversely affect the online browsing experience. If navigation through our browsers is slower than our users expect, users may use our services less, if at all. Interruptions in our services might reduce our revenue, subject us to potential liability or adversely affect our ability to attract advertisers.

We also rely on major telecommunications operators in the markets where we operate to provide us with data communications capacity primarily through local telecommunications lines and data centers to host our servers. We and our users may not have access to alternative services in the event of disruptions or failures of, or other problems with, the fixed telecommunications networks of these telecommunications operators, or if such operators otherwise fail to provide such services. Any unscheduled service interruption could disrupt our operations, damage our reputation and result in a decrease in our revenue. Furthermore, we have no control over the costs of the services provided by the telecommunications operators to us and our users. If the prices that we pay for telecommunications and internet services rise significantly, our gross margins could be significantly reduced. In addition, if internet access fees or other charges to internet users increase, our user traffic may decrease, which in turn may cause our revenue to decline.

Our business depends on continued and unimpeded access to the internet by us and our users. Internet access providers may be able to restrict, block, degrade or charge for access to certain of our products and services, which could lead to additional expenses and the loss of users and advertisers.

Our products and services depend on the ability of our users to access the internet. Currently, this access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies and government-owned service providers. Some of these providers have taken, or have stated that they may take measures, including legal actions, that could degrade, disrupt or increase the cost of user access to certain of our products by restricting or prohibiting the use of their infrastructure to support or facilitate our offerings, or by charging increased fees to us or our users to provide our offerings.

In addition, in some markets, our products and services may be subject to government-initiated restrictions or blockages. Such interference could result in a loss of existing users and advertisers, and increased costs, and could impair our ability to attract new users and advertisers, thereby harming our revenues and growth.

We plan to continue expanding our operations globally to markets where we have limited operating experience, which may subject us to increased business, economic and regulatory risks.

We plan to continue expanding our business operations globally and translating our products into other languages. Opera is currently available in more than 50 languages, and we have major offices in ten countries. We plan to enter new markets where we have limited or no experience in marketing, selling and deploying our products and services. If we fail to deploy or manage our operations in international markets successfully, our business may suffer. In the future, as our international operations increase, or more of our revenue and expenses are denominated in currencies other than the U.S. dollar, our operating results may become more sensitive to fluctuations in the exchange rates of the currencies in which we do business. In addition, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social and economic instability;
- risks related to the legal and regulatory environment in foreign jurisdictions, including with respect to privacy, localization and content laws as well as unexpected changes in laws, regulatory requirements and enforcement due to the wide discretion given local lawmakers and regulators regarding the enactment, interpretation and implementation of local regulations;



- potential damage to our brand and reputation due to compliance with local laws, including potential censorship and requirements to provide user information to local authorities;
- fluctuations in currency exchange rates;
- higher levels of credit risk and payment fraud;
- complying with multiple tax jurisdictions;
- enhanced difficulties of integrating any foreign acquisitions;
- complying with a variety of foreign laws, including certain employment laws requiring national collective bargaining agreements that set minimum salaries, benefits, working conditions and termination requirements;
- reduced protection for our intellectual property rights in some countries and/or heightened protection for intellectual property rights of content providers in other countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure and compliance costs associated with multiple international locations;
- regulations that might add difficulties in repatriating cash earned outside our core markets and otherwise preventing us from freely moving cash;
- import and export restrictions and changes in trade regulation;
- complying with statutory equity requirements;
- complying with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar laws in other jurisdictions; and
- complying with export controls and economic sanctions administered by the relevant local authorities, including in the United States and European Union, in our international business.

If we are unable to expand internationally and manage the complexity of our global operations successfully, our business could be seriously harmed.

We may not achieve the intended tax efficiencies of our corporate structure and intercompany arrangements, which could increase our worldwide effective tax rate.

Our corporate structure and intercompany arrangements, including the manner in which we conduct our intercompany and related party transactions, are intended to provide us with worldwide tax efficiencies. The application of tax laws of various jurisdictions to our business activities is subject to interpretation and also depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The tax authorities of jurisdictions where we operate may challenge our methodologies for intercompany and related party arrangements, including transfer pricing, or determine that the manner in which we operate does not achieve the intended tax consequences, which could increase our worldwide effective tax rate and adversely affect our financial position and results of operations.



A certain degree of judgment is required in evaluating our tax positions and determining our provision for income taxes. In the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rate could be adversely affected by lower than anticipated earnings in markets where we have lower statutory rates and higher than anticipated earnings in markets where we have higher statutory rates, inability to fully utilize tax assets recognized on our balance sheet, by changes in foreign currency exchange rates or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. Any of these factors could materially and adversely affect our financial position and results of operations.

Industry data, projections and estimates contained in this annual report are inherently uncertain and subject to interpretation. Accordingly, you should not place undue reliance on such information.

Certain facts, forecasts and other statistics relating to the industries in which we compete contained in this annual report have been derived from various public data sources and third party industry reports. In deriving the market size of the aforementioned industries and regions, these industry consultants may have adopted different assumptions and estimates, such as the number of internet users. While we generally believe such reports are reliable, we have not independently verified the accuracy or completeness of such information. Such reports may not be prepared on a comparable basis or may not be consistent with other sources.

Industry data, projections and estimates are subject to inherent uncertainty as they necessarily require certain assumptions and judgments. Our industry data and market share data should be interpreted in light of the defined geographic markets and defined industries we operate in. Any discrepancy in the interpretation thereof could lead to different industry data, measurements, projections and estimates and result in errors and inaccuracies.

Our user metrics and other estimates are subject to inherent challenges in measuring our operations.

We regularly review metrics, including our MAUs, to evaluate growth trends, measure our performance and make strategic decisions. These metrics are calculated using internal company data and have not been validated by an independent third party. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our platforms are used across large populations throughout the regions that we operate in. For example, we believe that we cannot distinguish individual users who use multiple applications. Our user metrics are also affected by technology on certain mobile devices that automatically runs in the background of our applications when another phone function is used, and this activity can cause our system to miscount the user metrics associated with such applications.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to remedy an unfavorable trend. Moreover, during the process of upgrading our platform in the past, we have lost certain historical metrics, such as the number of search queries, that we rely on to manage our operations. If partners or investors do not perceive our user, geographic or other operating metrics as accurately representing our user base, or if we discover material inaccuracies in our user, geographic or other operating metrics, our reputation may be seriously harmed.

If we fail to implement and maintain effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

As a public company in the United States, we are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. In connection with the preparation of this annual report, management concluded that our internal control over financial reporting as of December 31, 2020, was not effective due to the presence of the certain control deficiencies that constitute material weaknesses in our internal control over financial reporting. These deficiencies were related to us not having designed and maintained effective internal control over certain accounting transactions. Specifically, we did not perform an appropriate risk assessment, design and implement appropriate controls including the monitoring of the effectiveness of those controls to ensure that accounting transactions were sufficiently analyzed and assessed against the requirements and to analyze complex accounting matters, including the timely preparation and review of contemporaneous documentation. While we have hired qualified accounting personnel, there continued to be insufficient capacity to appropriately identify and implement robust controls prior to December 31, 2020.



Although we are in the process of taking remedial measures to secure the resources necessary to fully implement our framework of internal controls, we cannot assure you that these material weaknesses will be cured in a timely manner. See “Item 15. Controls and Procedures—Management’s Annual Report on Internal Control over Financial Reporting.”

Moreover, during the course of documenting and testing our internal control procedures in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

In addition, if we cease to be an “emerging growth company” as such term is defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, our reporting obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

We may be required to recognize impairment charges.

Our goodwill and other intangible assets totaled US\$425 million and US\$112 million, respectively, as of December 31, 2020. We did not incur any impairment charges with respect to these long-lived assets in 2018, 2019 and 2020. We also had US\$18 million of furniture, fixtures and equipment as of December 31, 2020. In accordance with applicable accounting standards, goodwill and intangible assets that are not amortized are subject to assessment for impairment by applying a fair value or value in use-based test annually, and also when certain circumstances warrant, such as when our market capitalization falls below the book value of our equity. In addition to this indication of impairment, goodwill, intangible assets and furniture, fixtures and equipment are subject to assessment for impairment if there are other indicators of impairment, including:

- losses of key customers;
- unfavorable changes in technology or competition;
- unfavorable changes in user base or user tastes

We also have investments in preferred shares in OPay and StarMaker, two associates of the Group. The carrying amounts of the preferred shares in OPay and StarMaker were US\$49 million and US\$55 million, respectively, as of December 31, 2020. The preferred shares are measured at fair value through profit or loss. While we recognized unrealized gains in 2020 from increases in fair value of the preferred shares in OPay by US\$3 million and US\$21 million for the preferred shares in StarMaker, we may recognize losses in future periods if the fair value of the shares decreases. Moreover, since the estimates of fair value are based on significant unobservable inputs, the estimates are subject to estimation uncertainty, as disclosed in Notes 2 and 16 to the annual consolidated financial statements included elsewhere in this annual report.



Based upon future economic and financial market conditions, the operating performance of our reporting units and other factors, including those listed above, future impairment charges could be incurred. It is possible that such impairment, if required, could be material. Any future impairment charges that we are required to record could have a material adverse impact on our results of operations.

We may need additional capital but may not be able to obtain it on favorable terms or at all.

While we believe we have sufficient capital to fund our current growth plans, we may require additional capital in order to fund future plans for the additional growth and development of our businesses and any additional investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and governmental regulations in the markets that we operate in. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing will be available in a timely manner or in amounts or on terms acceptable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

We have limited business insurance coverage.

Consistent with customary industry practice in the markets that we operate in, our business insurance is limited. Any uninsured damage to our platforms, technology infrastructures or disruption of our business operations could require us to incur substantial costs and divert our resources, which could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks related to litigation, including intellectual property claims and regulatory disputes.

We may be, and in some instances have been, subject to claims, lawsuits (including class actions and individual lawsuits), government investigations and other proceedings relating to intellectual property, consumer protection, privacy, labor and employment, import and export practices, competition, securities, tax, marketing and communications practices, commercial disputes and other matters. The number and significance of our legal disputes and inquiries have increased as we have grown larger, as our business has expanded in scope and geographic reach and as our services have increased in complexity.

Moreover, as a public company we have an elevated public profile, which may result in increased litigation and public awareness of such litigation. There is substantial uncertainty regarding the scope and application of many of the laws and regulations to which we are subject, which increases the risk that we will be subject to claims alleging violations of those laws and regulations. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in investigations, claims, changes to our business practices, increased cost of operations and declines in our user base, retention or engagement, any of which could seriously harm our business. In the future, we may also be accused of having, or be found to have, infringed or violated third party intellectual property rights.

Regardless of the outcome, legal proceedings can have a material and adverse impact on us due to their costs, diversion of our resources and other factors. We may decide to settle legal disputes on terms that are unfavorable to us. Furthermore, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that we may not choose to appeal or that may not be reversed upon appeal. We may have to seek a license to continue practices found to be in violation of a third party's rights. If we are required, or choose to enter into, royalty or licensing arrangements, such arrangements may not be available on reasonable terms, or at all, and may significantly increase our operating costs and expenses. As a result, we may also be required to develop or procure alternative non-infringing technology or discontinue the use of technology, and doing so could require significant effort and expense, or may not be feasible. In addition, the terms of any settlement or judgment in connection with any legal claims, lawsuits or proceedings may require us to cease some or all of our operations, or pay substantial amounts to the other party and could materially and adversely affect our business, financial condition and results of operations.



We have been and expect to continue to be subject to intellectual property infringement claims, which could be time consuming and costly to defend, and may require us to pay significant damages or cease offering any of our products or key features of our products.

We cannot be certain that the products, services and intellectual property used in the ordinary course of our business do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties. We operate platforms, in particular Opera News, which display third party content and through which third party content providers may distribute their content. We cannot assure you that we or such content providers have sufficient rights in all content distributed via our platforms. We have been and expect to continue to be subject to claims or legal proceedings relating to the intellectual property of others in the ordinary course of our business and may in the future be required to pay damages or license fees, or to agree to restrict our activities. In particular, if we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, may be ordered to pay damages and may incur licensing fees or be forced to develop alternatives. We may incur substantial expense in defending against third party infringement claims, regardless of their merit. Successful infringement claims against us may result in substantial monetary liability or may materially disrupt the conduct of our business by restricting or prohibiting our use of the intellectual property in question.

We do not have exclusive rights to certain technology, trademarks and designs that are crucial to our business.

We have applied for various patents relating to our business. While we have succeeded in obtaining some patents, some of our patent applications are still under examination by the various regulatory authorities in the markets that we operate in. Approvals of our patent applications are subject to determinations by the relevant local authorities that there are no prior rights in the applicable territory. In addition, we have also applied for initial registrations and/or changes in registrations relating to transfers of our Opera logos and other of our key trademarks to establish and protect our exclusive rights to these trademarks. While we have succeeded in registering the trademarks for most of these marks in our major markets under certain classes, the applications for initial registration, and/or changes in registrations relating to transfers, of some marks and/or of some of trademarks under other classes are still under examination by the relevant local authorities. Approvals of our initial trademark registration applications, and/or of changes in registrations relating to such transfers, are subject to determinations by the relevant local authorities that there are no prior rights in the applicable territories. We cannot assure you that these patent and trademark applications will be approved. Any rejection of these applications could adversely affect our rights to the affected technology, marks and designs. In addition, even if these applications are approved, we cannot assure you that any issued patents or registered trademarks will be sufficient in scope to provide adequate protection of our rights.

Our business may be adversely affected by third party software applications or practices that interfere with our receipt of information from, or provision of information to, our users, which may impair the user experience on our platform.

Our business may be adversely affected by third party software applications, which may be unintentional or malicious, that make changes to our users' PCs or mobile devices and interfere with our products and services. These software applications may change the user experience on our platform by hijacking queries, altering or replacing the search results provided by our search engine partners to our users or otherwise interfering with our ability to connect with our users. Such interference can occur without disclosure to or consent from users, and users may associate any resulting negative experience with our products and services. Such software applications are often designed to be difficult to remove, block or disable. Further, software loaded on or added to mobile devices on which our software applications are pre-installed may be incompatible with or interfere with or prevent the operation of such applications, which might deter the owners of such devices from using our services. If we are unable to successfully prevent or limit any such applications or systems that interfere with our products and services, our ability to deliver a high-quality experience or recommend relevant content to our users may be adversely affected.



Interruption or failure of our information technology and communications systems may result in reduced user traffic and harm to our reputation and business.

Interruption or failure of any of our information technology and communications systems or those of the operators of third party internet properties that we collaborate with could impede or prevent our ability to provide our services. In addition, our operations are vulnerable to natural disasters and other events. Our disaster recovery plan for our servers cannot fully ensure safety in the event of damage from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, hacking and similar events. If any of the foregoing occurs, we may experience a partial or complete system shutdown. Furthermore, our servers, which are hosted at third party internet data centers, are also vulnerable to break-ins, sabotage and vandalism. Some of our systems are not fully redundant, and our disaster recovery planning does not account for all possible scenarios. The occurrence of a natural disaster or a closure of an internet data center by a third party provider without adequate notice could result in lengthy service interruptions. Any system failure or inadequacy that causes interruptions in the availability of our services, or increases the response time of our services, could have an adverse impact on our user experience and satisfaction, our attractiveness to users and advertisers and future user traffic and advertising on our platform. To improve performance and to prevent disruption of our services, we may have to make substantial investments to deploy additional servers or one or more copies of our internet platforms to mirror our online resources.

Our results of operations are subject to seasonal fluctuations due to a number of factors.

We are subject to seasonality and other fluctuations in our business. For example, revenues from our e-commerce and travel partners are typically affected by seasonality due to various holidays that may result in higher than usual e-commerce transactions and travel-related activities, and similar seasonal trends may affect revenues from our search partners. We may not yet have sufficient historical information to accurately anticipate seasonal or other fluctuations in our newer business areas.

Our corporate actions are substantially controlled by our parent company, Kunlun, as well as our chairman and chief executive officer Mr. Yahui Zhou, who have the ability to control or exert significant influence over important corporate matters that require approval of shareholders, which may deprive you of an opportunity to receive a premium for your ADSs and materially reduce the value of your investment.

As of the date of this annual report, Beijing Kunlun Tech Co., Ltd. ("Kunlun"), a Chinese public company traded on the Shenzhen stock exchange, indirectly owns 54.57% of our issued and outstanding ordinary shares. As such, we are a consolidated subsidiary of Kunlun. In addition, Mr. Yahui Zhou, our chairman of the board and chief executive officer, indirectly owns an additional 8.47% of our shares and is also a significant Kunlun shareholder, controlling 28.5% of Kunlun's voting rights and serving on its board of directors. With his own holdings, as well as those of Kunlun, Mr. Yahui Zhou then may be in a position to effectively control 63.04% of our voting power.

As a result of the foregoing, Kunlun and Mr. Yahui Zhou have the ability to control or exert significant influence over important corporate matters and investors may be prevented from affecting important corporate matters involving our company that require approval of shareholders, including:

- the composition of our board of directors and, through it, any determinations with respect to our operations, business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers or other business combinations;
- our disposition of substantially all of our assets; and
- any change in control.



These actions may be taken even if they are opposed by our other shareholders, including the holders of the ADSs. Furthermore, this concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of the ADSs. As a result of the foregoing, the value of your investment could be materially reduced.

We may be the subject of anti-competitive, harassing or other detrimental conduct that could harm our reputation and cause us to lose users and customers.

In the future, we may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Allegations, directly or indirectly against us or any of our executive officers, may be posted in internet chatrooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our business, prospects or financial performance. The harm may be immediate without affording us an opportunity for redress or correction. In addition, such conduct may include complaints, anonymous or otherwise, to regulatory agencies. We have been and may again in the future be subject to regulatory investigations as a result of such third party conduct and may be required to expend significant time and incur substantial costs to address such third party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, our reputation could be harmed as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose users and customers and adversely affect the price of our ADSs.

If we fail to detect click-through fraud, we could lose the confidence of our advertisers and our revenues could decline.

Our business is exposed to the risk of click-through fraud on our partners' advertisements. Click-through fraud occurs when a person clicks advertisements for a reason other than to view the underlying content of advertisements. If our advertising partners fail to detect significant fraudulent clicks or otherwise are unable to prevent significant fraudulent activity, the affected search advertisers may experience a reduced return on their investment in advertising on our platform and lose confidence in the integrity of our search partners' pay-for-click service systems. If this happens, our revenues from our monetization partners may decline.

We currently report our financial results under IFRS, which differs in certain significant respects from U.S. GAAP.

We report our financial statements under IFRS. There have been and there may in the future be certain significant differences between IFRS and U.S. generally accepted accounting principles, or U.S. GAAP, including but not limited to differences related to revenue recognition, share-based compensation expense, income tax, impairment of long-lived assets and earnings per share. As a result, our financial information and reported earnings for historical or future periods could be significantly different if they were prepared in accordance with U.S. GAAP. As a result, you may not be able to meaningfully compare our financial statements under IFRS with those companies that prepare financial statements under U.S. GAAP.

We face risks related to natural disasters, health epidemics or terrorist attacks, which could significantly disrupt our operations.

Our business could be adversely affected by natural disasters, such as earthquakes, floods, landslides, tsunamis, outbreaks of health epidemics such as an outbreak of COVID-19, avian influenza, severe acute respiratory syndrome, Zika virus, or Ebola virus, as well as terrorist attacks, other acts of violence or war or social instability. If any of these occurs, we may be required to temporarily or permanently close and our business operations may be suspended or terminated. Thus, our operating results in one or more future quarters or years may fluctuate substantially or fall below the expectations of securities analysts and investors. In such event, the trading price of our ADSs may fluctuate significantly. If any such situation persists, the global economy may be severely harmed and disrupted, which could adversely affect our results of operation.



The continuing impacts of COVID-19 are highly unpredictable and could be significant, and may have an adverse effect on our business, operations and our future financial performance.

Since COVID-19 was declared a global pandemic by the World Health Organization, governments and municipalities around the world have instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. The macroeconomic impacts on our business continue to evolve and be unpredictable and may continue to adversely affect our business, operations and financial performance. As a result of the scale of the ongoing pandemic and the speed at which the global community has been impacted, our revenue growth rate and expense as a percentage of our revenues in future periods may differ significantly from our historical rate, and our future operating results may fall below expectations.

The future impacts of the ongoing pandemic on our business, operations and future financial performance could include, but are not limited to:

- Significant decline in advertising and search revenues as advertiser spending slows due to an economic downturn. This decline in such revenues could persist through and beyond a recessionary period. In addition, we may experience a significant and prolonged shift in user behavior such as a shift in interests to less commercial topics.
- Significant decline in other revenues due to a decline or shifts in customer demand.
- Adverse impacts to our financial results, particularly if our expenses do not decrease at the same pace as revenue declines. Many of our expenses are less variable in nature and/or may not correlate to changes in revenues, including costs associated with our data centers and facilities as well as employee compensation. As such, we may not be able to decrease them significantly in the short-term, or we may choose not to significantly reduce them in an effort to remain focused on long-term outlook and investment opportunities.
- Significant decline in our operating cash flows as a result of decreased advertiser spending and deterioration in the credit quality and liquidity of our customers, which could adversely affect our accounts receivable.
- The prolonged and broad-based shift to a remote working environment continues to create inherent productivity, connectivity, and oversight challenges and could affect our ability to enhance, develop and support existing products and services, detect and prevent spam and problematic content, hold product launch and marketing events, and generate new sales leads, among others. In addition, the changed environment under which we are operating could have an effect on our internal controls over financial reporting as well as our ability to meet a number of our compliance requirements in a timely or quality manner. Additional and/or extended, governmental lockdowns, restrictions or new regulations could significantly impact the ability of our employees and vendors to work productively. Governmental restrictions have been globally inconsistent, and it remains unclear when a return to worksite locations or travel will be permitted or what restrictions will be in place in those environments. As we prepare to return our workforce in more locations back to the office in 2021, we may experience increased costs as we prepare our facilities for a safe return to work environment and experiment with hybrid work models, in addition to potential effects on our ability to compete effectively and maintain our corporate culture.

Conversely, as the COVID-19 pandemic recedes and as quarantine and other similar restrictions are lifted, this too could have unpredictable impacts on our business, operations and future financial performance. We have, for example, in some cases seen positive usage growth for our software applications in certain markets during the pandemic, which may be attributable in part to COVID-19 related restrictions. Likewise, as described in “Item 5. Operating and Financial Review and Prospects--- A. Our Ability to Monetize”, some of our advertising partners have been negatively affected by the pandemic while others have seen growth. Lifting COVID-19 related restrictions, therefore, could involve some of the same unpredictable impacts as described hereinabove.

Fluctuations in foreign currency exchange rates will affect our financial results, which we report in U.S. Dollars.

We operate in multiple jurisdictions, which exposes us to the effects of fluctuations in currency exchange rates. We earn revenue denominated in a variety of currencies including but not limited to U.S. Dollars, Canadian Dollars, Euros, Brazilian Reales, Russian Rubles, British Pounds, Japanese Yen, Kenyan Shillings, Chinese Yuan, South African Rand, Indian Rupees and Nigerian Naira, among other currencies. We typically have currency exchange exposure also in cases of global partners, even as such partners typically make payments to us in a major international currency like the U.S. Dollar, as the underlying activity upon which our revenue is calculated may be based on such local currencies as observed and collected by our partners prior to converting to the currency in which we are paid, and in many cases this currency exposure is less visible to us. We generally incur expenses for employee compensation and other expenses in the local currencies in the jurisdictions in which we operate. Fluctuations in the exchange rates between the various currencies that we use or are exposed to could result in expenses being higher and revenue being lower than would be the case if exchange rates were stable. We cannot assure you that movements in foreign currency exchange rates will not have a material adverse effect on our results of operations in future periods. We do not generally enter into hedging contracts to limit our exposure to fluctuations in the value of the currencies that our businesses use. Furthermore, the substantial majority of our revenue is earned in emerging markets currencies. Because fluctuations in the value of emerging markets currencies are not necessarily correlated, there can be no assurance that our results of operations will not be adversely affected by such volatility.



Risks Related to Our ADSs

The trading price of ADSs has been and may continue to be volatile, which could result in substantial losses to investors.

The trading price of ADSs can be volatile and fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors such as but not limited to concerns over the health of the global economy, geopolitical concerns, and the outbreak and spread of the COVID-19 global pandemic.

In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our quarterly or annual revenue, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products, services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our platforms or our industries;
- additions or departures of key personnel;
- short seller reports that make allegations against us or our affiliates, even if unfounded;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- potential litigation or regulatory investigations; and
- other risk factors mentioned in this annual report.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, class action lawyers have often sought to bring securities class action suits against those companies following periods of instability in the market price of their securities. Such class action suits may divert a significant amount of our management's attention and other resources from our business and operations and may require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.



If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for the ADSs to decline.

We currently do not expect to pay dividends in the foreseeable future, and you must rely on price appreciation of the ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends subject to our memorandum and articles of association and certain restrictions under Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

Kunlun, our parent company, and Mr. Yahui Zhou, our chairman of the board and chief executive officer, have control or substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

As of the date of this annual report, Kunlun indirectly owns 54.57% of our issued and outstanding ordinary shares making Opera a consolidated subsidiary of Kunlun. In addition, Mr. Yahui Zhou, our chairman of the board and chief executive officer, indirectly owns an additional 8.47% of our shares and is also a significant Kunlun shareholder, controlling 28.5% of Kunlun's voting rights and serving on its board of directors. Kunlun and Mr. Yahui Zhou together control 63.04% of our voting power. As a result, Kunlun and Mr. Zhou have control or substantial influence over our business, including significant corporate actions such as mergers, consolidations, sales of all or substantially all of our assets, election of directors and other significant corporate actions.

Kunlun or Mr. Zhou may take actions that are not aligned with the interests of our other shareholders and may render new investors unable to influence significant corporate decisions. We have in the past, and likely will continue to enter into related party transactions involving entities directly or indirectly controlled by Kunlun or Mr. Zhou. See "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions" for details. Such related party transactions, while reviewed and approved by our Board's Audit Committee consisting solely of independent Directors, may indirectly benefit Kunlun or Mr. Zhou personally, by virtue of their interest in the related party. Furthermore, Kunlun's or Mr. Zhou's control or substantial influence over our company and such concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see "Item 6. Directors, Senior Management and Employees—E. Share Ownership."



As a “controlled company” under the rules of the Nasdaq, we may be exempt from certain corporate governance requirements that could adversely affect our public shareholders.

Due to the shareholding of our Chairman and CEO Yahui Zhou, and because Kumlun is the beneficial owner of a majority of the voting power of our issued and outstanding share capital, we are qualified as a “controlled company” under the rules of the Nasdaq. Under these rules a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirement that a majority of our directors be independent, as defined in the Nasdaq rules, and the requirement that our compensation and corporate governance and nominating committees consist entirely of independent directors. We rely on certain corporate governance exemptions as described in Item 16G (Corporate Governance) of this annual report. So long as we remain a controlled company relying on any of such exemptions and during any transition period following the time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Shareholders must obtain regulatory pre-approval before directly or indirectly acquiring beneficial ownership of 10% or more of our voting power.

We operate in regulated financial services markets and certain of our operating companies have licenses issued by regulatory bodies in Europe or elsewhere. Under these regulatory regimes, the relevant regulator conducts a “fit and proper” evaluation of all major, direct or indirect shareholders. Pursuant to applicable law, therefore, any shareholder acquiring directly or indirect beneficial ownership of 10% or more of Opera must first obtain pre-approval from the relevant regulator. Such major shareholders must also seek pre-approval of any additional major increase in its shareholding and give notice of any major decrease in shareholding. These requirements could have the effect of making ownership of our stock less attractive to certain types of investors, potentially adversely impacting our trading price.

If a United States person is treated as owning at least 10% of our ADSs or ordinary shares, such person may be subject to adverse United States federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ADSs or ordinary shares, such person may be treated as a “United States shareholder” with respect to each “controlled foreign corporation,” or CFC, in our group. Because our group includes one or more United States subsidiaries, that are corporations for United States federal income tax purposes, in certain circumstances we could be treated as a CFC and certain of our non-United States subsidiary corporations could be treated as CFCs (regardless of whether or not we are treated as a CFC).

A United States shareholder of a CFC may be required to annually report and include in its United States taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in United States property by CFCs, whether or not we make any distributions. An individual who is a United States shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a corporation that is a United States shareholder. A failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent starting of the statute of limitations with respect to such shareholder’s United States federal income tax return for the year for which reporting was due. We do not intend to monitor whether we are or any of our non-United States subsidiaries is treated as a CFC or whether any investor is treated as a United States shareholder with respect to us or any of our CFC subsidiaries or to furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult its tax advisor regarding the potential application of these rules in its particular circumstances.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences to United States Holders of our ADSs or ordinary shares.

We will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either (i) at least 75% of our gross income for such year is passive income or (ii) at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether we are a PFIC for that year and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Based on the market price of our ADSs, the value of our assets and the nature and composition of our income and assets, we do not believe that we were a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2020, although there can be no assurances in this regard. Moreover, we cannot assure you that the United States Internal Revenue Service, or the IRS, will agree with any position that we take. Accordingly, there can be no assurance that we will not be treated as a PFIC for any taxable year or that the IRS will not take a position contrary to any position that we take.



Changes in the nature or composition of our income or assets, including as a result of our investment in new businesses, products, services and technologies (including our European fintech business and our interest in Nanobank), may cause us to be or become a PFIC. In addition, the determination of whether we will be a PFIC for any taxable year may also depend in part upon the value of our goodwill and other unrecorded intangibles not reflected on our balance sheet (which may depend upon the market price of our ADSs or ordinary shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unrecorded intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of the value of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unrecorded intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2020, the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during which a United States Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations”) holds our ADSs or ordinary shares, certain adverse United States federal income tax consequences would generally apply to such United States Holder. See “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company.”

Our memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADSs or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2020 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties owed to us by our directors under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.



Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (save for our memorandum and articles of association) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. We rely on certain corporate governance exemptions as described in Item 16G (Corporate Governance) of this annual report which permit us to follow our home country practices. Consequently, our shareholders may be afforded less or different protections than they otherwise would under the rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are a Cayman Islands company, and the majority of our assets are located, and the majority of our operations are conducted outside of the United States. In addition, a majority of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of Norway may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 for so long as we are an emerging growth company. We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenue of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US\$1.07 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided by the JOBS Act.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.



As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.

As a Cayman Islands exempted company listed on the Nasdaq, we are subject to Nasdaq corporate governance listing standards which permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. For instance, we are not required to: (i) have a majority of the board be independent; (ii) have a compensation committee consisting entirely of independent directors; or (iii) have regularly scheduled executive sessions with only independent directors each year. We rely on certain corporate governance exemptions as described in Item 16G (Corporate Governance) of this annual report. To the extent we choose to follow home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to continue to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information, which would be made available to you, were you investing in a U.S. domestic issuer.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote with respect to the ordinary shares.

As a holder of ADSs, you will only be able to exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will try to vote the underlying ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is seven days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.



ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may not receive dividends or other distributions on our ordinary shares, and you may not receive any value for them if it is illegal or impractical to make them available to you.

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on the ordinary shares or other deposited securities underlying your ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.



You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

The requirements of being both a public company and a Kunlun subsidiary may strain our resources and divert our management's attention.

We have been a public company since 2018 and have this year become a consolidated subsidiary of Kunlun, a Chinese public company. As a public company, we are subject to the reporting requirements of the Exchange Act, the U.S. Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Act and the listing standards of Nasdaq as applicable to a foreign private issuer, which are different in some material respects from those required for a U.S. public company. Similarly, as a subsidiary of Kunlun, we are additionally subject to certain of the listing rules of the Shenzhen Stock Exchange and PRC corporate governance standards. We expect that the requirements of these rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and place significant strain on our personnel, systems and resources. See “—Risks Related to Our Business and Industry — If we fail to implement and maintain effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.” As a result of disclosure of information in this annual report and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors, shareholders or third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We trace our history back to 1996 and the launch of the first version of our “Opera” branded browser software. We have since been a pioneer in redefining the web browsing experience, providing personalized content discovery platforms and offering fintech and transactional services for hundreds of millions of global internet users.

Opera Limited is an exempted company with limited liability incorporated in March 2018 in the Cayman Islands. We conduct our business mainly through our operating companies, including in particular Opera Norway AS, a private limited liability company incorporated under the laws of Norway. We acquired Opera Norway AS and its subsidiaries on November 3, 2016, from Otello Corporation ASA for a consideration of US\$575.0 million, less working capital adjustments. This acquisition included the business of providing Opera’s mobile and PC web browsers, as well as certain related products and services.

We listed our ADSs on the Nasdaq Global Select Market under the symbol “OPRA” on July 27, 2018. One ADS corresponds to two underlying shares in Opera Limited. On August 9, 2018, we completed the initial public offering of 9,600,000 ADSs, and the underwriters exercised their over-allotment option on the same date for the purchase of an additional 334,672 ADSs. We also sold 9,999,998 shares, equivalent to 4,999,999 ADSs, in a concurrent private placement. Our pre-IPO shareholders held 190,250,000 shares, equivalent to 95,125,000 ADSs. Combined, following the IPO, Opera Limited had 220,119,342 shares outstanding, corresponding to 110,059,671 ADSs. On September 24, 2019, we completed a follow-on public offering of an additional 7,500,000 ADSs, and the underwriters later exercised their over-allotment option for the purchase of an additional 1,125,000 ADSs, which was completed on October 16, 2020. As of the date of this report, net of separately announced repurchases of our own shares and the exercise of employee equity grants, a total of 230,291,732 shares are outstanding, equivalent to 115,145,866 ADSs.

Our company is a holding company that does not have substantive operations. We conduct our principal activities through our subsidiaries. Our principal executive offices are located at Vitaminveien 4, 0485 Oslo, Norway. Our telephone number at this address is +47 23 69 24 00



B. Business overview

Overview

Opera is a leading global internet brand with a large, engaged and growing base reaching over 370 million average monthly active users in 2020. Building on over 20 years of innovation, starting with our browser products, we are increasingly leveraging our brand as well as our massive and engaged user base in order to expand our offerings and our business. Today, we offer users across Europe, Africa and Asia a range of products and services that include our PC and mobile browsers, our AI-powered content platform Opera News, and our video game development platform GameMaker. We have also recently launched Dify -- a European payment and financial services initiative.

Opera launched one of the first PC browsers in 1996 and introduced the world's first full web browser for mobile phones in 2002. Since then, Opera has remained an innovator in the browser space, launching features including tabbed browsing, data savings, PC/mobile sync, and numerous features focused on privacy and security, including ad blocking and a built-in VPN. Today, our browser products include Opera Mini, Opera Browser for Android and iOS, Opera for Computers and Opera GX, a separate PC browser tailored for gamers. These products averaged approximately 327 million average MAUs in 2020. The browser is an increasingly strategic application -- often serving as an access point for content, e-commerce, gaming and fintech activities on the internet, and Opera is utilizing this strategic position to launch and scale new offerings.

Opera News, our AI-driven content platform enabled by big data technologies, was launched in 2017, initially as part of our browser, leveraging our large user base and well-known brand in order to deliver a personalized and relevant content experience at scale. In early 2018, we launched a standalone Opera News app, which also supports short-form video functionality. Today, Opera News is offered under a variety of brands and is one of the most downloaded and used global news applications. In 2020, Opera News averaged 200 million MAUs, which included 39 million MAUs from the Opera News app. Additionally, Opera News Hub, which was launched in Africa during 2019, enables local content creators to publish exclusive content on our platform, which has helped grow engagement on the service by increasing page views and time spent.

Opera for Business is our advertising solution targeting digital agencies, advertisers and brands to connect and engage directly with Opera users through both programmatic and traditional advertising solutions. This initiative is an important part of our monetization strategy aimed at growing our average revenue per user and it builds on our existing search and affiliate monetization partnerships with companies such as Google, Yandex or Amazon.

We intend to continue to leverage our brand as well as our large and engaged user base to launch additional consumer facing products in the future. In addition to our efforts around Opera News and taking deeper measures in certain high-value verticals such as gaming, we have begun to launch fintech products, under the brand Dify, that will be offered to our user base in Europe. The initial offering is a cashback feature that will allow browser users to financially benefit from online shopping and incorporates both the Opera PC browser and Dify wallet functionality.

Our Products and Users

Our products include (i) the web browsers Opera Mini, Opera Browser for Android and iOS, Opera for Computers and Opera GX, (ii) the standalone personalized news aggregation apps Opera News, (iii) the GameMaker 2D video game development engine, (iv) European fintech/payments offering, Dify, and (v) the intelligent online marketing platform Opera for Business which includes Opera Ads and OLeads. Our cloud-based technologies enable hundreds of millions of users to discover and interact with the content and services that matter most to them. The application of leading AI-powered technologies and advanced data analytics and the recommendation engine built into our browsers and news app, and other products and services, give our users a better, faster and more personalized online experience and enable advertisers to target relevant users in a more precise way.



Our Mobile Browsers: Opera Mini, Opera Browser for Android and Opera Browser for iOS

We currently have three mobile browser products: Opera Mini, Opera Browser for Android and Opera Browser for iOS. Our mobile browser products are fast and optimized for mobile browsing. All mobile browsers come with native ad blockers, which provide users with the option to further increase browser speed by blocking ads that are often slow and intrusive.

First launched in 2006, Opera Mini is a mobile browser that provides a faster browser experience on practically any smartphone or feature phone. Through the application of advanced data compression and savings technologies, Opera Mini has enabled hundreds of millions of users around the world to access the internet through their mobile devices, providing a reliable browsing experience regardless of their network conditions. Opera Mini is a cloud-based browser that is fast to install and takes up very little space on a user's mobile phone. When browsing with Opera Mini, the data traffic can go through Opera servers, which compress web pages, including text and images, towards only 10% of their original size, reducing the amount of data that needs to be sent over mobile networks that are often congested. Moreover, the reduced data traffic consumption can provide users with a significantly lower data cost compared to the default browser found on their phones.

Launched in 2013, the Opera Browser for Android is our flagship Android smartphone browser. It comes with a full browser engine, based on the Chromium project, and a user-friendly interface designed to give users a fast browsing experience on high-end smartphones. Opera for Android is a powerful and feature-rich browser, optimized for mobile phones with larger screens and tablets. In December 2018, Opera for Android became the first browser to feature an integrated Crypto Wallet, making it easy to use Ethereum based cryptocurrencies and blockchain powered web applications. The browser also enables users to block annoying cookie dialogs, and in March 2019, the browser became the first major mobile browser to ship with an integrated VPN solution.

We launched the iOS version of the Opera Browser, in the fourth quarter of 2018, at the time branded as Opera Touch. Opera Browser for iOS is designed for mobile phone users to use the browser with one hand while they are on the move. The browser has won both the Red Dot Award in Communication Design 2018 and the iF DESIGN AWARD 2019 for its unique design and usability. Opera for iOS offers a rich feature set including a native ad-blocker, a Crypto Wallet and the Flow syncing feature that enables users to continue browsing across their devices.

Our mobile browser users

Our mobile browser user base reached 252.6 million average MAUs in 2020, of which 190.0 million were smartphone users and 62.6 million were feature phone users. Our smartphone user base continues to grow throughout the world. The growth rate of our mobile browser user base has historically been strongest in regions where users had the greatest need for fast browsers on limited mobile networks, and often paid a relatively higher cost for data relative to their income. As a result, our mobile browsers have been very popular in Africa. Further, we have seen organic mobile browser growth in Europe relating to the increase in users of Opera for Computers in the region. Offsetting this growth is South Asia, where we have reduced acquisition spend and reallocated to driving our mobile user base in Africa and Europe.

Our PC browsers: Opera for Computers and Opera GX

Opera for Computers is one of the most innovative and differentiated PC browsers on the market, catering to the high-end user segment that requires performance and features beyond those offered by the default system browsers on both Windows and macOS. Opera for Computers uses an Opera-tuned version of the Chromium browsing engine carefully optimized for performance metrics such as speed and laptop battery consumption. In addition, we provide users with unique features that are not found in other major web browsers, including a free, built-in VPN service that enhances user privacy and security, especially for laptops on public networks, subject to compliance with relevant local regulatory requirements. The browser also includes a native ad block feature that increases page loading speeds by up to five times. Our PC browser makes it easier to shop online with built-in currency and foreign unit conversion, and makes communication easier by embedding social network services such as Facebook Messenger, WhatsApp, Instagram, Telegram and VKontakte in the browser's sidebar. In 2020, we continued to add features and functionality to our Opera for Computers offering.



Opera GX, which launched in the second quarter of 2019, is a PC web browser tailored for gamers. Opera GX allows PC gamers to customize and tune their browsers to improve their gaming experience. In September 2019, Opera GX won the Red Dot Award in the Interface and User Experience Design category. Since its launch it has grown rapidly with strong user engagement, including reaching more than 7 million MAUs in December 2020. Additionally, in January 2021, Opera announced the acquisition of YoYo Games, the owner of the GameMaker 2D game development platform, which will further strengthen Opera GX's position in the PC gaming community.

Our PC browser (including Opera GX) users

We have a large and active global PC user base with 74.0 million average MAUs in 2020, reaching 78.9 million average MAUs in the fourth quarter of 2020, up 17% year-over-year. Our PC browser user base has historically been prominent in regions that value our innovations in browser technology and more recently in regions where gaming is particularly popular. As a result, our strongest PC region has been Europe, representing the majority of our user base. In addition, we have experienced significant growth in other geographies such as the Americas in 2020.

Our AI-powered news and content recommendations service: Opera News

Leveraging our massive user base and innovation capability, we launched the Opera News service in January 2017. Opera News is our AI-powered personalized news discovery and aggregation service. The service is both featured prominently as part of our browsers, and also made available as a standalone app and website. By providing AI-powered news and content recommendations, we have increased both user activity and the amount of time users spend in our online ecosystem.

Key Opera News Features

We use our proprietary AI technologies to curate and intelligently recommend news, articles, videos and other online content that may be of interest to our users. Users can conveniently access this content through real-time intelligent ranking, top news and push notification features. Moreover, Opera News utilizes natural language processing and other technologies to quickly process linguistic differences and nuances to assess and recommend online content across different languages and cultures. When using an Opera product powered by our AI recommendation engine, people can efficiently discover and share online content that appeals to them.

We continue to improve Opera News, adding new features and functions for our users as well as improving the attractiveness of the platform for content creators and publishers. In September 2019, we launched Opera News Hub in Nigeria and then expanded to additional markets in 2020. The Opera News Hub platform enables content creators to self-publish and monetize their content through our Opera News channels, which has enabled us to attract increasingly local content. At the same time, we have sought to increase the number of mainstream news publishers distributing content on the Opera News platform. To enable publishers to build audience loyalty, we have added features for users to follow specific publishers and receive notifications when they submit new content. Users can also create custom feeds to receive content from their preferred publishers and content categories.

Our Opera News users

Growing the size of our Opera News user base and increasing engagement is one of our strategic priorities. Since its launch in January 2017, its user base reached 200 million average MAUs in 2020 across those users that accessed Opera News from within Opera browsers and those that accessed it from dedicated Opera News apps or websites. Additionally, the Opera News apps reached an average of 38.9 million in MAUs in 2020. In the future, Opera News will also broaden its focus beyond Africa to developed markets.

Our European payment and fintech offerings: Dify

In 2020, Opera began to develop fintech and payment products and solutions that would leverage Opera's large user base in the European market, and in early 2021, Opera announced the formation of Dify, its payment and fintech brand for Europe. The initial Dify product is a browser-based cashback offering that utilizes the Dify mobile wallet to provide cashback to Opera users for certain online transactions. As of March 2021, there were over 90 merchants participating directly or through affiliate networks in the Dify cashback program. We expect to launch additional Dify products in the future.



Our gaming initiative: Opera Gaming

Opera is developing a community of gamers around its Opera GX browser. This included creating the Opera Gaming division following the January 2021 acquisition of YoYo Games, the owner of GameMaker, a 2D gaming development platform. The focus of Opera Gaming will be to grow the user base of Opera GX and build increased functionality within and outside the Opera GX browser, using GameMaker.

Our intelligent online marketing platforms: Opera for Business

Opera for Business encompasses Opera's business-to-business efforts. This includes Opera Ads, which is our online advertising platform that allows advertisers to interact directly with Opera and enables buying advertising programmatically, and OLeads, an offering that provides small and medium enterprises free websites that Opera can monetize through online advertising leads. Also, OList, a classifieds offering in Nigeria, is part of the Opera for Business offering. In the future, we expect Opera for Business to continue to build out its digital capabilities for businesses.

Our partners

We partner with companies that benefit from our online marketing and advertising services, including search engines, e-commerce and travel providers and digital advertising platforms. Through placement of shortcuts, or "Speed Dials", and advertisements in our browsers and apps, we have the ability to direct traffic to the websites of both global and local partners that provide services to our users. These companies pay us either for referring traffic to them or for displaying their advertisements.

Search Providers

We partner with internet search providers like Google and Yandex and have worked closely with them for over 15 years. These partnerships make available best-in-class search technology to our users and enhance the visibility of our brand. We share the revenue generated by our search partners when our users conduct searches initiated within the URL bar, default search page or search boxes embedded in our PC and mobile browsers.

We have had a search distribution agreement with Google since 2001. We entered into our current search distribution agreement with Google in 2012 with a two-year term. The agreement has since been amended and restated multiple times, with the term of the current version extending to December 2021. The parties are currently discussing the next agreement for the period beyond the current term. We have had a search partner agreement with Yandex since 2007. We entered into our current partner agreement with Yandex in 2012 with a five-year initial term. The initial term has subsequently been extended twice and now extends until April 2023. Following the initial term, the partner agreement automatically renews for additional two-year periods unless written notice is given by either party at least 30 days prior to the automatic renewal. Our agreements with Google and Yandex are subject to customary events of default, including failure to make payments, material breach, liquidation, as well as other termination trigger events as provided therein.

E-commerce and online travel agencies

We work closely with large, global e-commerce and online travel agencies, such as Amazon, eBay, and Booking.com, as well as strong local brands like Flipkart, Tokopedia and others. The value of these partnerships continues to rise through increased user engagement with such popular services within our browsers, as well as deeper integration of services and our AI technology, which allows for more accurate suggestions, price comparisons, personalized landing pages and one-click purchases.

We earn revenue from transactions initiated by our directed users via links provided on our Speed Dial homepage and other advertisements, typically in the form of a defined share of the revenue generated by these service providers.



Digital advertising platforms

We have established relationships with leading digital advertising platforms such as Google AdSense, AdMob by Google, Audience Network by Facebook, Yandex Direct and others.

We allow these digital advertising platforms to display their advertisements on our browsers and recognize revenue based on the amounts we are entitled to receive from such advertising partners. We also sell select premium advertising placements, such as banners, interstitials, videos, sponsored articles and notifications to global and local advertisers.

Content Providers

In addition to monetization partners, we have formed strong relationships with high profile media companies, while also focusing on regional and local content providers in key markets in Sub-Saharan Africa, India and Indonesia. These relationships enable us to obtain comprehensive news and other content that we can make available to users on our platform, provide more publicity for our content provider partners and generate revenues through the placement of advertising within our news service. Further, we are increasingly focused on the creation of exclusive local content through Opera News Hub. We also analyze users' behavior to improve the relevance of the news stories and advertisements that we show to each user based on their preferences.

Marketing & Distribution

We also partner with device manufacturers and mobile network operators to promote and distribute our products. We have long-term relationships with device manufacturers to ensure cost-efficient and reliable distribution benefitting both these distribution partners and us. In addition, we partner with mobile network operators in Africa for joint marketing campaigns. These campaigns promote the data savings features of our mobile browsers on our operator partner's network, while providing free or reduced cost browsing to the consumer for a limited time.



Technology

Technology is key to our success as it enables us to innovate, improve our users' experience and operate our business more efficiently. Our technology team is composed of highly skilled engineers, computer scientists and technicians whose expertise spans a wide range of areas. As of December 31, 2020, we employed a team of approximately 550 engineering and data analytics personnel, mainly located in Poland, China, Sweden, Estonia and the UK, engaged in building our technology platform and developing new Opera products and services in our core businesses as well as newer initiatives such as payments or gaming.

Artificial Intelligence

Through AI technologies, we have transformed our browsers and other products and services into an AI-powered content discovery and recommendation platform that provides our users with personalized news, videos and other online content. We leverage data from our existing user base and technologies, such as natural language processing, computer visioning and image recognition, deep learning and collaborative filtering, to develop our AI-powered content discovery and recommendation platform that we integrate into a variety of our products and services. Our AI platform evaluates billions of potentially correlated data points between each item of online content and each individual user to provide personalized content recommendations of high interest to our users.

Our key AI technologies implement the following powerful features:

- *Natural Language Processing.* We use natural language processing, or NLP, and deep learning models to analyze, sort, extract, classify, process and better understand news content. Using NLP, we can quickly incorporate new languages into our AI-powered content discovery and recommendation platform. Our deep learning models, which include word embedding, advanced recurrent neural networks (e.g., long short-term memory and gated recurrent units), convolutional neural networks and attention-based deep neural networks, help us to extract keywords and tag topics and concepts. For example, with advanced NLP technology, Opera News can make intelligent recommendations among local news in Swahili to users in Africa who chose Swahili as their preferred language.
- *Computer Vision for Images and Videos.* We analyze the images and videos that are associated with online text to better understand the content and optimize our recommendation engines. Deep learning is at the core of our image and video understanding technologies. Our deep learning convolutional neural network-based models analyze images and videos frame-by-frame and classify them into content categories that our recommendation engine refers to when recommending content to users.
- *Personalized Click Prediction Model.* We developed a large-scale and personalized recommendation and click prediction ranking model that is based on real-time user interactions. Tens of billions of feature sets employ a Gradient Boost Decision Tree, or GBDT, model for raw feature transformation and large-scale Logistic Regression combined with Factorization Machine with attention mechanism and another Deep Neural Network model to output the click prediction of a user to a certain news article to decide the ranking of news article recommendations for such user.
- *Neural Collaborative Filtering and Networks.* Our neural collaborative filtering technology uses deep learning-based word-to-vector and embedding models that examine and assess more variables and allows for more intelligent filtered results than traditional user-based and item-based collaborative filtering technologies. Moreover, we developed multi-dimensional vector-based interest representations of user profiles that are more data rich than simple tag-based representations

Big Data Capabilities

We are able to quickly develop and scale our presence across different geographies, languages and cultures because of our big data capabilities. We have multiple data centers distributed across four continents that support massive petabyte-level distributed data storage and allow us to process in real-time hundreds of terabytes of data related to our users every day. We use data mining and analytics technologies to find patterns in the large amounts of data we collect, which helps us to understand our users and provide them with better content recommendations.



Cloud Compression Technologies

Our compression technologies, Turbo and OBML (Opera Binary Markup Language), are advanced compression technologies that are built into our apps to optimize data traffic and connection times for our users. These technologies allow our browsers to load web pages faster by downloading less data. Today, Turbo is our standard compression mode for high-end smartphones and computers, while OBML, adapted exclusively for Opera Mini, provides an extreme compression mode, which compresses web content by up to 90%, providing a good web browsing experience even on the most limited mobile data networks.

Network Infrastructure

We have built a reliable and secure network infrastructure that will fully support our operations. Our physical network infrastructure utilizes our data centers that are linked with high-speed networking. We have developed our architecture to work effectively in a flexible cloud environment that has a high degree of elasticity. Our automatic provisioning tools have enabled us to increase our storage and computing capacity in a short period of time in response to increasing demand for our services. Our proprietary network application protocols ensure fast and reliable mobile communications under different network conditions in the various markets where we operate. The aim is to provide a consistent user experience across different devices, operating systems, carriers and network environments.

As of December 31, 2020, we owned approximately 6,000 servers in eight internet data centers located in The Netherlands (two locations), Russia, the United States (two locations), Singapore, Kenya and Nigeria. By replacing our oldest generation of servers with newer ones, we were able to reduce our total number of servers in operation while achieving increased computing power, as well as effectively reducing hosting costs and recognizing environmental benefits. As of December 31, 2020, our data centers had a total connectivity bandwidth of 1.042 Tbps (max throughput). We have also expanded our large-scale AI computing service cluster, to provide computing power for our AI technologies.

Crypto Wallet

In 2018, we introduced a Crypto Wallet inside our browsers, enabling access to a new generation of blockchain-based Web 3 applications. This allows users to interact with these applications, send or receive various kinds of cryptocurrencies to sites and users, as well as identify themselves to sites and hold unique digital items from blockchain-based games. Opera supports several blockchains including Ethereum, Bitcoin and Tron, as well as a large number of crypto-currencies.

Our Investments

Our business includes investments in certain associates and joint ventures:

OPay Limited, or OPay, an associate in which we currently hold a 13.1% equity interest, launched its mobile money services in 2018. OPay focused its efforts in Nigeria, a market characterized by a massive, unbanked population with low mobile money penetration. OPay has an agent-centric operation as a means to reach the underserved population and currently has over 340,000 registered agents. In December 2020, OPay had monthly transaction volume in excess of US\$2 billion, placing OPay among top-tier payments providers in Nigeria. OPay also plans to expand its platform to additional countries beyond Nigeria. OPay's growing position in Nigeria also drives further brand awareness of Opera.

NanoCred Cayman Co. Limited, or Nanobank, an associate in which we currently hold a 42% equity interest, was formed in August 2020 by merging Opera's emerging market fintech business with a similar business of Mobimagic. Today, Nanobank offers microlending and other services in Indonesia, India, Kenya and Mexico, and is in the process of launching in several other emerging markets. Nanobank intends to grow by launching in additional geographies, offering new products and services and by continuing to recover from COVID-19 impacts in its existing markets.



Star Group Interactive Inc., or StarMaker, an associate in which we invested US\$30 million on November 5, 2018, in exchange for preferred shares in the company, resulting in a 19.4% equity interest, is a technology-driven social media company focused on music and entertainment. StarMaker enables users to record and share their own music videos, collaborate with other musicians, connect with other users and follow their idols on the social platform. StarMaker continued its revenue growth during 2020, with revenues totaling approximately US\$89.9 million, up 210% compared to 2019. This was driven by a combination of daily active users doubling in 2020 and improved monetization. In 2021, the company plans to continue its efforts to grow users and increase monetization to drive rapid revenue growth. StarMaker exited 2020 with an annualized revenue run rate of US\$127 million (based on its fourth quarter 2020 revenue).

AB "Fjord Bank", or Fjord Bank, an associate in which Opera acquired a 9.9% equity interest in January 2021 for EUR 0.77 million. Fjord Bank operates as a licensed specialized bank and has recently launched operations with an online offering which includes fixed deposits and consumer lending business in the Lithuanian market.

nHorizon Innovation (Beijing) Software Ltd., or nHorizon, a joint venture in which Opera has a 29.1% equity interest, operates an Opera browser in China. nHorizon's monetization partners include Baidu, Sogou and others. nHorizon consists of nHorizon Innovation (Beijing) Software Limited and nHorizon Infinite (Beijing) Software Limited. The joint venture was founded in August 2011.

User Privacy and Safety

The vitality and integrity of our user base is the cornerstone of our business. We dedicate significant resources to the goal of strengthening our user base through developing and implementing programs designed to protect user privacy, promote a safe environment, and ensure the security of user data. We also implement unique features in our products to protect users' online digital presence, such as a free, no-log VPN service, native ad blocking and anti-tracking options.

Our privacy statements seek to describe our data use practices and how privacy works on our platforms in a user-friendly manner. We provide users with adequate notice as to what data is being collected and undertake to manage and use the data collected in accordance with applicable laws. With respect to our primary browser and news products, we serve our European users from our business establishment in Norway and consequently all our processing of the personal data of such users is conducted in accordance with the General Data Protection Regulation, or GDPR. We serve our users outside of Europe primarily from our business establishment in Singapore. Regardless, we consider the protection of the personal privacy of each of our users to be of paramount importance.

We continuously strive to prevent unauthorized use, loss or leak of user data. In addition, we use a variety of technologies to protect the data with which we are entrusted and have a team of privacy professionals dedicated to the ongoing review and monitoring of data security practices. For example, we strictly limit the number of personnel who can access servers that store user data. For our external interfaces, we also utilize demilitarized zones and firewalls to protect against potential attacks or unauthorized access.

Product Marketing and Distribution

For the majority of our products and services, the main source of marketing is "word-of-mouth" from our large user base. The trust and reliance that our users place in us is a key growth driver of our business, since prospective users that hear positive feedback from their friends and colleagues about our products and services are more likely to try them.

In 2020, organic installs represented approximately 69% of our new smartphone users. In parallel, we invested in 2020 more than 45 million dollars in advertising campaigns and paid online promotions to reach prospective users. We also cooperate with industry partners to promote our products. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions." In 2020, approximately 3% of new smartphone users originated from our paid online promotions. We normally set an annual budget for the overall spending on paid online promotions. In addition, we work closely with key device manufacturers and chipset vendors worldwide to pre-install Opera products and co-market our products and services. In 2020, approximately 28% of new smartphone users came from such partners. We have long-standing relationships covering many of the largest smartphone brands.



Our products are available through our official website, www.opera.com, as well as Google Play, Apple's App Store, and other online app marketplaces.

Competition

We face intense competition with regard to all of the products and services we offer. In the browser space, we generally compete with other global browser developers, including companies such as Google (Chrome browser), Samsung, Apple (Safari browser) and Microsoft (Internet Explorer and Edge browsers) that distribute their browsers via proprietary operating systems and devices, and with other regional internet companies that have strong positions in particular countries.

In the content space, we face competition from other internet companies promoting their own content products and services globally, including Google, Apple and Facebook, and traditional media such as global or regional newspapers and magazines. Unlike some other large competitors, we have historically focused on key growth markets outside North America, which enables us to integrate unique content to local Opera News users via our evolving AI-powered content discovery and recommendation platform. However, we expect to compete with digital media properties and other AI based news offerings as we expand Opera News into development markets. In addition, we compete with all major internet companies for user attention and advertising spend.

In European financial services, we face or expect to face competition from incumbent financial providers, payment and fintech start-ups, and non-traditional payment and credit providers such as Revolut and Klarna. We also compete with existing cashback solutions such as Letyshops and Topcashback in Europe and the CIS region.

Intellectual Property

We regard our patents, copyrights, service marks, trademarks, trade secrets and other intellectual properties as critical to our success. We rely on patents, trademarks, and copyrights, trade secret protection, and non-competition, confidentiality, and license agreements with our employees, customers, partners and others to protect our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual properties without authorization. Furthermore, the validity, enforceability and scope of protection of intellectual property rights in internet-related industries are uncertain and still evolving.

As of December 31, 2020, we had over 150 active registrations or pending applications for the OPERA, Opera with Red O (both old and new versions) and OPERA SOFTWARE trademarks in over 100 countries, and for our red "O" logo in over 75 countries. We are also seeking trademark protections for certain of our other brands. Opera has a patent portfolio that includes more than 20 patents issued in the United States as well as certain international patent registrations. In addition, as of December 31, 2020, we had hundreds of registered domain names related to our business.

Regulations

Norwegian Regulations on Intellectual Property Rights

Norway adheres to key international agreements for the protection of intellectual property rights, hereunder the Paris Union Convention for the Protection of Industrial Property, Berne Copyright Convention, Universal Copyright Convention of 1952, Rome Convention and the TRIPS agreement.

The main acts governing intellectual property rights in Norway are the Patents Act of December 15, 1967, Designs Act of March 14, 2003, Trademarks Act of March 26, 2010, Copyrights Act of June 15, 2018, and Marketing Act of January 9, 2009. The latter also protects trade secrets.

Trademarks, designs and patents shall be registered upon application to the Norwegian Industrial Property Office, or the NIPO, in order to be valid in Norway. Patent applications which have been granted at the European Patent Office can be validated in Norway upon application to the NIPO.

Norwegian Regulations on Data Protection and Information Security

The principal data protection legislation in Norway is the Personal Data Act of June 15, 2018, no. 38. The Personal Data Act implements 2016/679/EU - General Data Protection Regulation, (or "GDPR") in its entirety. The purpose of the act is to protect natural persons from violation of their right to privacy through the processing of personal data. Broadly speaking, the GDPR applies to the processing of personal data conducted by companies established in the EEA, and to the processing of personal data of data subjects in the EEA, where the processing is linked to offering services to such data subjects or monitoring their behavior.



European Financial Services Regulations

Certain Company subsidiaries operate or may come to operate in regulated financial services markets under licenses issued by regulatory bodies in Europe or elsewhere. Under these regulatory regimes, the relevant national regulator may conduct a “fit and proper” evaluation of all major, direct or indirect shareholders and require that any shareholder intending to acquire beneficial ownership of 10% or more of Company to first obtain pre-approval from the regulator. Such major shareholders must also seek pre-approval of any additional major increase in its shareholding and give notice of any major decrease in shareholding. Company has, for example, a subsidiary in the United Kingdom licensed by the UK Financial Conduct Authority and under applicable law any shareholder intending to acquire 10% or more of Company must first obtain the prior approval of the UK Financial Conduct Authority. Company may, moreover, expand its European financial services initiatives to additional jurisdictions within the EU/EEA with operations which may require similar pre-approvals for additional regulators.

Regulations on Anti-money Laundering and the Prevention of Terrorism Financing

Company’s European financial services initiatives are subject to regulations intended to prevent and detect money laundering and terrorist financing (“AML Regulations”). Such AML Regulations are generally based on the EU’s Fourth Money Laundering Directive (Directive EU 2015/849), Fifth Money Laundering Directive (Directive EU 2018/843) and FATF Recommendations. Reporting entities under such legislation are obliged to apply a risk-based approach when determining measures against money laundering and terrorist financing, including the performance of required customer due diligence measures. If a reporting entity detects circumstances which may indicate that funds are associated with money laundering or terrorist financing, further examinations shall be conducted. If the reporting entity after such examinations suspects that funds are the proceeds of a criminal activity, or are related to terrorist financing, it is required to report its suspicions to appropriate authorities. At present, the Company has subsidiaries which are reporting entities under the AML Regulations of the United Kingdom and Spain. The Company may expand its European financial services initiatives to additional jurisdictions within the EU/EEA in the future and may then have reporting entities in such additional jurisdictions for purposes of compliance with the applicable AML Regulations of such jurisdictions.

Holding Foreign Companies Accountable Act

The United States adopted the Holding Foreign Companies Accountable Act in 2020, which law requires the Securities Exchange Commission to prohibit the trading of any shares for which the issuer’s auditor has not been under the inspection of the Public Company Accounting Oversight Board (PCAOB) for three consecutive years.

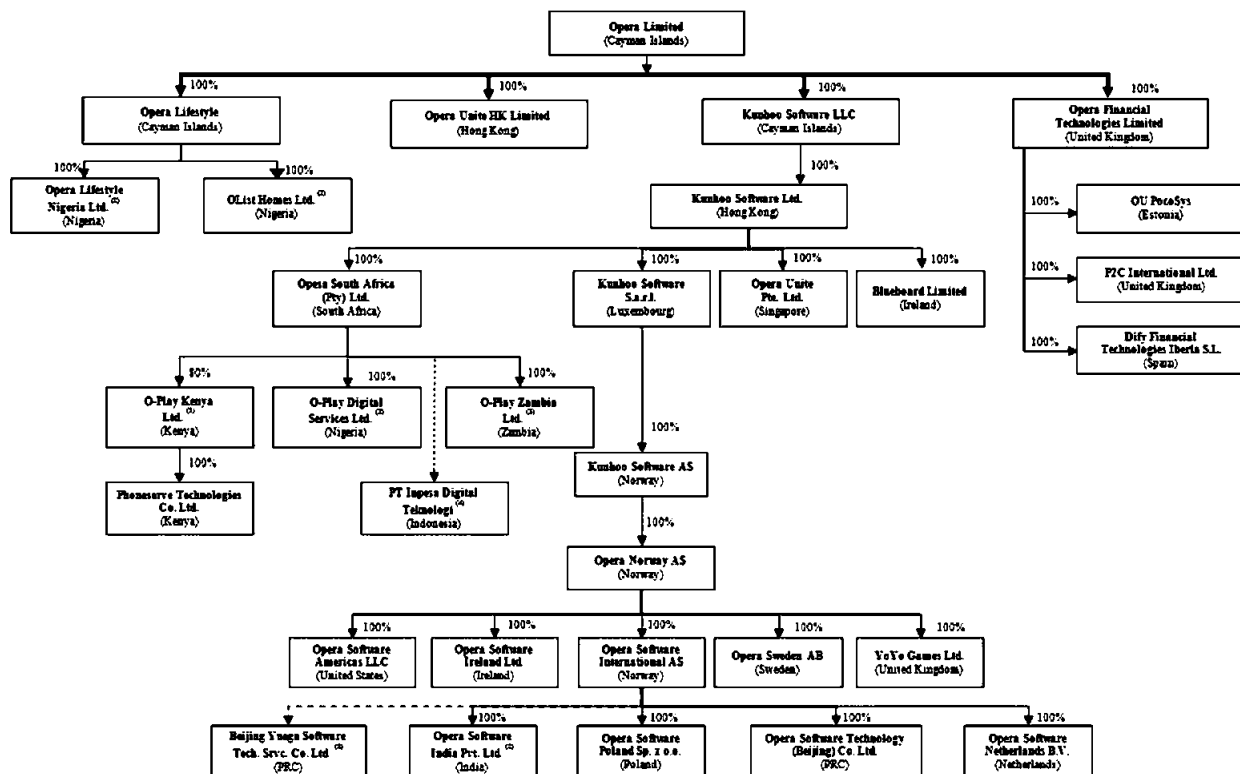
The Company’s consolidated financial statements are prepared at its headquarters in Norway in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and audited by KPMG AS in accordance with PCAOB auditing standards.

The Company’s auditor, KPMG AS, is a Norwegian-based independent public accounting firm that is registered with the PCAOB. The PCAOB is able to inspect the Company’s audit files in Norway pursuant to a cooperative agreement between the PCAOB and the Financial Supervisory Authority of Norway that has been effective since 2011.



C. Organizational Structure

The chart below summarizes our corporate structure and identifies our principal subsidiaries and their places of incorporation as of the date of this annual report:



Notes:

- (1) 20% held by nominee shareholders.
- (2) 1 share held by an additional Opera group entity.
- (3) 1% held by O-Play Kenya Limited.
- (4) Variable interest entity contractually controlled by Opesa South Africa (Pty) Limited.
- (5) Variable interest entity contractually controlled by Opera Software International AS.

D. Property, Plants and Equipment

Our corporate headquarters is located in Oslo, Norway. Our principal technical development facilities are located in Wrocław, Poland, Tallinn, Estonia, Dundee, Scotland, Beijing, China and both Linköping and Gothenburg, Sweden. We also have offices in Nigeria, India, Ireland, France, England and Kenya among other countries.

Our servers are hosted in leased data centers, primarily in the Netherlands, the United States, Nigeria, Kenya and Singapore, with an additional small data center in Russia. The data centers in our network are owned and maintained for us by major domestic and international data center providers. We generally enter into leasing and hosting service agreements with renewed terms that range from one to three years.



ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors” and elsewhere in this annual report.

For discussion of 2018 items and year-over-year comparisons between 2019 and 2018 that are not included in this annual report on Form 20-F, refer to “Item 5. – Operating and Financial Review and Prospects” found in our Form 20-F for the year ended December 31, 2019, that was filed with the Securities and Exchange Commission on April 30, 2020.

A.	Operating Results
-----------	--------------------------

Major Factors Affecting Our Results of Operations

Our business and operating results are affected by general factors affecting the global online content consumption, e-commerce and fintech industries, which include:

- overall global economic growth;
- mobile and PC internet usage and penetration rate by geography;
- growth of online content consumption, and its popularity as an advertising medium;
- growth of online commerce and related advertising;
- growth of mobile money solutions and traditional banking alternatives; and
- governmental policies and initiatives affecting online content consumption, and e-commerce, and fintech.

While our business is influenced by these general factors, we believe our results of operations are more directly affected by company specific factors, including the following major factors:



Our Ability to Maintain and Expand Our User Base, and Maintain and Enhance User Engagement

Our user base is important for our revenue generation, both because its sheer size makes us an attractive partner for search and advertising partners, and in terms of directly impacting our user-generated revenues. The following table presents certain of our user metrics for the periods indicated:

	Three months ended (1)							
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sept 30, 2020	Dec 31, 2020
	(in millions)							
Smartphone browser average MAUs	190.0	190.2	190.9	188.5	187.3	183.8	198.9	190.1
Smartphone total average MAUs	221.4	226.7	232.0	227.4	225.1	226.3	243.0	232.7
PC browser average MAUs	65.1	65.0	67.8	67.6	67.4	74.8	74.7	78.9
Opera News average MAUs (2)	149.7	162.9	169.0	162.8	179.5	190.9	219.9	210.3

(1) Average across the three months included in each period, with each month calculated as of its final day using a 30-day lookback window.

(2) Includes Opera News users within our browsers as well as the dedicated Opera News app.

Our total browser average MAUs in the three months ended December 31, 2020, was 333.2 million including 254.3 million mobile browser users and 78.9 million PC browser users. Our mobile browser users included 190.1 million smartphone users and 64.2 million feature phone users.

Our total smartphone average MAUs in the three months ended December 31, 2020, was 232.7 million. This figure is comprised of the 190.1 million smartphone browser users, and the 42.6 million users of the dedicated Opera News apps.

Our smartphone browser user base grew in Africa and Europe in 2020, our core focus regions, but slightly declined in Asia. As we oriented our marketing and distribution efforts around the new dedicated Opera News apps during 2020, our overall smartphone user base grew faster than the browser subset, adding a total of 5.3 million in 2020.

Our ability to continue to effectively maintain and expand our user base will affect the growth of our business and our revenues going forward. We generate revenues from our business partners, including search providers and advertisers, who are drawn to our platform in part because of the size of our user base, its attractive demographics, and our level of user engagement. Our ability to maintain and expand our user base, as well as maintain and enhance user engagement, depends on, among other things, the effectiveness of our marketing and distribution spend, our ability to continuously offer comprehensive and effective products and services, recommend personalized content through technological innovation and provide a superior content discovery experience.



Our Ability to Monetize

We have long and deep relationships with many of our major monetization partners. Changes in the revenue sharing or fee arrangements with our key monetization partners may materially affect our revenues, although we have not seen such material impacts to our revenues over the 2018 to 2020 period. However, for example, a change in the revenue sharing percentage paid by certain of our major partners such as Google or Yandex, or a change in their payment policies or other contractual arrangements, could impact our revenues, either positively or negatively. Likewise, with respect to certain major advertising partners, changes in the fee rate we receive per click or per sale may affect our revenues.

The growth, seasonality and strength of our major advertising partners' businesses may also materially affect our revenues, positively or negatively. This has been illustrated by the COVID-19 pandemic where, for example, we have seen revenues decline from monetization partners in travel related businesses, presumably due to pandemic related travel restrictions. At the same time, we have seen revenues increase from monetization partners with e-commerce businesses as more people buy online. Revenues from monetization partners in sports related businesses were temporarily down when sporting events were suspended, only to later recover and with even stronger demand as people follow sporting events digitally, with such digital adoption presumably accelerated due to pandemic related restrictions on attending live sporting events. A reversal of pandemic related restrictions may have further unpredictable effects, positive or negative, on the businesses of some of our major advertising partners and by extension on our revenues.

Further, our revenue generation is affected by our ability to promote and improve our users' experience with our partners' services, and our ability to open advertising inventory.

In 2020, we had approximately 400 monetization partners. We intend to maintain and deepen our relationships with current partners and attract more partners to increase and diversify our revenue sources. Our ability to further increase the number of partners primarily depends on whether we can provide integrated marketing services and help them more precisely reach their targeted users through our AI-powered content discovery platform.

Our Brand Recognition and Market Leadership

We believe that the strong brand recognition of "Opera" is a key element of our success. Our ability to maintain our massive user base and brand recognition as a leading independent browser and content discovery platform is key to our ability to maintain and enhance relationships with our users, monetization partners, content partners and distribution partners. In addition, the reputation and attractiveness of our platform among internet users also serves as a highly efficient marketing channel for our new products and services.

Our Ability to Manage Our Operating Expenses

Our long-term results of operations further depend on our ability to manage our operating expenses. Our operating expenses consist primarily of personnel cost, marketing and distribution expenses, depreciation and amortization, server hosting expenses, professional services and rent. We expect the absolute amount of staff cost, server hosting expenses and rent to increase as we grow our business. In 2020, our operating expenses totaled US\$179.0 million, representing a 0.8% increase compared to 2019 mainly due to decreased investment in marketing and distribution expenses. As a percentage of revenue, operating expenses represented 108.3% in 2020 following COVID-19 related impacts to revenue, compared to 100.3% in 2019. However, over time, we expect our costs and operating expenses to decrease as a percentage of revenue as we improve our operating efficiency and as a result of economies of scale.



Our Ability to Strengthen Our Technological Capabilities, Especially AI and Big Data

The internet business in general is undergoing constant technological evolution. In particular, AI and big data have been transforming, and will continue to transform, the internet industry, especially the content consumption market. We are dedicated to continually enhancing and applying our capabilities to new forms of content discovery and recommendation technologies and other applications. To maintain and enhance our innovation capabilities, we have increased our investments in product development and expect to continue to do so.

Our Ability to Attract, Engage and Retain Users for our European Fintech Initiatives

Our ability to attract, retain and engage users for our various initiatives is essential to the growth of our European fintech business. We have launched products and services, including cashback, under the Dify brand. Critical to our success with these initiatives is that users are attracted to our offerings, and that we are successful in cross promoting these services to Opera users. Further, the European fintech space is highly regulated. Consequently, the success of our products will depend on attracting users to our offerings while complying with complex regulatory standards.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The application of certain of these accounting principles requires considerable judgment based upon estimates and assumptions that involve significant uncertainty at the time they are made. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may deviate from estimates. Changes in assumptions and deviations between estimates and final outcomes may have a significant impact on the financial statements in the periods when assumptions are changed and when uncertainty is resolved. Accounting policies that are deemed critical to our results and financial position, in terms of materiality of the items to which the policy is applied, and which involve significant assumptions and estimates, are discussed in this section. A broader and more detailed description of the accounting policies that we use is included in Note 2 to our consolidated financial statements included elsewhere in this annual report.

Revenue Recognition

i. Search revenue

Search revenue is generated when a user conducts a qualified search using a search partner (such as Google or Yandex) through the built-in combined address and search bar provided in our PC and mobile browsers, or when otherwise redirected to the search partner via browser functionality. Search revenue is recognized in the period the qualified search occurs based upon the contractually agreed revenue share amount.

ii. Advertising revenue

Advertising includes revenues from all other user-generated activities excluding search revenues. Advertising revenues include revenues from industry-standard ad units, predefined partner bookmarks ("Speed Dials") and subscriptions of various promoted services that are provided by us. Revenue is recognized when our advertising services are delivered based on the specific terms of the underlying contract, which are commonly based on revenue sharing, clicks, or subscription revenues collected by third parties on behalf of us.

The majority of advertising revenue is reported based on the amounts we are entitled to receive from advertising partners. In limited instances where we have developed or procured a service which we promote to the users, we consider ourselves the principal party to a transaction and not an agent of another entity. In such cases, we will recognize revenue on a gross basis. In our determination as to whether we are the principal, we consider our (i) responsibility to provide the service to the end-user, (ii) ability to determine pricing, (iii) exposure to risk. The associated costs for these transactions are included in the Statement of Operations as technology and platform fees, content cost, or cost of inventory sold.



iii. Technology licensing and other revenue

Technology licensing and other revenue include other revenues that are not generated by our user base, such as revenues from providing professional services, from device manufacturers and mobile communication operators. We generate such revenue from licensing of our proprietary compression technology and providing related maintenance, supporting and hosting services to third parties, as well as providing professional services, and enabling customized browser configurations to mobile operators. We also generate such revenue from providing development and managerial services to certain equity-accounted investees. Licensing agreements may in addition to licensing of technology, include related professional services, maintenance and support, as well as hosting services. Depending on the customization and integration level, the software licenses are either distinct or not distinct performance obligations from related professional services, and accordingly, the licensing revenue is recognized either separately when control is transferred to the customer or together with the implementation services. Sale of licenses that are part of a multi-element contract where the license is not distinct from maintenance, support or hosting services, are recognized over the contract period.

Maintenance, support and hosting revenues are generally recognized ratably over the term that these services are provided. Revenue from distinct professional services is recognized over the development period in line with the degree of completion.

Fair value of investment in Nanobank

On August 19, 2020, we contributed TenSpot Pesa Limited and its subsidiaries to Nanobank in exchange for us obtaining an ownership interest of 42% in Nanobank. We concluded that the investment in Nanobank is an associate to be accounted for in accordance with the equity method. The cost of the investment in Nanobank, i.e., the amount at which it initially was recognized, was the estimated fair value of the investment as of August 19, 2020. We estimated the fair value using a combination of methodologies, including income and market-based approaches. Under the income approach, we estimated expected future cash flows for each component of Nanobank and then discounted those cash flows using an estimated weighted average cost of capital ("WACC"). The estimates for future cash flows were based on assumptions that included the number of loans to customers, nominal size of loans, amount of interest and fees generated and credit losses. The estimate for WACC was based on estimates for risk-free rate, beta, equity risk premium, cost of debt and a company-specific risk premium. Under the market approach, we used judgment in identifying comparable companies. Based on the combination of the income and market approaches, we concluded that the estimate for fair value of the investment in Nanobank as of August 19, 2020, was US\$265.9 million, which became the deemed cost of the investment. See Note 13 to our consolidated financial statements included elsewhere in this annual report for more information.

On acquisition of the investment in Nanobank, we used assumptions in identifying and valuing the assets and liabilities of the entity, including goodwill. We identified intangible assets that were not separately recognized by Nanobank, including trademarks, technology, customer relationships and licenses. For all identified assets and liabilities, we estimated their fair values as of August 19, 2020. In estimating the fair value of the trademarks and technology assets, we used a relief-from-royalty method that included estimates for royalty rates and future revenue related to the trademarks. In estimating the fair value of the customer relationships, we estimated future revenue from the customer base of Nanobank and the churn rate for customers. The identified licenses were valued using a combination of a cost-based approach that estimated the cost of acquiring the licenses and a market-based approach under which we estimated a transaction price for similar licenses. For all identified assets, we used judgment in determining their useful lives.

Significant influence over OPay and basis of accounting for investment

We determined that we have significant influence over OPay Limited even though we were diluted in 2019 from holding 19.9% to 13.1% of the voting rights in the company and do not have a direct representation on the board of directors. In determining that we have significant influence, we considered the influence our chairman and CEO is capable of exercising on our behalf. Our chairman and CEO is also the chairman and CEO of OPay, though appointed as a representative of a personal investment entity, which also is an investor in OPay. Based on the assessment that our chairman and CEO is capable of exercising significant influence in OPay on our behalf, we concluded that we have power to participate in the financial and operating policy decisions of OPay and thus the investment was classified as an associate.



We hold preferred shares in OPay, acquired in 2019, as disclosed in Notes 13 and 16 to our consolidated financial statements included elsewhere in this annual report. While the preferred shares have characteristics similar to equity instruments, we determined that the rights and benefits inherent in the preferred shares, including redemption rights and liquidation preference, entail that they in substance are debt instruments. Consequently, we classified the preferred shares as financial instruments measured at fair value through profit or loss. The carrying amount of the preferred shares is part of our net investment in OPay. We applied significant judgment in determining the share of net income (loss) to be recognized under the equity method. We considered the rights and benefits of all classes of shares issued by OPay and determined that our share was to be calculated based on its number of ordinary shares relative to the total number of shares outstanding, including preferred shares, opposed to only the total number of ordinary shares outstanding.

Fair value of preferred shares in associates

We have invested in preferred shares in OPay and StarMaker, both entities classified as associates. These preferred shares represent a long-term interest that in substance form part of our net investment in the associates. Due to their characteristics the preferred shares are not equity instruments and do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, the preferred shares are measured at fair value through profit or loss.

The fair values of preferred shares in OPay and StarMaker as of December 31, 2020, were measured using methods and techniques that reflect the economic rights and benefits of the preferred shares. These rights and benefits include redemption rights and liquidation preferences. A combination of the following three valuation methods was used to estimate the fair value of the preferred shares: Probability weighted expected return model ("PWERM"); Option pricing model ("OPM"); and Current value method ("CV"). These models, which also were used to estimate fair values as of December 31, 2019, build on estimates, such as discount for lack of marketability and the fair value of equity in OPay and StarMaker. Moreover, the PWERM model is based on estimates for future scenarios and outcomes, including sale transactions, initial public offering, dissolution, and redemption. More details on the models and input are provided in Note 16 to our consolidated financial statements included elsewhere in this annual report.

Collectability of consideration from Powerbets

To recognize revenue from a contract with a customer within the scope of IFRS 15, certain criteria must be met, including it being probable that we will collect the consideration to which we will be entitled in exchange for the goods or services transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, we consider the customer's ability and intention to pay that amount of consideration, which may involve significant judgment.

Effective from the beginning of 2020, we determined that it was not probable that we would collect the consideration to which we were entitled for services provided to Powerbets during the year and as a result, we did not recognize any revenue from these services. However, in 2019, we determined that at the time the collectability criterion was met and based on this we recognized US\$2,210 thousand as revenue from contracts with Powerbets (2018: US\$4,369 thousand). As of December 31, 2020, the total amount of outstanding trade receivables due from Powerbets was US\$6,579 thousand (December 31, 2019: US\$6,579 thousand).

In assessing whether the collectability criterion was met for contracts with Powerbets, we considered the likelihood of and timing for when Powerbets will start generating net cash inflows from its operating activities and other factors that are relevant in assessing the timing of revenue recognition and collectability of related accounts receivable.

We disposed of our equity investment in Powerbets in December 2020. See Notes 13, 14 and 26 to our consolidated financial statements included elsewhere in this annual report for more information.

As of December 31, 2020, we estimated the lifetime expected credit losses on trade receivables and long-term loans due from Powerbets. In estimating the cash flows we expect to receive, we considered a range of possible outcomes, which were assigned weights based on probabilities. Possible outcomes included scenarios in which Powerbets starts generating sufficient cash flows from its operating activities to settle the receivables and capital contributions from new investors in the company. We determined that the probability-weighted best estimate for the amount to be collected was nil and consequently that the trade receivables and the long-term loans were fully impaired. Consequently, we recognized an impairment loss of US\$10.5 million, of which US\$6.6 million was related to trade receivables and US\$3.9 million was related to long-term loans. Due to the distinct nature of the expense, the impairment loss was recognized on a separate line item in the Statement of Operations as "Credit loss expense related to divested joint venture".



Impairment of Goodwill and Intangibles with Indefinite Lives

We assess at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, we estimate the asset's recoverable amount. The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Goodwill and our brand of Opera (the trademark) were initially recognized in November 2016 through the acquisition of Opera Norway AS (formerly Opera Software AS) with subsidiaries, consisting of one segment – "the Consumer business". In 2019, the goodwill was reallocated to what was then a new operating segment: Browser and News, which represents a single CGU.

Goodwill is tested for impairment annually as of December 31, and when circumstances indicate that the carrying value may be impaired.

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 or CGU.

We base our impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations cover a period of one year. Because the length of the projection period for the cash flow forecast where a CGU has goodwill or intangible assets with indefinite lives is into perpetuity, we identify a "steady state" set of assumptions for the cash flows based on an approach where we estimate cash flows for the following four years and then using the estimated cash flows in the final year of estimation as the basis for the terminal value. A long-term growth rate is calculated and applied to project future cash flows after the projected period. See Note 12 to our consolidated financial statements included elsewhere in this annual report for more information.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, we estimate the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Capitalized Development Costs and Customer Relationships

Certain costs of developing new features, together with significant and pervasive improvements of core functionality, are capitalized as development costs and amortized on a straight-line, three-year basis. Other engineering work related to research activities or ongoing product maintenance, such as "bug fixes," updates needed to comply with changes in laws and regulations, or updates needed to keep pace with the latest web trends are expensed as ordinary compensation costs in the period they are incurred. Initial capitalization of expenditure is based on management's judgment that the project meets all of the six criteria discussed in Note 2 to our consolidated financial statements included elsewhere in this annual report. Assessing if and when all of these criteria are met is based on judgment, which takes into account past experiences and expectations about the technical ability to complete the asset as intended.

Acquired intangible assets related to customer relationships are recognized at cost less accumulated amortization and impairment losses and are amortized over a period up to 15 years. We evaluate customer relationships for impairment when circumstances warrant.



Income Taxes

Income tax consists of the sum of (i) current year income taxes payable plus (ii) the change in deferred taxes and liabilities, except if income taxes relate to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income (loss). Income taxes include all domestic and foreign taxes, which are based on taxable profits, including withholding taxes. Current year income taxes payable is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year end, and any adjustment to tax payable in respect of previous years.

We recognize income taxes in the income statement except to the extent that it relates to items recognized directly in equity or in comprehensive income. We include deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. We record provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favor of us and can no longer be appealed.

Deferred tax is provided using the 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 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 reporting date. We only recognize a deferred tax asset to the extent that it is probable that future taxable profits will allow the deferred tax asset to be realized. Recognized assets are reversed when realization is no longer probable.

See Note 2 to our consolidated financial statements included elsewhere in this annual report for a detailed discussion.



Description of Certain Statement of Operations Items

Reclassifications and adjustments made after presentation of unaudited 2020 financial results

Subsequent to the announcement of our fourth quarter and full-year 2020 results on February 25, 2021, we have made certain reclassifications and adjustments to amounts in the primary statements. The items detailed below in Group I were reflected in our release of financial results for the first quarter of 2021 and detailed in the financial tables issued together with the press release. Combined, the adjustments in Group I had no impact to revenue or adjusted EBITDA, but resulted in 2020 net income increasing by \$7.0 million. The items detailed in below Group II were not included in the first quarter of 2021 information. Combined, items in Groups I and II reduced 2020 revenue, and thereby adjusted EBITDA, by US\$0.2 million, and increased 2020 net income by US\$3.1 million, compared with the full-year 2020 results as presented on February 25, 2021.

Group I: Previously communicated changes

- In prior periods and in the earnings release for the fourth quarter of 2020, we classified certain expenses based on their function as “cost of revenue”. Effective from the annual consolidated financial statements for 2020 we classify all expenses based on their nature. Consequently, expenses previously classified as cost of revenue have been reclassified based on their nature, which resulted in US\$12,112 thousand formerly reported cost of revenue being reclassified into the following categories (2019: US\$14,239 thousand, 2018: US\$10,499 thousand):
 - Content cost (new category): US\$4,312 thousand (2019: US\$1,545 thousand, 2018: US\$72 thousand);
 - Technology and platform fees (new category): US\$3,315 thousand (2019: US\$796 thousand, 2018: US\$3,644 thousand);
 - Cost of inventory sold (new category): US\$700 thousand (2019: US\$208 thousand, 2018: US\$0 thousand);
 - Personnel expenses: US\$ 2,167 thousand (2019: US\$11,040 thousand, 2018: US\$6,285 thousand);
 - Marketing: US\$0 thousand (2019: US\$189 thousand, 2018: US\$200 thousand);
 - Other expenses:
 - o Audit, legal and other advisory services: US\$1,483 thousand (2019: US\$101 thousand, 2018: US\$18 thousand);
 - o Other: US\$135 thousand (2019: US\$360 thousand, 2018: US\$280 thousand).
- Adjustments following the divestment of Powerbets, our former joint venture:
 - Reclassification of impairment loss for long-term loans that were part of the net investment in Powerbets: US\$3,897 thousand had previously been recognized as a loss on the line for “share of net income (loss) of associates and joint ventures”. This is now recognized as a credit loss expense, with a reversal (i.e., a gain) of the same amount on the line for share of net income (loss) of associates and joint ventures.
 - Reclassification of the accounting gain associated with the divestment: US\$2,063 thousand had previously been recognized as a gain on the line for “share of net income (loss) of associates and joint ventures”. This gain is now recognized as other income.
 - Impairment of the full amount for outstanding trade receivables due from Powerbets: In the previously announced results for the fourth quarter of 2020, we recognized an impairment loss of US\$3,000 thousand for trade receivables due from Powerbets. Based on new information subsequently obtained about the situation as of December 31, 2020, we have determined that the full amount of trade receivables due from Powerbets is credit impaired and have thus recognized an additional credit loss expense of US\$3,579 thousand.
 - The credit loss expense of US\$3,000 thousand related to trade receivables due from Powerbets that was presented as a non-recurring expense in the previously announced results for the fourth quarter of 2020 is presented as “credit loss expense related to divested joint venture” in the annual consolidated financial statements, together with the additional credit loss expense for trade receivables and long-term loans due from Powerbets as outlined above. In total, we recognized US\$10,476 thousand as credit loss expense for receivables due from Powerbets.
- Change in fair value of preferred shares in associates has increased by US\$10,000 thousand when taking into account additional information pertaining to the year-end value of StarMaker, which has become available as of the date we issue these financial statements.
- Income tax expense has been reduced by US\$614 thousand, primarily as a consequence of the increase in provision for expected credit losses on receivables due from Powerbets, as outlined above. The carrying amount for deferred tax assets and income tax payable were changed correspondingly.



Group II: Not included in prior communication

- Revenue has been reduced by US\$218 thousand based on new information about the amount due for services performed as of December 31, 2020. This adjustment resulted in a corresponding reduction in the amount of trade receivables as of December 31, 2020.

- The share of net income from our investment in Nanobank has been adjusted by US\$3,694 thousand to reflect our share of net income as expected in the audited financial statements of Nanobank. Compared with the prior presented financial results of Nanobank, profit before tax has increased, however this was offset by derecognition of certain deferred tax assets. Our share of other comprehensive loss of associates and joint ventures has increased by US\$935 thousand based on adjustments to other comprehensive loss of Nanobank.

- US\$3,543 thousand related to actions taken following a short report has been allocated to audit, legal and other advisory services within the line item for other expenses.

- In the statement of cash flow, certain line items that adjust profit before tax to net cash flows, and working capital changes, were adjusted to reflect the adjustments in the statements of operations and financial position as outlined above. However, these adjustments did not impact the presented free cash flow of the year, nor the aggregated measures of net cash flows from operating, investing and financing activities.

Our former emerging markets fintech and retail businesses, which became discontinued operations in 2020, are excluded from the results of continuing operations and are presented as a single amount as profit from discontinued operations. Amounts in the comparative periods have been re-presented accordingly.

Revenue

Our revenues are derived from two segments, namely (i) Browser and News and (ii) Other. The table below sets forth the revenue, both in absolute amount and as a percentage of total revenue for each segment for the periods indicated.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Revenue:				
Browser and News	154,968	87.5	155,472	94.2
Other	22,111	12.3	9,584	5.8
Total revenue	177,078	100.0	165,056	100.0

Browser and News segment revenue primarily consists of our search and advertising revenue, while Other segment primarily of Technology licensing and other revenue.

Search revenue accounted for 48.7% and 51.0% of our total revenue in 2019 and 2020, respectively. Through revenue sharing arrangements with our search partners, we generate search revenue when our users conduct searches initiated within the URL bar, default search page or search boxes embedded in our PC and mobile browsers, or otherwise redirected to our search partners via our browser functionality.

Advertising revenue accounted for 38.9% and 43.3% of our total revenue in 2019 and 2020, respectively. We generate advertising revenue by referring traffic from our platform to e-commerce partners, online travel agencies and other partners, and by selling advertisements. The fee arrangements generally include revenue sharing, cost per click or subscription revenues collected by third parties on our behalf.

Technology licensing and other revenue accounted for 12.5% and 5.7% of our total revenue in 2019 and 2020, respectively. We generate licensing and other revenue mainly from providing professional services, licensing of our proprietary compression technology and providing related maintenance, supporting and hosting services to third parties, as well as enabling customized browser configurations to mobile operators.

Geographically, our revenue in 2019 and 2020 was generated primarily from customers and monetization partners domiciled in Ireland with no other country exceeding 10% of our total revenue. The table below sets forth the revenue by customers and monetization partners' domiciled country, both in absolute amount and as a percentage of total revenue for the periods indicated. The breakdown of revenue by country reflects the country of domicile for our direct source of revenues from our monetization partners, which is not necessarily an indication of where user activities occur because the end users are located globally. For example, in the fourth quarter of 2020, monthly active users in Africa and Asia were both approximately 150 million, while Europe (including Commonwealth of Independent States (CIS) and Rest of the World (ROW) (including North American and Latin America) were approximately 50 million and 20 million, respectively.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Ireland	81,637	46.1	80,059	48.5
Other	95,441	53.9	84,997	51.5
Total revenue	177,078	100.0	165,056	100.0



Other Income

Other income primarily reflects the gain on disposal of a Nigerian subsidiary and the gain from divestment of a joint venture (Powerbets).

Operating Expenses

We categorize our operating expenses into (i) technology and platform fees, (ii) content cost, (iii) cost of inventory sold, (iv) personnel expenses including share-based remuneration, (v) marketing and distribution expenses, (vi) credit loss expense, (vii) credit loss expense related to divested joint venture, (viii) depreciation and amortization and (ix) other expenses. The table below sets forth our operating expenses, both in absolute amount and as a percentage of total revenue, for the periods indicated.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Technology and platform fees	796	0.4	3,315	2.0
Content cost	1,545	0.9	4,312	2.6
Cost of inventory sold	208	0.1	700	0.4
Personnel expenses including share-based remuneration	62,323	35.2	62,103	37.6
Marketing and distribution expenses	65,074	36.7	47,860	29.0
Credit loss expense	577	0.3	1,849	1.1
Credit loss expense related to divested joint venture	-	-	10,476	6.3
Depreciation and amortization	18,843	10.6	20,234	12.3
Other expenses	28,242	16.0	28,197	17.1
Total operating expenses	177,614	100.3	179,046	108.5

Technology and Platform Fees

Technology and platform fees primarily comprise of (i) costs of any platform or collection service used to facilitate subscription services where we are the principal in the transaction, (ii) transaction and communication platform expenses, as well as third party credit scoring, data and risk control costs related to our fintech business. We expect such individual components within this cost category to stay relatively stable as a percentage of the related revenue streams.

Content Cost

Content cost mainly consists of revenue shares to content creators on our platforms and payments to publishers and monetization partners related to our browser and news segment. We will continue our efforts to increase the amount of content available through its applications by onboarding more European and American publishers. We expect this cost category to stay relatively stable as a percentage of the related revenue streams.

Cost of Inventory Sold

Cost of inventory sold consists primarily of the cost for 3rd party advertising inventory that is sold to our existing customers along with Opera owned inventory to create a large advertising purchase. We benefit from discounts we obtain from suppliers of inventory, like Google or Facebook. We expect this cost category to grow as a percentage of the advertising revenue stream.



Personnel Expenses including Share-based Remuneration

Our personnel expenses including share-based remuneration primarily consist of salaries and bonuses with applicable social security costs, external temporary hire costs and other personnel related expenses, as well as share-based remuneration, including related social security costs. Personnel expenses are net of capitalized development expenses. Capitalized development expenses in 2020 mainly relate to the development of our publishing and ad exchange platforms as well as fintech projects. We expect our personnel expenses to increase in absolute amounts in the foreseeable future due to the anticipated growth of business and expansion of our global operations, as well as periodic salary adjustments. For details of our share incentive plan, see “— Critical Accounting Policies — Share-based payment.” The table below sets forth the breakdown of our personnel expenses, both in absolute amount and as a percentage of total revenue for the periods indicated.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Personnel expenses excluding share-based remuneration	56,395	31.8	57,397	34.8
Share-based remuneration, including related social security costs	5,928	3.3	4,706	2.9
Total	62,323	35.2	62,103	37.6

Credit Loss Expense

Our credit loss expense is mainly related to provisions for expected credit losses on trade receivables and consist of specific provisions where risk of credit loss has been determined by management as well as general provisions determined based on the aging of the trade receivables. Changes in credit loss expense is affected by our ability to collect our trade receivables, the credit risk of the markets we operate in as well as general market conditions affecting our trade partners.

Credit Loss Expense Related to Divested Joint Venture

Our credit loss expense related to the divested joint venture (Powerbets). The financial statement line is new, and no comparative figures exist for prior periods.

Marketing and Distribution Expenses

Marketing and distribution expenses primarily consist of performance-based campaigns associated with our browser and news business. In the short-term, marketing and distribution expenses are expected to increase as a percent of total revenue, as we expand our news business in western markets. Firstly, the increase will mainly be driven by distribution costs of Opera News on various online advertising platforms. Secondly, we anticipate to increase distribution campaigns for the Opera GX browser through similar channels. Finally, the introduction of our new gaming and fintech businesses will contribute to the increase of marketing expenses. On a longer horizon we expect our marketing and distribution expenses to decrease as a percent of total revenue, following increased scale and completion of the initial launch initiatives as described above.

Depreciation and amortization

Depreciation cost largely relates to purchased equipment and servers as well as leasehold improvements. Amortization cost largely relates to intangible assets such as technology and customer relationships as well as capitalized development. Depreciation and amortization are driven by the amounts of assets we purchase and/or capitalize and the expected lifetime of those assets.



Other Expenses

Our other expenses primarily consist of hosting expenses; advisory service fees; software license fees, rent and other office expenses and travel expenses. We expect our other expenses to increase in absolute amounts in the foreseeable future due to the anticipated growth of our business as well as public company costs and increased travel post-COVID. The table below sets forth the breakdown of our other expenses, both in absolute amount and as a percentage of total revenue for the periods indicated.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Hosting	7,344	4.1	8,056	4.9
Audit, legal and other advisory services	6,742	3.8	10,863	6.6
Software license fees	2,397	1.3	1,882	1.1
Rent and other office expenses	4,175	2.4	3,318	2.0
Travel	3,903	2.2	1,304	0.8
Other	3,686	2.1	2,774	1.7
Total other expenses	28,248	15.9	28,197	17.1



Contribution Margin by Segment

Our operating segments are based on our main categories of products and services, namely Browser and News and Other. The following table presents contribution for these segments, which represents revenue from the segment, less the sum of (i) technology and platform fees, (ii) content cost, (iii) cost of inventory sold, (iv) other cost of revenue, (v) marketing and distribution expense and (vi) credit loss expense attributed to that segment, as well as each item expressed as a percentage of the segment revenue during the periods indicated.

	For the year ended December 31,			
	2019		2020	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
Browser and News				
Revenue	154,968	100.0	155,472	100.0
Technology and platform fees	796	0.5	3,315	2.1
Content cost	1,545	1.0	4,312	2.8
Cost of inventory sold	-	-	-	-
Other cost of revenue	301	0.2	(140)	(0.1)
Marketing and distribution expenses	64,685	41.7	47,042	30.3
Credit loss expense	448	0.3	568	0.4
Contribution	87,193	56.3	100,375	64.6

The Browser and News segment contributed US\$100.4 million in 2020, corresponding to 64.6% of segment revenue and compared to US\$87.2 million or 56.3% of segment revenue in 2019. While the segment revenue was relatively flat with an increase of US\$0.7 million, this increased contribution was mainly driven by lower marketing and distribution spend which was down with US\$17.6 million, partly offset by an increase in technology and platform fees of US\$2.5 million and an increase of content cost of US\$2.8 million.

	For the year ended December 31,			
	2019		2020	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
Other				
Revenue	22,110	100.0	9,584	100.0
Technology and platform fees	-	-	-	-
Content cost	-	-	-	-
Cost of inventory sold	208	0.9	700	7.3
Other cost of revenue	11,389	51.5	3,925	41.0
Marketing and distribution expenses	198	0.9	818	8.5
Credit loss expense	129	0.6	1,281	13.4
Contribution	10,186	46.1	2,860	29.8



The Other segment, which mainly includes licensing of our proprietary technology and professional services, contributed US\$2.8 million in 2020, or 29.8% of segment revenue, compared to US\$10.2 million or 46.1% of segment revenue in 2019. The decrease was attributable to a general decline in our licensing and operator revenues in line with our strategic decision to center our focus on more scalable sources of revenue.

Taxation

The vast majority of our revenue and operating profit is generated in countries with stable and transparent tax regimes, such as Norway and Ireland. We do not expect significant exposure to tax regimes in non-European countries over the foreseeable future.

Certain intra-group funding of subsidiaries of the Company has resulted in tax benefits on interest charged between these subsidiaries. We expect that such tax benefits will not be of significant importance in future periods, in isolation resulting in a marginal increase of our expected future effective tax rate.

However, our investments in associates, joint ventures and other investees are not taxed at Opera's level, but within such separate companies. These investments represent a significant factor in our historically low effective tax rate. As these investments are further expected to provide financial gains to us also in the future, either in terms of our share of profit, and/or realized or unrealized gains on the shares held, we expect a continuation of this factor to our effective tax rate also in future periods.

We recognize equity cost in connection with share-based remuneration. Such equity cost is not tax deductible and in isolation contributes to increased effective tax rate. Equity cost has been and may continue to be volatile, depending on timing of grants and the market price of our ADS.

Norway

As most of our activities are consolidated in Norway, the starting point of reconciliation of effective tax rate is the applicable tax rate in Norway, which was 22.0% in 2019 and 2020, respectively.

Ireland

Opera Software Ireland Limited, our subsidiary incorporated and tax resident in Ireland, is subject to Irish corporation tax on any worldwide profits or chargeable capital gains (subject to any available reliefs). The standard rate of corporation tax on Irish trading profits is 12.5%. To benefit from this rate, companies must derive income from a trade that is actively carried on in Ireland. A rate of 25% applies to non-trading (for example, rental income and royalty income) and foreign-source income. An Irish resident company will, subject to any exemptions that are available, pay tax on any gains it realizes on the disposal of its capital assets at an effective rate of 33%.

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty.

There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Hong Kong

Our subsidiaries incorporated in Hong Kong, are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong. Under Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.



Results of Operations

The following table sets forth a summary of our consolidated statements of operations for the periods indicated, in absolute amounts and as percentages of total revenue during the period. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,			
	2019	%	2020	%
	(US\$ in thousands, except for percentages)			
Revenue	177,078	100.0	165,056	100.0
Other income	-	-	11,543	7.0
Operating expenses				
Technology and platform fees	(796)	(0.4)	(3,315)	(2.0)
Content cost	(1,545)	(0.9)	(4,312)	(2.6)
Cost of inventory sold	(208)	(0.1)	(700)	(0.4)
Personnel expenses including share-based remuneration	(62,323)	(35.2)	(62,103)	(37.6)
Marketing and distribution expense	(65,074)	(36.7)	(47,860)	(29.0)
Credit loss expense	(577)	(0.3)	(1,849)	(1.1)
Credit loss expense related to divested joint venture	-	-	(10,479)	(6.3)
Depreciation and amortization	(18,843)	(10.6)	(20,234)	(12.3)
Other expenses	(28,248)	(16.0)	(28,197)	(17.1)
Total operating expenses	(177,614)	(100.3)	(179,046)	(108.5)
Operating profit (loss)	(537)	(0.3)	(2,448)	(1.5)
Share of net income (loss) of associates and joint ventures	(3,818)	(2.2)	2,005	1.2
Change in fair value of preferred shares in associates	37,900	21.4	24,000	14.5
Net finance income (expense)				
Finance income	10,532	5.9	13,633	8.3
Finance expense	(655)	(0.4)	(516)	(0.3)
Net foreign exchange gain (loss)	(25)	(0.0)	833	0.5
Net finance income (expense)	9,851	5.6	13,950	8.5
Profit before income taxes	43,396	24.5	37,507	22.7
Income tax expense	(2,658)	(1.5)	(75)	(0.0)
Profit from continuing operations	40,739	23.0	37,432	22.7
Profit from discontinued operations	17,161	9.7	141,742	85.9
Net income	57,899	32.7	179,174	108.6



Year Ended December 31, 2020, Compared to Year Ended December 31, 2019

Revenue

We had revenue of US\$165.1 million in 2020, compared to US\$177.1 million in 2019, marking a decrease of 6.7%. This decrease was driven primarily by the decrease in technology licensing and other revenue as Opera has been phasing out low-margin professional services for an investee, while user driven search and advertising revenue came in relatively flat given the impacts related to COVID-19 during 2020.

- **Search Revenue.** Our search revenue decreased to US\$84.2 million in 2020 from US\$86.2 million in 2019, representing a decrease of 2.3%. The decrease was primarily due to the impact of COVID-19 on monetization in the first three quarters of 2020, which exceeded the strong underlying user growth and recovery of monetization from COVID-19 in the fourth quarter of 2020.
- **Advertising Revenue.** Our advertising revenue increased to US\$71.5 million in 2020 from US\$68.8 million in 2019, representing an increase of 4.0%. This growth was fueled by growth in our Opera News service both in both smartphone and PC users, as well as improved monetization from our existing and new monetization partners both in mobile and PC products. The underlying growth was largely offset by the negative impact of COVID-19.
- **Technology Licensing and Other Revenue.** Our technology licensing and other revenue decreased to US\$9.4 million in 2020 from US\$22.1 million in 2019, representing a decrease of 57.6%. The decrease was attributable to a general decline in our licensing and operator revenues in line with our strategic decision to center our focus on more scalable sources of revenue.

Other Income

We recorded other income of US\$11.5 million in 2020, compared to US\$0 million in 2019. Other income related primarily to the divestment of a Nigerian subsidiary and a divested joint venture (Powerbets).

Operating expenses

We had total operating expenses of US\$179.0 million in 2020, compared to US\$177.6 million in 2019. Our total operating expenses as a percentage of total revenue increased to 108.5% in 2020 from 100.3% in 2019.

Technology and platform fees

Our Technology and platform fees increased from US\$0.8 million in 2019 to US\$3.3 million in 2020. The main reason for the increase was a rapid expansion of additional services promoted to our users in Nigeria, supported by adding three new mobile operators as our VAS service distributors.



Content cost

Our Content cost almost tripled from US\$1.5 million in 2019 to US\$4.3 million in 2020. Opera has launched News Hub at the end of 2019 to increase quality as well as coverage of the content offered by Opera News. The move has improved the user experience and engagement, and the operation continued throughout 2020, which resulted in a significant increase of the content cost. New Hub complements content provided by our publisher partners, of which we also added approximately 60 new partners during 2020.

Cost of inventory sold

Cost of inventory sold largely relates to reselling our partners' inventories, like Google or Facebook, leveraging our advertising customers' demand. In our initial phase of leveraging third-party inventory, Google has accounted for more than 90% of such expenses. The service was launched in 2019 and increased from US\$0.2 million in 2019 to US\$0.7 million in 2020.

Personnel expenses including share-based remuneration

Our personnel expenses including share-based remuneration remained relatively flat at US\$62.1 million in 2020, versus US\$62.3 million in 2019. Cash-based compensation expenses increased by 1.8% from US\$56.4 million in 2019 to US\$57.4 million in 2020. Share-based remuneration expense decreased by 20.6% from US\$5.9 million in 2019 to US\$4.7 million in 2020.

Marketing and distribution expenses

Our marketing and distribution expenses decreased to US\$47.9 million in 2020 from US\$65.1 million in 2019, representing a decrease of 26.5%. This was primarily related to lower marketing activity following strong organic user growth, and reduced unit costs mostly due to COVID-19.

Credit loss expense

Our credit loss expense was US\$1.8 million in 2020, as compared to US\$0.6 million in 2019.

Credit loss expense related to divested joint venture

Our credit loss expense related to the divested joint venture (Powerbets) was US\$10.5 million. The financial statement line is new, and no comparative figures exist for prior periods. The amount includes US\$6.6 million in impaired trade receivables. In addition, the expense includes US\$3.9 million in reclassification of an impaired debt facility (see Note 14).

Depreciation and amortization

We had depreciation and amortization of US\$20.2 million in 2020 compared to US\$18.9 million in 2019, representing an increase of 7.4%. The increase is primarily related to capitalized development and other intangible assets.

Other expenses

Our other expenses remained relatively flat at US\$28.2 million in 2020 compared to US\$28.2 million in 2019. This category includes among other office expenses, hosting expenses, software license fees, audit legal and other advisory fees.



Operating loss

As a result of the foregoing, we recorded an operating loss of US\$2.4 million in 2020, representing an operating margin of negative 1.5%, compared to an operating loss of US\$0.5 million in 2019 and an operating margin of negative 0.3%.

Share of net income (loss) from associates and joint ventures

Our share of net income from associates and joint ventures was US\$2.0 million in 2020 compared to a share of net loss of US\$3.8 million in 2019. Our share of net income from associates and joint ventures predominantly arose due to the reclassification of US\$3.9 million of credit loss expense on long-term loans that were part of the net investment in Powerbets and that had fully absorbed losses under the equity method. Upon recognizing the credit loss expense as "Credit loss expense related to divested joint venture", an equivalent amount was recognized as income on the line item for "Share of net income (loss) from associates and joint ventures. See Note 13 to our consolidated financial statements included elsewhere in this annual report for more details on the financial performance of each investee.

Change in fair value of preferred shares in associates

Our gain in fair value of preferred shares was US\$24.0 million in 2020, as compared to US\$37.9 million in 2019. Our gain in fair value of preferred shares in 2020 was related to increased valuations of our preferred shares in StarMaker and OPay, by US\$21.0 million and US\$3.0 million, respectively. See Note 16 to our consolidated financial statements included elsewhere in this annual report for more details on the valuation of the preferred shares.

Net finance income (expense)

We recorded a total net finance income of US\$14.0 million in 2020, compared to US\$9.9 million in 2019. The 2020 result was mainly driven by gains related to marketable securities held as part of our treasury function.

Income tax expense

We recorded an income tax expense of US\$0.1 million in 2020. The effective tax rate, expressed as the percentage of income tax expenses to profit before income taxes, was 0.2%, compared to an income tax expense of US\$2.7 million in 2019, representing an effective tax rate of 6.1%. Variance versus statutory tax rates is mainly driven by non-taxable gains including from our associates and joint ventures and changes in deferred tax assets and liabilities. See Note 8 to our consolidated financial statements included elsewhere in this annual report for more detail.

Profit from continuing operations

As a result of the foregoing, we recorded a profit from continuing operations of US\$37.4 million in 2020, representing a profit margin of 22.7%, compared to US\$40.7 million in 2019 and a profit margin of 23.0%.

Profit from discontinued operations

On August 19, 2020, the board of directors of the Company approved a transaction in which TenSpot Pesa Limited, a wholly owned subsidiary at the time, was to be contributed to a subsidiary of NanoCred Cayman Company Limited ("Nanobank") in exchange for us obtaining an ownership interest of 42% in Nanobank. The transaction was completed on the same date. The business of TenSpot Pesa Limited and its subsidiaries represented the entirety of our fintech operating segment at the time, comprising of apps in emerging markets that offered instant microloans to approved borrowers. Because TenSpot Pesa Limited and its subsidiaries represented a business, we recognized the gain from loss of control as the difference between the fair value of the 42% ownership interest in Nanobank obtained and the net carrying amount of equity in TenSpot Pesa Limited. The gain of US\$151.4 million was presented as a component of the profit from discontinued operations.

On September 25, 2020, we decided to terminate the retail operating segment under which we sold prepaid airtime and handsets. The retail business was completely terminated prior to December 31, 2020. The retail segment represented a separate major line of business and is thus classified as a discontinued operation.

The results of TenSpot Pesa Limited and its subsidiaries up until August 19, 2020, and the discontinued retail operations, are presented in the table below:

[US\$ thousands]	Year ended December 31,	
	2019	2020
Discontinued operations		
Revenue	157,776	136,246
Expenses	(137,671)	(147,822)
Profit (loss) before income tax	20,105	(11,576)
Income tax (expense) benefit	(2,944)	1,950
Profit (loss) after income tax	17,161	(9,626)
Gain on sale of the subsidiary after income tax	-	151,368
Profit from discontinued operation	17,161	141,742

Our profit from discontinued operations in 2020 was US\$141.7 million in 2020, as compared to US\$17.2 million in 2019. Our profit from discontinued operations in 2020 was fueled primarily by the gain associated with the creation of Nanobank. See Note 9 to our consolidated financial statements included elsewhere in this annual report for more details on profit from discontinued operations.

Net income

As a result of the foregoing, we recorded net income of US\$179.2 million for 2020, compared to US\$57.9 million in 2019.

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with IFRS, we use adjusted EBITDA and adjusted net income, both non-IFRS financial measures, as described below, to understand and evaluate our core operating performance. These non-IFRS financial measures, which may differ from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS.



We define adjusted EBITDA as net income excluding income tax expense (benefit), total net financial loss (income), share of net loss (income) of associates and joint ventures, change in fair value of preferred shares in associates, depreciation and amortization, share-based remuneration, non-recurring expenses, less other income and profit (loss) from discontinued operations. We define adjusted net income as net income (loss) excluding share-based remuneration, amortization cost related to acquired intangible assets, non-recurring expenses and (income) loss from discontinued operations, adjusted for the associated tax benefit related to such items. We believe that adjusted EBITDA and adjusted net income (loss) provide useful information to investors and others in understanding and evaluating our operating results. These non-IFRS financial measures adjust for the impact of items that we do not consider indicative of the operational performance of our business. While we believe that these non-IFRS financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared and presented in accordance with IFRS.

The following table presents reconciliations of adjusted EBITDA and adjusted net income to net income, the most directly comparable IFRS financial measures, for the periods indicated.

	For the year ended December 31,	
	2019	2020
	(US\$ in thousands)	
Reconciliation of net income (loss) to adjusted EBITDA:		
Net income (loss)	57,899	179,174
Add: Income tax expense (benefit)	2,658	75
Add: Total net financial loss (income)	(9,852)	(13,950)
Add: Share of net loss (income) of associates and joint ventures	3,818	(2,005)
Add: Change in fair value of preferred shares in associates	(37,900)	(24,000)
Add: Depreciation and amortization	18,843	20,234
Add: Share-based remuneration	5,928	4,706
Add: Credit loss expense related to divested joint venture	-	10,476
Add: Non-recurring expenses (1)	-	3,543
Less: Other income	-	(11,542)
Less: Profit from discontinued operations	(17,161)	(141,742)
Adjusted EBITDA	24,233	24,971
Reconciliation of net income (loss) to adjusted net income		
Net income (loss)	57,899	179,174
Add: Share-based remuneration	5,928	4,706
Add: Amortization of acquired intangible assets	5,120	5,354
Add: Amortization of Nanobank intangible assets (2)	-	2,584
Add: Credit loss expense related to divested joint venture	-	10,476
Add: Non-recurring expenses (1)	-	3,543
Income tax adjustment (3)	(1,311)	(1,219)
Less: Profit from discontinued operations	(17,161)	(141,742)
Adjusted net income	50,475	62,876

(1) Non-recurring expenses relate to actions taken following a short report and are presented within "Audit, legal and other advisory services" in Note 6 to our consolidated financial statements included elsewhere in this annual report.

(2) The amortization of Nanobank intangible assets is included in the line "Share of net income (loss) of associates and joint ventures and relates to excess values from the Nanobank valuation."

(3) Reversal of tax benefit related to the social security cost component of share-based remuneration and deferred taxes on the amortization of acquired intangible assets.



B.	Liquidity and Capital Resources
----	--

Cash Flows and Working Capital

In addition to net proceeds of US\$167.8 million Opera received from our initial public offering in the third quarter of 2018 and US\$82.6 million from our follow-on offering in the third quarter of 2019, our principal source of liquidity has been cash generated from our operating activities. As of December 31, 2019 and 2020, we had US\$139.5 million and US\$134.2 million, respectively, in cash and cash equivalents. Cash and cash equivalents consist of cash on hand, checking and demand deposits, cash equivalents and restricted cash. See Note 24 to our consolidated financial statements included elsewhere in this annual report for more information on our Capital Management.

Our cash and cash equivalents are primarily denominated in U.S. Dollars, with limited amounts held in Euro, Norwegian Krone and other local currencies of the markets where we operate. We intend to finance our future working capital requirements and capital expenditures primarily from cash generated from operating activities as well as existing cash and cash equivalents. We believe that our current available cash and cash equivalents will be sufficient to meet our working capital requirements and capital expenditures in the ordinary course of business for the next 12 months.

Our statement of cash flows, which is prepared based on the indirect method, reflects the cash flows of discontinued operations up to the date of disposal. Items of working capital, such as receivables and payables, that were disposed of, are eliminated from the balance sheet changes to such items in the reconciliation of profit to cash flows from operating activities. The amount of cash and cash equivalents in subsidiaries disposed of is classified as an investing activity at the time of disposal. The prospective absence of cash flows from our discontinued operations is not expected to materially impact our liquidity and capital resources.



The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,	
	2019	2020
	(US\$ in thousands)	
Summary Consolidated Cash Flow:		
Net cash provided by (used in) operating activities	(44,464)	93,324
Net cash provided by (used in) investing activities	(106,987)	2,956
Net cash provided by (used in) financing activities	113,200	100,972
Net increase (decrease) in cash and cash equivalents	(38,248)	(4,692)
Cash and cash equivalents at beginning of the period	177,873	139,487
Effects of exchange rate change on cash and cash equivalents	(137)	(627)
Cash and cash equivalents at end of the period	139,487	134,168

Operating Activities

Net cash provided by operating activities was US\$93.3 million in 2020. This amount represents profit before income taxes from continuing operation of US\$37.5 million and profit before income taxes from discontinued operations of US\$139.8 million, subject to several adjustments to arrive at an operating cash flow basis. Major exclusions include the recognized gain following the formation of Nanobank, US\$151.4 million, partially offset by the decrease in our net loan book due to the discontinuity of the microlending business, US\$75.1 million. Other adjustments include depreciation and amortization of US\$20.4 million, change in fair value of preferred shares in associates and joint ventures of US\$24.0 million, equity cost of share-based remuneration of US\$4.5 million and share of income from associates and joint ventures of US\$2.0 million. Income taxes paid during the year of US\$9.9 million is mainly related to operations in India, Kenya and Ireland. Following the growth of our business, operating cash flow was reduced by an increase in trade and other payables of US\$25.1 million, offset by an increase in trade and other receivables of US\$22.1 million and an increase in prepayments of US\$12.0 million (of which the majority related to marketing, distribution and promotion services), and a decrease in inventories of US\$7.8 million. Net finance gains of US\$12.0 million are also excluded from operating cash flow. Net cash provided by operating activities in discontinued operations was US\$65.8 million.

Investing Activities

Net cash generated from investing activities was US\$3.0 million in 2020, which was primarily attributable to net sale of listed equity instruments of US\$58.5 million, offset by the cash transferred with Okash Group of US\$39.3 million, and net cash outflow of an US\$4.9 million in connection with the purchase of a subsidiary. In connection with the discontinuation of the microlending business, we had negative cash flow in connection with disbursement of short-term loans of US\$6.3 million, which is fully offset by the repayment of short-term loans of US\$6.3 million. Furthermore, we had development expenditures of US\$6.6 million, purchased equipment for US\$2.5 million, and purchased intangible assets of US\$2.3 million. Net cash used in investing activities in discontinued operations was US\$0.6 million.

Financing Activities

Net cash used in financing activities was US\$101.0 million in 2020, which was attributable to repayment of loans and borrowings of US\$52.9 million, as we repaid the credit facility obtained to fund the microlending business. Our financing outflow also included share repurchases of US\$49.0 million, repayment of lease liabilities of US\$4.2 million and interest on loans and borrowings of US\$1.8 million. Our financing cash outflow was partially offset by the proceeds from loans and borrowings of US\$6.9 million. Net cash used in financing activities in discontinued operations was US\$44.7 million.

Capital Expenditures

We made capital expenditures of US\$13.0 million and US\$11.3 million in 2019 and 2020, respectively. In these periods, our capital expenditures were used for purchase of equipment and capitalized development cost.



C.	Research and Development, Patents and Licenses, etc.
----	---

See "Item 4. Information on the Company—B. Business Overview—Technology." and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D.	Trend Information
----	--------------------------

Other than as disclosed elsewhere in this annual report, and in particular as it relates to COVID-19 impacts in 2020, we are not aware of any other trends, uncertainties, demands, commitments or events for the period from January 1, 2020 to December 31, 2020 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial conditions.

E.	Off-balance Sheet Arrangements
----	---------------------------------------

As of December 31, 2020, we did not have any off-balance sheet arrangements that had or were reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

F.	Tabular Disclosure of Contractual Obligations
----	--

The following table sets forth our contractual obligations as of December 31, 2020.

	Payment Due by Period		
	Total	Less Than 1 Year	More than 5 Years
		(US\$ in thousands)	
Trade and other payables	25,454	25,454	-
Lease liabilities (1)	8,138	4,914	3,224
Interest-bearing loans including interest	842	337	505
Other liabilities	13,108	13,040	68
Total contractual commitments	47,541	43,744	3,797

(1) Represents mainly leases of office properties and server equipment for hosting purposes.

A guarantee has been made by us in favor of Dell Bank International d.a.c. ("Dell") as a security for all our present and future lease liabilities (as the lessee) to Dell. This guarantee is limited to a principal amount of US\$11.7 million, with the addition of any interests, costs and/or expenses accruing on the liabilities and/or as a result of non-fulfilment of the liabilities. The guarantee is valid for 10 years from January 17, 2017.



In 2018, we provided a revolving credit facility of US\$6 million to Powerbets. As of December 31, 2020, a total of US\$3.9 million was drawn under the credit facility prior to its termination, and such amount was fully impaired. See Note 14 to our consolidated financial statements included elsewhere in this annual report for more information.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2020.

G.	<u>Safe Harbor</u>
----	--------------------

See "Forward-Looking Statements" at the beginning of this annual report.



ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table provides information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Yahui Zhou	44	Chairman of the Board and Chief Executive Officer
Hongyi Zhou	50	Director
Xiaoling Qian	32	Director
Lori Wheeler Næss	50	Independent Director
Trond Riiber Knudsen	57	Independent Director
James Liu	50	Independent Director
Lin Song	40	Co-Chief Executive Officer
Frode Jacobsen	38	Chief Financial Officer

Yahui Zhou has served as our chairman and chief executive officer since July 2016. Mr. Zhou has also served as Director of Beijing Kunlun, a global internet company listed on the Shenzhen Stock Exchange, since April 2020, the Chairman of the Board and General Manager from 2011 to 2020, and an executive director and general manager of Beijing Kunlun from March 2008 to March 2011. He served as general manager of Beijing JiNaiTe Internet Technology Co., Ltd. from March 2007 to March 2008. From November 2005 to March 2007, Mr. Zhou was an executive officer in charge of new business development at RenRen Inc., a NYSE-listed company. From September 2000 to January 2004, Mr. Zhou was general manager of Beijing Huoshen Technology Co., Ltd. Mr. Zhou received his bachelor's degree in mechanical engineering and his master's degree in optical engineering from Tsinghua University in 1999 and 2006, respectively.

Hongyi Zhou has been a member of our board of directors since November 2016. Mr. Zhou has twenty years of managerial and operational experience in China's internet industry. Mr. Zhou co-founded Qihoo 360 Technology Co. Ltd. and has been serving as chairman of the board of Qihoo 360 Technology Co. Ltd. and its de facto successor 360 Security Technology Inc. (SH: 601360). Prior to founding Qihoo 360 Technology Co., Ltd., Mr. Zhou was a partner at IDG Ventures Capital since September 2005, a global network of venture capital funds, where he assisted small- to medium-sized software companies source funds to support their growth. Mr. Zhou was the chief executive officer of Yahoo! China from January 2004 to August 2005. In 1998, Mr. Zhou founded www.3721.com, a company in the internet search and online marketing businesses in China, and served as its chairman and chief executive officer until www.3721.com was acquired by Yahoo! China in January 2004. Mr. Zhou also serves as a director of a number of privately owned companies based in China. Mr. Zhou received his bachelor's degree in computer software in 1992 and his master's degree in system engineering in 1995 from Xi'an Jiaotong University.



Xiaoling Qian has been a member of our board of directors since June 2021. Ms. Qian is an executive of Beijing Kunlun Tech. Co. Ltd. (300418:CH), a global internet company listed on the Shenzhen Stock Exchange. Ms. Qian has taken a leading role in managing Kunlun's investment in Opera and has worked with our other board members and the Opera management team since 2016. Ms. Qian obtained a bachelor's degree in Japanese from Zhejiang University in 2010.

Lori Wheeler Næss has served as our independent director since July 2018. She has served as a director of the technical department of PricewaterhouseCoopers, a global auditing service provider, leading IFRS reviews for companies listed in Oslo from September 2012 to June 2015. Prior to that, Ms. Næss served as a senior advisor of the Section for Prospectuses and Financial Reporting of The Financial Supervisory Authority of Norway, a Norwegian government agency responsible for the supervision of financial companies from January 2011 to September 2012. She served as an audit director and manager for US GAAP and SEC Reporting at PricewaterhouseCoopers and its predecessor Coopers & Lybrand at various offices in the United States, Norway and Germany from September 1994 to January 2011. Ms. Næss has also served as a board member and the audit committee chair of Golar LNG Limited, a Nasdaq-listed liquefied natural gas shipping company since March 2016 and its Nasdaq-listed limited partner, Golar LNG Partners Limited, from March 2016 until April 2021, as well as Klaveness Combination Carriers ASA, a shipping company listed on the Oslo Stock Exchange in Norway. Ms. Næss is a U.S. Certified Public Accountant (inactive). She received her bachelor's degree in business administration in 1994 and her master's degree in accounting in 1994 from the University of Michigan.

Trond Rieber Knudsen has served as our independent director since July 2018. Mr. Knudsen has served as the founder and CEO of TRK Group AS, an Oslo-based investment and advisory firm since June 2015. He worked at McKinsey & Company, a management consulting firm and served as a senior partner with responsibility for the company's marketing and sales practice since August 1992 to June 2015. Mr. Knudsen received his sivilingeniør (equivalent of a master's of science degree) in structural engineering from the Norwegian University of Science and Technology in 1987 and a master's degree in business administration from Harvard University in 1992.

James Liu has served as our independent director since July 2019. Mr. Liu had over 20 years of experience with China's high growth internet and technologies companies. From January 2008 to now, Mr. Liu served as an executive director and chief operating officer of RenRen Inc., a NYSE-listed company. Prior to that, in September 2003, he founded UUMe.com (which was later acquired by RenRen in May 2005), one of the earliest social networking service websites in China. Previously, from February 2002 to August 2003, Mr. Liu served as the founding product management director at Fortinet (NASDAQ: FTNT), a NASDAQ listed network security solution provider. From July 2000 to January 2002, he served as a product manager at Siebel Systems Inc., a U.S. software company. Mr. Liu started his career as a management consultant at Boston Consulting Group in China from September 1995 to August 1998. Mr. Liu earned his bachelor's degree in computer science from Shanghai Jiao Tong University in 1995 and later received his MBA degree from Stanford University in 2000.

Lin Song has served as our chief operating officer since March 2017 and has served as co-CEO since August 2020. He has worked for our group beginning in 2002 in Oslo, Norway. Mr. Song has an engineering background and has served in various roles inside our group, including project manager of one of our group's earliest initiatives to enable full web browsing on mobile devices and as director of engineering delivery. Later on, he served as general manager of Opera's subsidiary in China and assisted in the establishment of Opera's R&D center in Beijing. Mr. Song obtained a bachelor's degree in information systems from the University of International Business and Economics in 2004.

Frode Jacobsen has served as the chief financial officer of our group since April 2016. Prior to becoming our chief financial officer, he has worked as the senior vice president responsible for strategic initiatives beginning in February 2015 and as the senior director for corporate development beginning in January 2013. Prior to joining our group, Mr. Jacobsen worked for McKinsey & Company, a management consulting firm which conducts qualitative and quantitative analyses to inform management decisions across the public and private sectors, beginning in August 2008 and served as engagement manager before he left the position in January 2013. He graduated with a master's degree in management from HEC Paris in 2008 and obtained his bachelor's degree in economics and business administration from Norwegian School of Economics in 2006.



B. Compensation

Compensation of Directors and Executive Officers

In 2018, 2019 and 2020, we paid an aggregate of US\$0.9 million, US\$2.2 million and US\$2.1 million, respectively, in cash and benefits to our directors and executive officers. Our chairman and chief executive officer, Mr. Yahui Zhou, waived receiving any salary in 2018. From and including 2019, however, our board approved the payment of a salary of US\$1.0 million per annum to him. Mr. Yahui Zhou recused himself from the board's decision on the issue. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. We have no service contracts with any of our directors providing for benefits upon termination of employment.

Share Incentive Plan

We maintain a share incentive plan in order to attract, motivate, retain and reward talent, provide additional incentives to our officers, employees, directors and other eligible persons, and promote the success of our business and the interests of our shareholders.

We adopted the 2017 Restricted Share Unit Plan on April 7, 2017 and later adopted an Amended and Restated Share Incentive Plan on January 10, 2019 (the "Plan") to promote the success of our business and the interests of our employees and shareholders by providing long term incentives in the form of Restricted Share Units ("RSUs") or Options (and together with the RSUs, the "Awards") to attract, motivate, retain and reward our officers, employees, directors and other eligible persons and to link their interests with those of our shareholders.

Under this Plan, up to a maximum of 20,000,000 ordinary shares are available for Awards, corresponding to 10,000,000 ADSs. Each vested RSU (as reported) entitles the participant of the Plan to receive 1 ADS, subject to adjustments for dividend payments. Each vested option entitles the participant of the Plan to purchase 1 ADS at a defined price. As of December 31, 2020, 4,768,050 RSUs and Options to purchase 150,000 ADSs have been granted, net of forfeitures.

The following paragraphs summarize the terms of the Plan:

Plan administration. Our compensation committee or executive officers delegated by our compensation committee acts as the plan administrator.

Type of Awards. The Plan permits the award of Options or grant of RSUs singly, in combination or in tandem.

Award Agreement. Each Award is evidenced by an Award agreement between the Award recipient and our Company.

Eligibility. All of our employees are eligible for the grant of Awards under the Plan at the discretion of the compensation committee. A grant of Awards to any member of the compensation committee requires Board approval.

Vesting Schedule and Other Restrictions. The plan administrator has discretion in making adjustments in the individual vesting schedules and other restrictions applicable to the Awards granted under the Plan. The default vesting period is four years, where 20% vests on January 1 of each of the first and second year, and 30% vests on January 1 of each of the third and fourth year. So long as Mr. Yahui Zhou is a member of the Board, he has authority to cancel equity instruments for any participant of this Plan that are scheduled to vest in the current vesting period, based solely on his assessment that such participant's professional performance has not been in line with the Company's expectations. The vesting period is set forth in each Award agreement.

Exercise price. The plan administrator has discretion in determining the price of the Awards, subject to a number of limitations. The plan administrator has absolute discretion in making adjustments to the exercise price of Options.

Payment. The plan administrator determines the methods by which payments by any recipient of any Awards under the Plan are made.

Transfer Restrictions. Except as permitted by the plan administrator, and subject to all the transfer restrictions under the applicable laws and regulations and restrictions set forth in the applicable award agreement, all Awards are not transferable or assignable.

Term of the Options. The term of any Option granted under the Plan cannot exceed ten years from its effective date.



The table below sets forth certain information as of the date of this annual report, concerning the outstanding Awards we have granted to our directors and executive officers individually.

Name	Type of Awards Granted	Ordinary Shares Underlying Outstanding Awards Granted	Price (US\$/Share)	Date of Grant	Date of Expiration
Yahui Zhou	-	-	-	-	-
Hongyi Zhou	-	-	-	-	-
Xiaoling Qian	-	-	-	-	-
Trond Riiber Knudsen	-	-	-	-	-
Lori Wheeler Næss	-	-	-	-	-
James Liu	-	-	-	-	-
Frøde Jacobsen	*	*	*	April 2017, February 2021	November 2021, January 2027
Lin Song	*	*	*	April 2017, December 2019	November 2021, January 2026

* The outstanding awards held by each of these directors and executive officers represent less than 1% of our total outstanding shares.

C. Board Practices

Our board of directors consists of six directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm is deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he has an interest, and after such general notice it is not necessary to give special notice relating to any particular transaction. Subject to any separate requirement for audit committee approval under applicable law or the Listing Rules of the Nasdaq Stock Market and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract, proposed contract, arrangement or transaction notwithstanding that he may be interested therein and if he does so his vote is counted and he is counted in the quorum at any meeting of the directors at which any such contract, proposed contract, arrangement or transaction is considered, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him at or prior to its consideration and any vote in that matter. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third-party. None of our directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have an audit committee, a compensation committee and a corporate governance and nominating committee under the board of directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Lori Wheeler Næss, Trond Riiber Knudsen and James Liu, and is chaired by Lori Wheeler Næss. Each of them satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market and meet the independence standards under Rule 10A-3 under the Exchange Act. Our board of directors has also determined that Lori Wheeler Næss qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of the Listing Rules of the Nasdaq Stock Market. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- reviewing and approving all transactions with the Company's related parties;
- selecting our independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by our independent registered public accounting firm;



- reviewing with our independent registered public accounting firm any audit problems or difficulties and management's response and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K;
- discussing the annual audited financial statements with management and our independent registered public accounting firm;
- periodically reviewing and reassessing the adequacy of our audit committee charter;
- meeting periodically with the management and our internal auditor and our independent registered public accounting firm;
- reporting regularly to the full board of directors;
- reviewing the adequacy and effectiveness of our accounting and integral control policies and procedures and any steps taken to monitor and control major financial risk exposure; and
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time.

Compensation Committee. Our compensation committee consists of Trond Riiber Knudsen, Hongyi Zhou and James Liu, and is chaired by Trond Riiber Knudsen. Trond Riiber Knudsen and James Liu satisfy the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market. As a controlled company and foreign private issuer, we have elected to not have our compensation committee consist of entirely independent directors. Our compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving to the board with respect to the total compensation package for our chief executive officer;
- reviewing the total compensation package for our employees and recommending any proposed changes to our management;
- reviewing and recommending to the board with respect to the compensation of our directors;
- reviewing annually and administering all long-term incentive compensation or equity plans;
- selecting and receiving advice from compensation consultants, legal counsel or other advisors after taking into consideration all factors relevant to that person's independence from management; and
- programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee. Our corporate governance and nominating committee consists of Lori Wheeler Næss, Trond Riiber Knudsen and James Liu, and is chaired by James Liu. Each of them satisfies the "independence" requirements of Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market. The corporate governance and nominating committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board of directors and its committees. The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.



Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Executive Officers

Each of our directors holds office until the expiration of his or her term, as may be provided in a written agreement with our company, and his or her successor has been elected and qualified, until his or her resignation or until his or her office is otherwise vacated in accordance with our articles of association. At each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. A retiring director shall be eligible for re-election. All of our executive officers are appointed by and serve at the discretion of our board of directors. Our directors may be appointed or removed from office by an ordinary resolution of shareholders. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns by notice in writing to our company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed pursuant to our amended and restated memorandum and articles of association then in effect. The compensation of our directors is determined by the board of directors. There is no mandatory retirement age for directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with our executive officers. Each of our executive officers is employed for a continuous term, or a specified time period which will be automatically extended, unless either we or the executive officer gives prior notice to terminate such employment. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the executive officer, including but not limited to the commitments of any serious or persistent breach or non-observance of the terms and conditions of the employment, conviction of a criminal offense other than one which in the opinion of the board does not affect the executive's position, willful, disobedience of a lawful and reasonable order, misconduct being inconsistent with the due and faithful discharge of the executive officer's material duties, fraud or dishonesty, or habitual neglect of his or her duties. An executive officer may terminate his or her employment at any time with a three- to six-month prior written notice.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use or disclose to any person, corporation or other entity without written consent, any confidential information or trade secrets. Each executive officer has also agreed to disclose in confidence to us all inventions, intellectual and industry property rights and trade secrets which they made, discover, conceive, develop or reduce to practice during the executive officer's employment with us and to assign to our company all of his or her associated titles, interests, patents, patent rights, copyrights, trade secret rights, trademarks, trademark rights, mask work rights and other intellectual property and rights anywhere in the world which the executive officer may solely or jointly conceive, invent, discover, reduce to practice, create, drive, develop or make, or cause to be conceived, invented, discovered, reduced to practice, created, driven, developed or made, during the period of the executive officer's employment with us that are either related to our business, actual or our move demonstrably anticipated research or development or any of our products or services being developed, manufactured, marketed, sold, or are related to the scope of the employment or make use of our resources. In addition, all executive officers have agreed to be bound by non-competition and non-solicitation restrictions set forth in their agreements. Each executive officer has agreed to devote all his or her working time and attention to our business and use best efforts to develop our business and interests. Moreover, each executive officer has agreed not to, for a certain period following termination of his or her employment or expiration of the employment agreement: (i) carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with us, (ii) solicit or entice away any of our customer, client, representative or agent, or (iii) employ, solicit or entice away or attempt to employ, solicit or entice away any of our officers, managers, consultants or employees.



We have entered into indemnification agreements with our directors and executive officers, pursuant to which we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

D. Employees

We had 819 and 577 full-time employees as of December 31, 2019 and 2020, respectively, with the decline primarily explained by the divestment of our former microlending business and termination of investee services. As of December 31, 2020, 75.5% of our full-time employees served research and development roles. The following table sets forth the number of employees in each functional area as of the date indicated.

Area	As of December 31, 2020		
	R&D	Other	Total
Browser	310	30	340
Fintech	79	5	84
AdTech	33	3	36
Sales & Commercial	0	21	21
Hosting & Infrastructure	14	4	18
Corporate	0	78	78
Total	436	141	577

We believe we offer our employees competitive compensation packages and a discrimination-free, collegial and creative working environment. As a result, we have generally been able to attract and retain qualified employees and have had limited attrition at senior leadership levels.

We generally enter into standard confidentiality and employment agreements with our management and other employees. These contracts include a non-solicitation covenant, as well as a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for one year after the termination of his or her employment.

E. Share Ownership

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this annual report for:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below are based on 230,291,732 ordinary shares issued and outstanding as of the date of this annual report, equivalent to 115,145,866 ADSs in Opera Limited.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days of the date of this annual report, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

Directors and Executive Officers: (1)	Ordinary Shares Beneficially Owned	Percentage of Total Voting Power held (%†)
Yahui Zhou (2)	145,166,666	63.04%
Hongyi Zhou (3)	46,750,000	20.30%
Xiaoling Qian	*	*
Lori Wheeler Næss	*	*
Trond Riiber Knudsen	*	*
James Liu	*	*
Frode Jacobsen	*	*
Lin Song	*	*
All directors and executive officers as a group		
Principal Shareholders:		
Kunlun Tech Limited (4)	125,666,666	54.57%
Keeneyes Future Holding Inc. (5)	19,500,000	8.47%
Qifei International Development Co., Ltd (6)	46,750,000	20.30%

* Less than 1% of our total outstanding shares.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days after the date of this annual report, by the sum of (i) 230,291,732 which is the total number of ordinary shares outstanding as of the date of this annual report, and (ii) the number of ordinary shares that such person or group has the right to acquire beneficial ownership within 60 days after the date of this annual report. The ordinary shares outstanding as of the date of this annual report excludes shares on deposit with our depository bank but for which the corresponding ADSs are held by Opera as a result of, for example, Opera's share repurchase program (see Item 16E of this report).



- (1) Unless otherwise indicated, the business address of our directors and executive officers is Vitaminveien 4, 0485 Oslo, Norway.
- (2) Represents (i) 125,666,666 ordinary shares held by Kunlun Tech Limited, a limited liability company incorporated in Hong Kong, which is wholly owned by Beijing Kunlun Tech Co., Ltd., a company in which Yahui Zhou owns 21.22% of the equity interests, and (ii) 19,500,000 ordinary shares held by Keeneyes Future Holding Inc., an exempted company established in the Cayman Islands, which is wholly owned by Yahui Zhou.
- (3) Represents 46,750,000 ordinary shares held by Qifei International Development Co. Limited, a limited liability company incorporated in Hong Kong. Qifei International Development Co. Limited, wholly owned by Qisi (HK) Technology Co. Ltd., which in turn is indirectly wholly owned by 360 Security Technology Inc., a company in which Hongyi Zhou serves as the chairman and chief executive officer.
- (4) Represents 125,666,666 ordinary shares held by Kunlun Tech Limited, a limited liability company incorporated in Hong Kong. Kunlun Tech Limited is wholly owned by Beijing Kunlun Tech Co., Ltd., a company in which Yahui Zhou owns 21.22% of the equity interest. The registered address of Kunlun Tech Limited is Flat/Rm 1903, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (5) Represents 19,500,000 ordinary shares held by Keeneyes Future Holding Inc., an exempted company established in the Cayman Islands. Keeneyes Future Holding Inc. is wholly owned by Yahui Zhou. The registered address of Keeneyes Future Holding Inc., is P.O. Box 2075, George Town, Grand Cayman, KY1-1105, Cayman Islands.
- (6) Represents 46,750,000 ordinary shares held by Qifei International Development Co. Limited, a limited liability company incorporated in Hong Kong. Qifei International Development Co. Limited is wholly owned by Qisi (HK) Technology Co. Ltd., which in turn is indirectly wholly owned by 360 Security Technology Inc., a company in which Hongyi Zhou serves as chairman and chief executive officer. The registered address of Qifei International Development Co. Limited is Flat 402, Jardine House, 1 Connaught Place, Central, Hong Kong.

As of the date of this annual report, we had no ordinary shares outstanding that were held by a record holder in the United States. None of our shareholders has informed us that it is affiliated with a registered broker-dealer or is in the business of underwriting securities. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Transactions with Certain Shareholders

We leased office facilities from one of our shareholders, Beijing Kunlun Tech, in Beijing, China.

We also received professional services from Kunlun associates consisting of development and key management personnel services, and we have been invoiced by Kunlun based on time used.

Kunlun associates Kunlun Group Limited and Xinyu Kunnuo Investment Management Co. Ltd. provide us with investment management services related to managing the investment of a portion of our cash reserves in tradable securities and other investment products.

Transactions with Other Related Parties

Nanobank

On August 19, 2020, we contributed TenSpot Pesa Limited, a wholly owned subsidiary at the time, to a subsidiary of NanoCred Cayman Company Limited ("Nanobank") in exchange for the Group obtaining an ownership interest of 42% in Nanobank. The business of TenSpot Pesa Limited and its subsidiaries represented the entirety of the Group's fintech operating segment at the time, comprising apps in emerging markets that offered instant microloans to approved borrowers. Prior to this transaction, Nanobank was operating in the same industry, but in different geographies than the microlending business of Opera. By combining the microlending businesses, Nanobank became one of the largest emerging markets dedicated fintech companies in the world, with a presence in Indonesia, India, Mexico and Kenya. The combined registered user base is approximately 50 million people.

As a result of the transaction, we recognized a gain of US\$151.4 million, being the difference between the fair value of the 42% ownership interest obtained in Nanobank and the carrying amount of the net assets contributed. Additional information about transactions with related parties, associates and joint ventures is included in Notes 13 and 26 to our consolidated financial statements.



Ying Liang / Mobimagic:

We have received services from Mobimagic Digital Technology Ltd (formerly known as 360 Mobile Security) related to distribution and promotion of our products worldwide. Mobimagic Digital Technology Ltd was initially a subsidiary of the Qihoo 360 group, later invested into by other investors, including Mr. Yahui Zhou. The Qihoo 360 group and Mr. Yahui Zhou were also two of the original shareholders of Opera Limited. Both Opera and Mobimagic Digital Technology Ltd have a need to promote their apps through mobile advertising on third party advertising inventory. As the two companies have operated under overlapping control, it was decided to take advantage of the combined volume of advertising to be procured in order to achieve the most attractive pricing from third parties; hence the partnership. As of December 31, 2020, we had provided prepayments to Mobimagic Digital Technology Ltd for distribution and promotion services as part of an agreement where Mobimagic Digital Technology Ltd had accepted financial risk related to the retention of acquired new users. The prepayments had a carrying amount of US\$3.8 million as of December 31, 2020, compared to US\$15.5 million as of December 31, 2019, while the carrying amount had reached US\$ nil as of the date of this report.

On November 11, 2020, the Opera and Mobimagic Digital Technology Ltd partnership agreement was amended such that the latter party assigned the rights and obligations of the existing agreement to Ying Liang Limited. In 2020, Opera purchased marketing and distribution-related services from Ying Liang Limited for US\$3.7 million.

OPay:

OPay Limited, or OPay, is our equity investee, in which we have 13.1% of ownership interest and our chairman and chief executive officer, Mr. Yahui Zhou has control or significant influence. OPay is an online payment service provider targeting African users. On March 3, 2020, we entered into an agreement with OPay Digital Services Limited, a subsidiary of OPay Limited, for the sale of 100% of the shares in Neofin Malelane (PTY) Ltd., a subsidiary of the Group, in exchange for US\$0.1 million. Moreover, on March 17, 2020, the Group entered into an agreement with the same entity in the OPay group for the sale of 100% of the shares in the Group's subsidiary Blue Ridge Microfinance Bank Ltd. in exchange for a consideration of US\$5.0 million. We recognized a gain of US\$5.3 million in the Statement of Operations for 2020 as a result of the loss of control over Neofin Malelane (PTY) Ltd and Blue Ridge Microfinance Bank.

On May 19, 2020, we provided a loan of KES 200 million, equivalent to US\$1.9 million, to OStream Credit Limited, a subsidiary of OPay Limited. The loan was provided with a simple interest of 8% per annum. The loan was repaid on October 19, 2020. In 2020, we recognized interest income of US\$62 thousand from the loan.

We also provide professional services to OPay consisting of development and key management personnel services, and we have invoiced OPay based on time used.

Share Incentive Plan

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan."

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—C. Board Practice—Employment Agreements and Indemnification Agreements."

C. Interest of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statement and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal and Administrative Proceedings

From time to time, we are subject to various legal proceedings, investigations and claims incidental to the conduct of our business. Such proceedings can be costly and time consuming, and are inherently unpredictable. Therefore, no assurance can be given of the final outcome of any proceeding or that such proceeding will not materially impact our financial condition or results of operation.

In January 2020, we and certain of our directors and officers were named as defendants in a putative class action filed in the United States District Court for the Southern District of New York: Brown v. Opera Limited. et al., Case No. 20-cv-674 (S.D.N.Y.). The complaint, as amended, alleged that the Company had made certain material misstatements and/or omissions in violation of US securities laws. The Company announced its decision to vigorously defend itself from these allegations and moved to dismiss the complaint. On March 13, 2021, the court granted the Company's motion to dismiss, dismissing all of the claims on multiple grounds. The plaintiffs in the action determined to forgo their right to file a further amended complaint and instead stipulated to dismissal of the litigation. The case was dismissed with prejudice in an order entered on April 22, 2021.



As of the date of this annual report, we are not a party to, nor are we aware of, any legal proceeding, investigation or claim which, in the opinion of our management, is likely to have an adverse material effect on our business, financial condition or results of operations. We may periodically be subject to legal proceedings, investigations and claims relating to our business. We may also initiate legal proceedings to protect our rights and interests.

Dividend Policy

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders who will receive payment to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder.

We are an exempted holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we may rely on our substantial cash position as further described in Part II, Item 14 of this annual report. We may further rely upon payments from our operating entities. We may rely on a combination of dividend payments from our subsidiaries in markets we operate such as Norway. Regulations in Norway where we utilize dividend payments may restrict the ability of our subsidiaries to pay dividends to us.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs have been listed on the Nasdaq Global Select Market since July 27, 2018 and traded under the symbol "OPRA." Each ADS represents two ordinary shares.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on the Nasdaq Global Select Market since July 27, 2018 under the symbol "OPRA."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.



ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report our Second Amended and Restated Memorandum and Articles of Association, as currently in effect, filed as Exhibit 3.2 to our registration statement on Amendment No.1 to Form F-1 (File No. 333-226017), filed with the SEC on July 13, 2018.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 7. Major Shareholders and Related Party Transactions,” or elsewhere in this annual report.

D. Exchange Controls

The Cayman Islands currently has no exchange control regulations or currency restrictions. See “Item 4. Information of the Company—B. Business Overview—Norwegian Regulations—Regulations on Foreign Exchange.”

E. Taxation

The following summary of Cayman Islands, Norway and U.S. federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws, or tax laws of jurisdictions other than the Cayman Islands, Norway, and the United States.

Cayman Islands Tax Considerations

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in or, after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made by or to our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares or the ADSs will not be subject to taxation in the Cayman Islands and no withholding tax will be required on the payment of a dividend or capital to any holder of our ordinary shares or the ADSs, as the case may be, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

An unstamped document that is required to be stamped may not be admissible in evidence until duly stamped and unstamped documents may be subject to penalties and interest for late stamping. Certain criminal offenses may also be committed in connection with unstamped documents.

No stamp duty is payable in respect of the issue of our ordinary shares or the ADSs or on an instrument of transfer in respect of our ordinary shares or the ADSs.

Norway Tax Considerations

Below is a summary of the primary tax issue in Norway for Norwegian corporate holders of the ADSs.



The ADS is a financial instrument with shares in Opera Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, as the underlying object. For Norwegian tax purposes, the ADSs will not be covered by the participation exemption since the underlying object is an entity in a low tax jurisdiction outside the EU/EEA. For limited liability companies (and certain similar entities) resident in Norway for tax purposes, dividends from the ADSs will be considered as taxable income. Gains on realization (including sales) of the ADSs will also be considered as taxable income for limited liability companies (and certain similar entities) resident in Norway for tax purposes. The tax rate for 2020 for limited liability companies (and certain similar entities) is 22% and will be 22% for 2021.

United States Federal Income Tax Considerations

The following discussion describes the material United States federal income tax consequences to a United States Holder (as defined below), under current law, of an investment in our ADSs or ordinary shares. This discussion is based on the federal income tax laws of the United States as of the date of this annual report, including the United States Internal Revenue Code of 1986, as amended, or the Code, existing and proposed Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service, or the IRS, and other applicable authorities, all as of the date of this annual report. All of the foregoing authorities are subject to change, which change could apply retroactively and could significantly affect the tax consequences described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

This discussion applies only to a United States Holder (as defined below) that holds our ADSs or ordinary shares as capital assets for United States federal income tax purposes (generally, property held for investment). The discussion neither addresses the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations, such as:

- banks and certain other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- brokers or dealers in stocks and securities, or currencies;
- persons that use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the United States anti-inversion rules;
- tax-exempt organizations and entities;
- persons subject to the alternative minimum tax provisions of the Code;
- persons whose functional currency is other than the United States dollar;
- persons holding ADSs or ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own ADSs or ordinary shares representing 10% or more of our total voting power or value;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of an employee equity grant or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding ADSs or ordinary shares through such entities;
- persons required to accelerate the recognition of any item of gross income with respect to our ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement; or
- persons that held, directly, indirectly or by attribution, ADSs or ordinary shares or other ownership interests in us prior to our initial public offering.



This discussion, moreover, does not address the United States federal estate, gift, Medicare, or alternative minimum tax considerations, or any state, local or non-United States tax considerations, relating to the ownership and disposition of our ADSs or ordinary shares.

Except as specifically described below, this discussion does not address any tax consequences or reporting obligations that may be applicable to persons holding our ADSs or ordinary shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States, and does not describe any tax consequences arising in respect of the Foreign Account Tax Compliance Act, or FATCA regime.

If a partnership (including an entity or arrangement treated as a partnership for United States federal income tax purposes) holds our ADSs or ordinary shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership or partner in a partnership holding our ADSs or ordinary shares should consult its tax advisors regarding the tax consequences of investing in and holding our ADSs or ordinary shares.

THE FOLLOWING DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX LAWS OR THE LAWS OF ANY STATE, LOCAL OR NON-UNITED STATES TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

For purposes of the discussion below, a “United States Holder” is a beneficial owner of our ADSs or ordinary shares that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury regulations to treat such trust as a domestic trust.

The discussion below assumes that the representations contained in the deposit agreement and any related agreement are true and that the obligations in such agreements will be complied with in accordance with their terms.

ADSs

If you own our ADSs, then you should be treated as the owner of the underlying ordinary shares represented by those ADSs for United States federal income tax purposes. Accordingly, deposits or withdrawals of ordinary shares for ADSs should not be subject to United States federal income tax.

Dividends and Other Distributions on our ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of any distribution that we make to you with respect to our ADSs or ordinary shares (including any amounts withheld to reflect withholding taxes) will be taxable as a dividend, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in your gross income on the day actually or constructively received by you, if you own our ordinary shares, or by the depositary, if you own our ADSs.



Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid generally will be reported as a “dividend” for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to qualifying corporations under the Code.

Dividends received by a non-corporate United States Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-United States corporation is treated as a qualified foreign corporation (i) with respect to dividends paid by that corporation on shares (or American depositary shares backed by such shares) that are readily tradable on an established securities market in the United States or (ii) if such non-United States corporation is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program. We do not expect to be eligible for the benefits of such an income tax treaty. A non-United States corporation will not be treated as a qualified foreign corporation if it is a passive foreign investment company in the taxable year in which the dividend is paid or the preceding taxable year.

Under a published IRS Notice, common or ordinary shares, or American depositary shares representing such shares (such as our ADSs), are considered to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq Global Select Market, as our ADSs are (but not our ordinary shares). Based on existing guidance, it is unclear whether the ordinary shares will be considered to be readily tradable on an established securities market in the United States, because only our ADSs, and not the underlying ordinary shares, are listed on a securities market in the United States. We believe, but we cannot assure you, that dividends we pay on the ordinary shares that are represented by our ADSs, but not on the ordinary shares that are not so represented, will, subject to applicable limitations, be eligible for the reduced rates of taxation.

Even if dividends would be treated as paid by a qualified foreign corporation, a non-corporate United States Holder will not be eligible for reduced rates of taxation if it does not hold our ADSs or ordinary shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date (disregarding certain periods of ownership while the United States Holder’s risk of loss is diminished) or if such United States Holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate United States Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property.

You should consult your tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to our ADSs or ordinary shares, as well as the effect of any change in applicable law after the date of this annual report.

Any non-United States withholding taxes imposed on dividends paid to you with respect to our ADSs or ordinary shares generally will be treated as foreign taxes eligible for deduction or credit against your United States federal income tax liability, subject to the various limitations and disallowance rules that apply to foreign tax credits generally (including that the election to deduct or credit foreign taxes applies to all of your other applicable foreign taxes for a particular tax year). For purposes of calculating the foreign tax credit limitation, dividends paid to you with respect to our ADSs or ordinary shares will be treated as income from sources outside the United States and generally will constitute passive category income, or in certain cases, general category income. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Disposition of our ADSs or Ordinary Shares

You will recognize gain or loss on a sale or exchange of our ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or exchange and your tax basis in our ADSs or ordinary shares. Subject to the discussion under “—Passive Foreign Investment Company” below, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate United States Holder, including an individual that has held our ADSs or ordinary shares for more than one year currently are eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of our ADSs or ordinary shares generally will be treated as United States-source income or loss for foreign tax credit limitation purposes. You should consult your tax advisors regarding the proper treatment of gain or loss, as well as the availability of a foreign tax credit, in your particular circumstances.

Passive Foreign Investment Company

Based on the market price of our ADSs, the value of our assets and the nature and composition of our income and assets, we do not believe that we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for our taxable year ended December 31, 2020, although there can be no assurances in this regard. The determination of PFIC status is based on an annual determination that cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Moreover, we cannot assure you that the United States Internal Revenue Service, or the IRS, will agree with any position that we take. Accordingly, there can be no assurance that we will not be treated as a PFIC for any taxable year or that the IRS will not take a contrary position to any determination we make.



We will be treated as a PFIC for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of our gross income for such year is passive income; or
- at least 50% of the value of our assets (generally determined based on a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than certain royalties and rents derived in the active conduct of a trade or business and not derived from a related person). We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% by value of the stock. Although the law in this regard is unclear, we treat our VIEs as being owned by us for United States federal income tax purposes, because we exercise effective control over the operation of such entities and because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated IFRS financial statements. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, the nature and composition of our income and assets would change and we may be more likely to be treated as a PFIC for the current or one or more future taxable years.

Changes in the nature or composition of our income or assets, including as a result of our investment in new businesses, products, services and technologies (including our European fintech business and our interest in Nanobank), may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year may depend in part upon the value of our goodwill and other unrecorded intangibles not reflected on our balance sheet (which may depend upon the market value of our ADSs or ordinary shares from time to time, which may be volatile) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unrecorded intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of the value of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unrecorded intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2020, the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during your holding period for our ADSs or ordinary shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold our ADSs or ordinary shares, unless we were to cease to be a PFIC and you make a “deemed sale” election with respect to our ADSs or ordinary shares. If such election is made, you will be deemed to have sold the ADSs or ordinary shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, such ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from a sale or other taxable disposition of our ADSs or ordinary shares. You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to you.

If we are a PFIC for any taxable year during your holding period for our ADSs or ordinary shares, then, unless you make a “mark-to-market” election (as discussed below), you generally will be subject to special and adverse tax rules with respect to any “excess distribution” that you receive from us and any gain that you recognize from a sale or other disposition, including a pledge, of the ADSs or ordinary shares. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.



If we are a PFIC for any taxable year during your holding period for our ADSs or ordinary shares and any of our non-United States subsidiaries that are corporations (or other corporations in which we directly or indirectly own equity interests) is also a PFIC, you would be treated as owning a proportionate amount (by value) of the shares of each such non-United States corporation classified as a PFIC (each such corporation, a lower tier PFIC) for purposes of the application of these rules. You should consult your tax advisors regarding the application of the PFIC rules to any of our lower tier PFICs.

If we are a PFIC for any taxable year during your holding period for our ADSs or ordinary shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on our ADSs or ordinary shares as ordinary income under a mark-to-market method, provided that such ADSs or ordinary shares constitute "marketable stock." Marketable stock is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. Our ADSs, but not our ordinary shares, are listed on the Nasdaq Global Select Market, which is a qualified exchange or other market for these purposes. Consequently, as long as our ADSs remain listed on the Nasdaq Global Select Market and are regularly traded, and you are a holder of such ADSs, we expect that the mark-to-market election would be available to you if we were a PFIC, but no assurances are given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a United States Holder that makes a mark-to-market election with respect to our ADSs or ordinary shares may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such United States Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In certain circumstances, a United States Holder of shares in a PFIC may avoid the adverse tax and interest-charge regime described above by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, you may make a qualified electing fund election with respect to our ADSs or ordinary shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable Treasury regulations. We currently do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A United States Holder that holds our ADSs or ordinary shares in any year in which we are a PFIC will be required to file an annual report containing such information as the United States Treasury Department may require. You should consult your tax advisors regarding the application of the PFIC rules to your ownership and disposition of our ADSs or ordinary shares and the availability, application and consequences of the elections discussed above.

Information Reporting and Backup Withholding

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of our ADSs or ordinary shares, and the proceeds from the sale or exchange of our ADSs or ordinary shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9, or you otherwise establish an exemption from information reporting and backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your United States federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner. United States Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

United States Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in our ADSs or ordinary shares as is necessary to identify the class or issue of which our ADSs or ordinary shares are a part. These requirements are subject to exceptions, including an exception for ADSs or ordinary shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all "specified foreign financial assets" (as defined in the Code) does not exceed US\$50,000.

United States Holders should consult their tax advisors regarding the application of these information reporting rules.

F. Dividends and Paying Agents

Not applicable.



G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC a registration statement on Form F-1 (File No. 333-226017), as amended, including the prospectus contained therein to register our ordinary shares in relation to our initial public offering and later filed with the SEC a registration on Form F-3 (File No. 333-233691), as amended, including the prospectus contained therein to register our ordinary shares in relation to our follow-on public offering. We also filed with the SEC a related registration statement on Form F-6 (File No. 333-226171) to register the ADSs and a registration statement on Form S-8 (File No. 333-229285) to register our securities to be issued under our Amended and Restated Share Incentive Plan.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330

The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish The Bank of New York Mellon, the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with IFRS, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I. Subsidiary Information

For a list of our significant subsidiaries, Exhibit 8.1 filed with this annual report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview

We are exposed to market risk, liquidity risk and credit risk. Our management seeks to minimize potential adverse effects of these risks through sound business practices and risk management. The board of directors, together with senior management, is involved in the risk assessment process. We have not utilized derivatives for hedging purposes.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. We are exposed to three types of market risk: interest rate risk, foreign currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables, trade payables, accrued liabilities and listed equity instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.



Our exposure to interest risk is limited because financial liabilities have fixed interest rates and future interest payments on these will thus not fluctuate. We expect to settle all financial liabilities at maturity, meaning changes in market interest rates will only impact their fair value temporarily. Financial assets are not interest-bearing, except for deposits with banks.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our consolidated results being presented in U.S. Dollar, while our revenues are generated in nearly all global currencies, though often converted to USD or EUR before being paid to us from our partners. We incur operating expenses in various currencies, including the Norwegian krone, Chinese renminbi, Polish zloty, Swedish krona, Indian rupee, Kenyan shilling, Nigerian naira, Great British Pounds and the Euro. Additionally, we are exposed to foreign currency risk due to monetary items recognized on the balance sheet being denominated in currencies other than the functional currency, which for most of our entities is the U.S. Dollar. We are closely monitoring our exposure to foreign currency risk and seek to minimize our exposure to such risk. Our exposure to foreign currency risk related to cash on hand is limited.

Equity price risk

While we did not hold any investment in listed equity instruments as of December 31, 2020, we held such investments throughout 2020. Investments in listed equity instruments exposed us to equity price risk. Specifically, such holdings were susceptible to market price risk arising from uncertainties about future values of such securities.

Our investment activity in listed equity instruments is managed by Kunlun Group Limited, a related party of the Company, and is overseen by our CEO. The investment activity, including risk management, is subject to set requirements for performance monitoring, risk tolerance, investment strategies and diversification. Under our applicable policies, the total capital allocated to investments in listed equity instruments is limited up to US\$70 million. During 2020, we invested in shares listed on stock exchanges in mainland China, Hong Kong and the United States. The majority of the investments were in companies in the tech and electronics industries. We also wrote call options on listed equity instruments to a limited extent, resulting in a gain of US\$0.1 million in 2020. The written call options, representing a financial liability for us, had a fair value of US\$0.7 million as of December 31, 2020. The written call options exposed us to equity price risk due to the counterparties' rights to buy the underlying listed equity instrument from us for a fixed price. This specific risk was managed by us only writing call options with relative short durations, by limiting the number of contracts entered into, and by preparing to purchase the underlying shares in the event of certain levels of adverse price movements. While we did not enter into short positions during 2020, the investment policies allow such positions to be entered into.

The net gain from investments in publicly traded securities in 2020 was US\$13.0 million, compared to a net gain of US\$8.5 million in 2019.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Our exposure to liquidity risk is limited given our significant cash position and low debt-to-equity ratio as of December 31, 2020. See Note 20 to our consolidated financial statements included elsewhere in this annual report for an overview of maturity profile on our financial liabilities.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for us.

We are exposed to credit risk from our operating activities, primarily trade receivables and from our cash management activities, including deposits with banks and financial institutions, and other receivables, such as loans to associates and joint ventures (details in Note 26 to our consolidated financial statements included elsewhere in this annual report). Our revenue comes mainly from sales where settlement in cash generally takes place within 30-90 days of the invoice being issued, which is concurrently when we have an unconditional right to consideration. For some specific revenue streams, including those relating to OPay, settlement is agreed to exceed 90 days. Details of outstanding trade receivable are disclosed in Note 14 to our consolidated financial statements included elsewhere in this annual report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares



Fees and Expenses

Our ADS holders are required to pay the following service fees to the depositary bank, the Bank of New York Mellon, and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of ADSs):

<u>Persons depositing or withdrawing shares or ADS holders must pay:</u>	<u>For:</u>
US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. Dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account.

The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.



PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A.—D. Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged.

E. Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-3 (File No. 333-233691), as amended, including the prospectus contained therein, which registered 15,000,000 ordinary shares represented by ADSs and was declared effective by the SEC on September 16, 2019, for our follow-on offering, which closed in September 24, 2019, and the underwriters’ exercise of their option to purchase from us an additional 1,125,000 ADSs representing 2,250,000 ordinary shares, or the optional offering, which closed on October 16, 2019, at an offering price of US\$10.00 per ADS. China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets were the representatives of the underwriters for both of our initial public offering and follow-on offering.

We received net proceeds of approximately US\$82.6 million from our follow-on offering. We have used US\$49.7 million of such proceeds in our share repurchase program that ended on January 17, 2021, while the remaining amount is currently held in cash and cash equivalents.

Other than salaries and bonuses paid to our officers, and annual board fees paid to our independent directors, none of the net proceeds from our follow-on offering were paid, directly or indirectly, to any of our directors or officers or their associates, persons owning 10% or more of our equity securities or our affiliates or others.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our management has concluded that as a result of the material weakness in internal control over financial reporting described below, as of December 31, 2020, our disclosure controls and procedures were ultimately not effective.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The company’s internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorizations of the management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements.

Material weakness

As required by Section 404 of the Sarbanes-Oxley Act and related rules as promulgated by the SEC, our management has assessed the effectiveness of internal control over financial reporting based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that the company’s internal control over financial reporting as of December 31, 2020, was not effective due to the presence of control deficiencies.



A material weakness is a deficiency, or combination of deficiencies, in Internal Control over Financial Reporting, such that there is a reasonable possibility that a material misstatement of the Company's consolidated financial statements will not be prevented or detected on a timely basis. Management has identified the following control deficiencies that constitute a material weakness in our Internal Control over Financial Reporting as of December 31, 2020:

- The Company did not design and maintain effective internal control over certain accounting transactions. Specifically, the Company has not performed an appropriate risk assessment, designed and implemented appropriate controls including the monitoring of the effectiveness of those controls to ensure that accounting transactions are sufficiently analyzed and assessed against the requirements and to analyze complex accounting matters, including the timely preparation and review of contemporaneous documentation. While the Company has hired qualified accounting personnel, there continued to be insufficient capacity to appropriately identify and implement robust controls prior December 31, 2020.

This material weakness resulted in a material misstatement caused by insufficient review of valuation models used to determine the fair value of preferred shares in associates, which impacted the carrying amount of investments in associates and joint ventures and the change in fair value of preferred shares in associates. This misstatement was corrected prior to the issuance of the financial statements.

Management has performed additional analysis and mitigation controls and procedures in preparing our consolidated financial statements. We have concluded that our consolidated financial statements, in all material respects, fairly present our financial condition, results of operations and cash flows at and for the periods presented. Apart from the material weaknesses described above, our management has not identified any other deficiencies that have led management to conclude that the company's internal control over financial reporting was not effective.

Remediation plan

Our management is actively undertaking remediation efforts to address the material weaknesses identified above through the following actions:

- While we have made significant improvements in the risk assessment, design and implementation of appropriate controls, including having hired an additional employee with relevant experience in the design, implementation and testing of internal controls, we plan to continue on improving our framework for internal controls to ensure that all risks are properly identified in a timely manner and that controls are effectively designed, implemented and monitored.
- We will continue to develop and maintain policies outlining the roles and responsibilities of our various finance and control functions across our group, as well as the lines of reporting and responsibilities of local resources, and we will continue to refine this policy as it is implemented across our businesses and new initiatives.
- We are evaluating the needs of our various finance and control functions, both at group headquarters as well as in certain local markets, and intend to hire additional resources or engage external support as needed.
- We will continue to improve the timeliness of the financial reporting process, including a more timely preparation of accounting assumptions and accounting analysis.

These remediation measures may be time consuming, costly and might place significant demands on our financial and operational resources. Further, we may not be able to complete them by the end of 2021. However, once completed, management believes the remediation plan will effectively resolve the deficiencies constituting the material weaknesses. As the remediation plan is implemented, management may take additional measures or modify the plan described above.

Attestation Report of the Registered Public Accounting Firm

This annual report on Form 20-F does not include an attestation report on internal control over financial reporting of the company's registered public accounting firm due to a transition period established by rules of the SEC for emerging growth companies.

Changes in Internal Controls

Management has evaluated, with the participation of our chief executive officer and chief financial officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Since the material weakness disclosed above also was identified when preparing the consolidated financial statements for 2019, management has concluded that while we are making progress on the matter, we cannot at this stage conclude that our internal control over financial reporting has sufficiently improved during the period covered by this annual report on Form 20-F. However, as a result of the Company contributing its microlending business to Nanobank on August 19, 2020 resulting in the loss of control over subsidiaries engaged in that business, the material weakness specifically related to the discontinued microlending business, as disclosed in the annual report for 2019 on Form 20-F, is no longer present.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Lori Wheeler Næss, an independent director and a member of our audit committee, qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of Listing Rules of the Nasdaq Stock Market. Lori Wheeler Næss meets the independence standards under Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to all of our directors, officers, employees, including certain provisions that specifically apply to our principal executive officer, principal financial officer, principal accounting officer or controller and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as Exhibit 99.1 of our registration statement on Form F-1 (file No. 333-226017) filed with the SEC on June 29, 2018 and posted a copy of our code of business conduct and ethics on our website at investor.opera.com. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.



ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by KPMG AS, our independent registered public accounting firm, for the periods indicated. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the Year Ended December 31,	
	2019	2020
	(US\$ in thousands)	
Audit fees (1)	1,970	2,986
Audit-related fees (2)	53	501
Tax fees (3)	44	21
All other fees	-	-

(1) Audit fees include the audit of our annual financial statements and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years including review of documents filed with the SEC.

(2) Audit-related fees means the aggregate fees billed for professional services rendered by our principal auditors for the assurance and related services, which were not included under Audit Fees above.

(3) Tax fees means the aggregate fees billed in each of the fiscal periods listed for professional services rendered by our principal auditors for tax compliance.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by KPMG AS, our independent registered public accounting firm, including audit services and audit-related services as described above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We are in compliance with Rule 10A-3 under the Exchange Act and The Nasdaq Stock Market, Inc. Marketplace Rules with respect to the audit committee.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On November 8, 2018, we announced that our board of directors had approved a share repurchase program of up to 1.5 million ADSs to be purchased on the open market, commencing on November 12, 2018. As of December 31, 2018, we had purchased 728,912 ADSs, at a total cost of US\$4.9 million. In February 2019, the share repurchase program was completed following the successful repurchase of all 1.5 million ADSs for an aggregate purchase price of approximately US\$10.6 million.

The following table provides information about the shares we repurchased each month under the program.

Period	(a) Total Number of ADSs Purchased	(b) Average Price Paid per ADS	(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value of ADSs that May Yet Be Purchased Under the Plans or Programs
Nov 1 - Nov 30, 2018	481,837	6.79	481,837	\$ 1,018,163
Dec 1 - Dec 31, 2018	247,075	6.44	247,075	\$ 771,008
Jan 1 - Jan 31, 2019	649,640	7.38	649,640	\$ 121,448
Feb 1 - Feb 28, 2019	121,448	7.99	121,448	0
Total	1,500,000	7.08	1,500,000	0

On January 17, 2020, we announced that our board of directors had approved a share repurchase program, which authorized us to execute the repurchase of up to US\$50.0 million by January 17, 2021, in any form that management may deem appropriate. On January 17, 2021, the share repurchase program expired and was terminated. We purchased 5,976,455 ADSs under this program, at a total cost of US\$49.7 million.



The following table provides information about the shares we repurchased each month under the program.

Period	(a) Total Number of ADSs Purchased	(b) Average Price Paid per ADS	(c) Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value of ADSs that May Yet Be Purchased Under the Plans or Programs)
Jan 1 - Jan 31, 2020	0	0	0	\$ 50,000,000
Feb 1 - Feb 29, 2020	110,664	7.97	110,664	\$ 49,118,374
Mar 1 - Mar 31, 2020	662,822	6.93	773,486	\$ 44,523,100
Apr 1 - Apr 30, 2020	0	0	773,486	\$ 44,523,100
May 1 - May 31, 2020	0	0	773,486	\$ 44,523,100
Jun 1 - Jun 30, 2020	1,696,846	7.63	2,470,332	\$ 31,572,890
Jul 1 - Jul 31, 2020	962,712	9.57	3,433,044	\$ 22,355,814
Aug 1 - Aug 31, 2020	610,559	8.61	4,043,603	\$ 17,099,812
Sep 1 - Sep 30, 2020	923,947	8.51	4,967,550	\$ 9,232,754
Oct 1 - Oct 31, 2020	32,513	8.96	5,000,063	\$ 8,941,576
Nov 1 - Nov 30, 2020	418,466	8.93	5,418,529	\$ 5,205,649
Dec 1 - Dec 31, 2020	474,610	8.75	5,893,130	\$ 1,053,838
Jan 1 - Jan 31, 2021	83,316	8.96	5,976,455	0
Total	5,976,455	8.31	5,976,455	0

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands exempted company listed on the Nasdaq Global Select Market, we are subject to Nasdaq corporate governance listing standards. However, Rule 5615(a)(3) of The Listing Rules of the Nasdaq Stock Market (the "Nasdaq Rules") permits foreign private issuers like us to follow certain home country corporate governance practices in lieu of certain provisions of the Rule 5600 Series of the Nasdaq Rules. A foreign private issuer that elects to follow a home country practice instead of such provisions, must disclose in its annual reports each requirement that it does not follow and describe the home country practice followed by it.

Our current corporate governance practices differ from Nasdaq corporate governance requirements for U.S. companies in certain respects, as summarized below:

- Rule 5605(b)(1) of the Nasdaq Rules requires a Nasdaq listed company to have a majority of the board be independent. In this regard we have elected to adopt the practices of our home country, the Cayman Islands, which practices do not require a majority independent board; and
- Rule 5605(d)(2) of the Nasdaq Rules requires a Nasdaq listed company to have a compensation committee composed solely of independent directors to determine or recommend the compensation of the executive officers of the company. In this regard we have elected to adopt the practices of our home country, the Cayman Islands, which practices do not require that any of the members of a company's compensation committee be independent directors.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.



PART III

ITEM 17 FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18 FINANCIAL STATEMENTS

The consolidated financial statements of Opera Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	<u>Second Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect (incorporated by reference to Exhibit 3.2 from our registration statement on Amendment No. 1 to Form F-1 (File No. 333-226017) filed publicly with the SEC on July 13, 2018)</u>
2.1	<u>Form of Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)</u>
2.2	<u>Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
2.3	<u>Form of Deposit Agreement among the registrant, the depositary and owners and holders of the ADSs (incorporated by reference to Exhibit 4.3 from our registration statement on Amendment No. 2 to Form F-1 (File No. 333-226017) filed publicly with the SEC on July 23, 2018)</u>
2.4	<u>Description of the Rights of Securities Registered under Section 12 of the Securities Act as of December 31, 2019.</u>
4.1	<u>Amended and Restated Share Incentive Plan, dated as of January 10, 2019, as currently in effect (incorporated by reference to Exhibit 10.1 from our registration statement on Form S-8 (File No. 333-229285) filed publicly with the SEC on January 10, 2019)</u>
4.2	<u>Form of Indemnification Agreement between the Registrant and each of the directors and executive officers of the Registrant (incorporated by reference to Exhibit 10.2 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
4.3	<u>Form of Employment Agreement between the Registrant and each executive officer of the Registrant (incorporated by reference to Exhibit 10.3 from our registration statement on Amendment No. 1 to Form F-1 (File No. 333-226017) filed publicly with the SEC on July 13, 2018)</u>
4.4†	<u>Google Distribution Agreement, dated as of August 1, 2012, by and between Opera Software AS (currently known as Opera Norway AS) and Google Ireland Limited, and amendments entered into from time to time (incorporated by reference to Exhibit 10.4 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
4.5†	<u>Partner Agreement, dated as of October 1, 2012, by and between Opera Software ASA and Yandex LLC, and amendments entered into from time to time (incorporated by reference to Exhibit 10.5 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
4.6	<u>Professional Service Agreement, dated as of June 1, 2016, by and between Opera Software AS (currently known as Opera Norway AS) and 360 Mobile Security Limited, and amendments entered into from time to time (incorporated by reference to Exhibit 10.6 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
4.7	<u>Amendment No. 2 to the Professional Service Agreement, dated as of July 1, 2018, by and between Opera Software AS (currently known as Opera Norway AS) and 360 Mobile Security Limited (currently known as Mobimagic Digital Technology Limited) (incorporated by reference to Exhibit 4.7 to the annual report on Form 20-F (File No. 001-38588) filed publicly with the SEC on April 17, 2019)</u>
4.8	<u>Amendment No. 3 to the Professional Service Agreement, dated as of October 1, 2018, by and between Opera Software AS (currently known as Opera Norway AS) and 360 Mobile Security Limited (currently known as Mobimagic Digital Technology Limited) (incorporated by reference to Exhibit 4.8 to the annual report on Form 20-F (File No. 001-38588) filed publicly with the SEC on April 17, 2019)</u>
4.9	<u>Amendment No. 4 to the Professional Service Agreement, dated April 1, 2019, by and between Opera Software AS (currently known as Opera Norway AS) and 360 Mobile Security Limited (currently known as Mobimagic Digital Technology Limited)</u>
4.10	<u>Amendment No. 5 to the Professional Service Agreement, dated January 1, 2019, by and between Opera Software AS (currently known as Opera Norway AS) and 360 Mobile Security Limited (currently known as Mobimagic Digital Technology Limited)</u>
4.11	<u>Service Agreement, dated as of November 1, 2017, by and between Opera Software AS (currently known as Opera Norway AS) and Opay Digital Services Limited (incorporated by reference to Exhibit 10.7 from our registration statement on Form F-1 (File No. 333-226017) filed publicly with the SEC on June 29, 2018)</u>
4.12	<u>Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.11 from our registration statement on Amendment No. 1 to Form F-1 (File No. 333-226017) filed publicly with the SEC on July 13, 2018)</u>



- 4.13 [Share Purchase Agreement, dated as of December 19, 2018, by and between Opera Limited and Opay Digital Services Limited \(incorporated by reference to Exhibit 4.11 to the annual report on Form 20-F \(File No. 001-38588\) filed publicly with the SEC on April 17, 2019\)](#)
- 4.14 [Service Agreement, dated April 1, 2019, by and between PC Financial Services Private Limited and Mobimagic Co., Ltd.](#)
- 4.15 [Software License Agreement, dated October 1, 2019, by and between Hong Kong Fintango Limited and PC Financial Services Private Limited.](#)
- 4.16 [Marketing and Advertising Services Agreement between Opera Norway AS and Mobimagic Digital Technology Limited, effective April 1, 2020](#)
- 4.17 [Addendum No. 1 to the Marketing and Advertising Services Agreement between Opera Norway AS and Mobimagic Digital Technology Limited, effective October 1, 2020, by and among Opera Norway AS, Ying Liang Limited, and Mobimagic Digital Technology Limited.](#)
- 8.1* [Significant Subsidiaries and Consolidated Affiliated Entities of the Registrant](#)
- 11.1 [Code of Business Conduct and Ethics of the Registrant \(incorporated by reference to Exhibit 99.1 from our registration statement on Form F-1 \(File No. 333-226017\) filed publicly with the SEC on June 29, 2018\)](#)
- 12.1* [Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 12.2* [Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 13.1** [Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 13.2** [Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 15.1* [Consent of KPMG, Independent Registered Public Accounting Firm](#)
- 101.INS** *XBRL Instance*
- 101.SCH** *XBRL Taxonomy Extension Schema*
- 101.CAL** *XBRL Taxonomy Extension Calculation*
- 101.DEF** *XBRL Taxonomy Extension Definition*
- 101.LAB** *XBRL Taxonomy Extension Labels*
- 101.PRE** *XBRL Taxonomy Extension Presentation*

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

† Confidential treatment has been granted with respect to portions of the exhibit that have been redacted pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.



SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Opera Limited

By: /s/ Yahui Zhou

Name: Yahui Zhou

Title: Chairman and Chief Executive Officer

Date: June 10, 2021

[Signature Page to 20-F]

95



INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	F-2
CONSOLIDATED STATEMENT OF OPERATIONS	F-3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	F-4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	F-5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	F-6
CONSOLIDATED STATEMENT OF CASH FLOWS	F-7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	F-8

F-1



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Opera Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Opera Limited and subsidiaries (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption IFRS 16 Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG AS

We have served as the Company's and its predecessor's auditor since 2000.

Oslo, Norway
June 10, 2021



CONSOLIDATED STATEMENT OF OPERATIONS

[US\$ thousands, except per share and ADS amounts]	Notes	Year Ended December 31,		
		2018 (1)	2019 (1)	2020
Revenue	4	161,334	177,078	165,056
Other income	4	-	-	11,542
Operating expenses				
Technology and platform fees	4	(3,644)	(796)	(3,315)
Content cost	4	(72)	(1,545)	(4,312)
Cost of inventory sold	4	-	(208)	(700)
Personnel expenses including share-based remuneration	5	(41,004)	(62,323)	(62,103)
Marketing and distribution expenses	4	(31,543)	(65,074)	(47,860)
Credit loss expense	4, 14	678	(577)	(1,849)
Credit loss expense related to divested joint venture	14	-	-	(10,476)
Depreciation and amortization	11, 12	(12,694)	(18,843)	(20,234)
Other expenses	6	(28,674)	(28,248)	(28,197)
Total operating expenses		(116,953)	(177,614)	(179,046)
Operating profit (loss)		44,381	(537)	(2,448)
Share of net income (loss) of associates and joint ventures	13	(3,248)	(3,818)	2,005
Change in fair value of preferred shares in associates	13, 16	-	37,900	24,000
Net finance income (expense)				
Finance income	7	1,626	10,532	13,633
Finance expense	7	(1,694)	(655)	(516)
Net foreign exchange gain (loss)	7	(365)	(25)	833
Net finance income (expense)		(433)	9,851	13,950
Profit before income taxes		40,700	43,396	37,507
Income tax expense	8	(6,481)	(2,658)	(75)
Profit from continuing operations		34,219	40,739	37,432
Profit from discontinued operations	9	941	17,161	141,742
Net income		35,160	57,899	179,174
Net income attributable to:				
Equity holders of the parent		35,160	57,899	179,174
Non-controlling interests		-	-	-
Total net income attributed		35,160	57,899	179,174
Profit per ordinary share from continuing operations				
Basic, US\$	10	0.17	0.18	0.16
Diluted, US\$	10	0.16	0.18	0.16
Profit per ADS from continuing operations				
Basic, US\$	10	0.34	0.36	0.32
Diluted, US\$	10	0.33	0.36	0.32
Net income per ordinary share				
Basic, US\$	10	0.17	0.26	0.76
Diluted, US\$	10	0.17	0.25	0.75
Net income per ADS				
Basic, US\$	10	0.35	0.52	1.53
Diluted, US\$	10	0.34	0.51	1.51

(1) Amounts in the comparative periods have been re-presented to account for the impact of discontinued operations and the reclassification of items classified as "cost of revenue" in the consolidated financial statements for the years ended December 31, 2018 and 2019. See Notes 2 and 9 for additional information.

The accompanying notes are an integral part of this financial statement.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[US\$ thousands]	Notes	Year Ended December 31,		
		2018	2019	2020
Net income		35,160	57,899	179,174
Other comprehensive income that may be reclassified to the Statement of Operations in subsequent periods (net of tax)				
Exchange differences on translation of foreign operations		(1,245)	(1,790)	42
Reclassification of exchange differences on loss of control	9	(138)	7	2,936
Share of other comprehensive income (loss) of associates and joint ventures	13	94	(41)	(935)
Net other comprehensive income (loss) that may be reclassified to the Statement of Operations in subsequent periods		(1,289)	(1,824)	2,043
Total comprehensive income		33,871	56,075	181,217
Total comprehensive income attributable to:				
Equity holders of the parent		33,871	56,075	181,217
Non-controlling interests		-	-	-
Total comprehensive income attributed		33,871	56,075	181,217

The accompanying notes are an integral part of this financial statement.

F-4



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of December 31,	
[US\$ thousands]	Notes	2019	2020
ASSETS			
Non-current assets			
Furniture, fixtures and equipment	11	26,053	18,167
Intangible assets	12	110,807	111,954
Goodwill	12	421,578	424,961
Investments in associates and joint ventures	13, 16	76,300	364,946
Non-current financial assets	16	1,351	1,490
Deferred tax assets	8	6,204	4,383
Total non-current assets		642,293	925,901
Current assets			
Trade receivables	14	49,371	28,809
Loans to customers		93,115	68
Other receivables	14	59,112	10,750
Prepayments	14	25,809	9,061
Inventories		7,752	-
Other current financial assets	16	1,535	856
Marketable securities	16, 23, 24	42,146	-
Cash and cash equivalents	15	139,487	134,168
Total cash, cash equivalents, and marketable securities		181,633	134,168
Total current assets		418,327	183,711
TOTAL ASSETS		1,060,620	1,109,612
EQUITY AND LIABILITIES			
Equity			
Share capital	10	24	24
Other paid in capital		814,177	765,129
Retained earnings		99,513	283,334
Foreign currency translation reserve		(1,508)	408
Equity attributed to equity holders of the parent		912,206	1,048,895
Non-controlling interests		-	-
Total equity		912,206	1,048,895
Non-current liabilities			
Non-current lease liabilities and other loans	17	9,181	3,584
Deferred tax liabilities	8	10,526	11,745
Other non-current liabilities		137	68
Total non-current liabilities		19,844	15,397
Current liabilities			
Trade and other payables	18	57,125	25,454
Current lease liabilities and other loans	17	47,793	5,389
Income tax payable	8	7,803	1,094
Deferred revenue		708	345
Other current liabilities	19	15,142	13,040
Total current liabilities		128,570	45,320
Total liabilities		148,414	60,717
TOTAL EQUITY AND LIABILITIES		1,060,620	1,109,612

The accompanying notes are an integral part of this financial statement.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2018

[US\$ thousands]	Share capital (1)	Other paid in capital	Retained earnings	Foreign currency translation reserve	Total equity
As of December 31, 2017	19	576,512	5,366	1,605	583,503
Impact of implementing IFRS 9 and IFRS 15	-	-	(629)	-	(629)
As of January 1, 2018, restated	19	576,512	4,737	1,605	582,874
Net income	-	-	35,160	-	35,160
Other comprehensive income (loss)	-	-	-	(1,289)	(1,289)
Total comprehensive income	-	-	35,160	(1,289)	33,871
Business combination with entity under common control	-	-	(9,904)	-	(9,904)
Acquisition of treasury shares	-	(4,875)	-	-	(4,875)
Contribution of equity, net of transaction costs	3	167,053	-	-	167,056
Share-based remuneration expense (Note 5)	-	-	6,439	-	6,439
As of December 31, 2018	22	738,690	36,432	316	775,460

for the year ended December 31, 2019

[US\$ thousands]	Share capital (1)	Other paid in capital	Retained earnings	Foreign currency translation reserve	Total equity
As of December 31, 2018	22	738,690	36,432	316	775,460
Impact of implementing IFRS 16	-	-	64	-	64
As of January 1, 2019, restated	22	738,690	36,496	316	775,524
Net income	-	-	57,899	-	57,899
Other comprehensive income (loss)	-	-	-	(1,824)	(1,824)
Total comprehensive income	-	-	57,899	(1,824)	56,075
Contribution of equity, net of transaction costs	2	81,267	-	-	81,269
Acquisition of treasury shares	-	(5,780)	-	-	(5,780)
Share-based remuneration expense (Note 5)	-	-	5,118	-	5,118
As of December 31, 2019	24	814,177	99,513	(1,508)	912,206

for the year ended December 31, 2020

[US\$ thousands]	Share capital (1)	Other paid in capital	Retained earnings	Foreign currency translation reserve	Total equity
As of December 31, 2019	24	814,177	99,513	(1,508)	912,206
Net income	-	-	179,174	-	179,174
Other comprehensive income (loss)	-	-	-	2,043	2,043
Total comprehensive income	-	-	179,174	2,043	181,217
Reclassification of foreign currency translation reserve	-	-	126	(126)	-
Acquisition of treasury shares (Note 24)	-	(49,049)	-	-	(49,049)
Share-based remuneration expense (Note 5)	-	-	4,521	-	4,521
As of December 31, 2020	24	765,129	283,334	408	1,048,895

(1) Opera Limited, the Group's parent, was established in 2018. The amount of share capital in the prior period reflects the share capital of the parent at the time of incorporation.

The accompanying notes are an integral part of this financial statement.



CONSOLIDATED STATEMENT OF CASH FLOWS

[US\$ thousands]	Notes	Year ended December 31,		
		2018	2019	2020
Cash flows from operating activities				
Profit before income taxes from continuing operations		40,700	43,396	37,507
Profit before income taxes from discontinued operations		941	20,105	139,792
Income taxes paid	8	(4,381)	(9,870)	(9,887)
Depreciation and amortization	11, 12	12,694	18,934	20,390
Share of net loss (income) of associates and joint ventures	13	3,248	3,818	(2,005)
Change in fair value of preferred shares in associates	13, 16	-	(37,900)	(24,000)
Share-based payment expense	5	6,439	5,118	4,521
Gain on disposal of emerging market fintech operations	9	-	-	(151,368)
Impact of divestment of joint venture	13	-	-	1,834
Net finance income (expense)	7	433	(8,756)	(11,980)
Change in inventories		-	(7,752)	7,752
Change in trade and other receivables	14	(6,543)	(14,206)	22,101
Change in loans to customers		(3,092)	(90,023)	75,064
Change in trade and other payables	18	(5,635)	39,168	(25,135)
Change in deferred revenue		460	(1,224)	(346)
Change in prepayments	14	(12,205)	(11,437)	12,032
Change in other liabilities		1,507	5,441	(1,482)
Other		(738)	724	(1,466)
Net cash flow from (used in) operating activities		33,828	(44,464)	93,324
Cash flows from investment activities				
Purchase of intangibles assets	12	-	-	(2,286)
Proceeds from sales of equipment and intangible assets		-	6	-
Purchase of equipment	11	(2,616)	(8,868)	(2,484)
Settlement of earnout obligation		(600)	-	-
Receipt of contingent consideration		2,945	-	-
Acquisition of subsidiary, net of cash acquired	25	(7,901)	-	(4,882)
Cash transferred upon loss of control over emerging market fintech operations	9	-	-	(39,260)
Release of escrow account		2,508	-	1,000
Deposit of collateral for subsidiaries' loan facility		-	(52,878)	(1,000)
Disbursement of short-term loans		(2,400)	-	(6,332)
Repayment of short-term loans		-	-	6,332
Investment in, and loans to associates and joint ventures	13	(32,867)	(6,550)	(440)
Repayment of loans to associates and joint ventures		-	726	-
Net sale (purchase) of listed equity instruments	16, 24	(2,188)	(35,250)	58,535
Interest income received		-	-	326
Development expenditure	12	(4,132)	(4,173)	(6,553)
Net cash flow from (used in) investing activities		(47,250)	(106,987)	2,956
Cash flows from financing activities				
Proceeds from issues of equity instruments		170,871	82,630	-
Transaction costs on issue of equity instruments		(2,992)	(1,364)	-
Acquisition of treasury shares	24	(4,875)	(5,780)	(49,049)
Proceeds from loans and borrowings		-	43,163	6,905
Interests on loans and borrowings		-	(1,184)	(1,752)
Repayment of loans and borrowings		(1,765)	(1,509)	(52,874)
Payment of lease liabilities	17	(2,293)	(2,755)	(4,202)
Net cash flow from (used in) financing activities		158,946	113,200	(100,972)
Net change in cash and cash equivalents		145,524	(38,248)	(4,692)
Cash and cash equivalents at beginning of period	15	33,207	177,873	139,487
Net foreign exchange difference		(857)	(137)	(627)
Cash and cash equivalents at end of period	15	177,873	139,487	134,168

The accompanying notes are an integral part of this financial statement.



INDEX TO NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Page
Note 1. Corporate information	F-9
Note 2. Significant accounting policies	F-10
Note 3. Changes in accounting policies and disclosures	F-24
Note 4. Segment and revenue information	F-25
Note 5. Personnel expenses including share-based remuneration	F-28
Note 6. Other expenses	F-30
Note 7. Finance income and expense	F-31
Note 8. Income tax	F-32
Note 9. Discontinued operations	F-34
Note 10. Net income per share	F-36
Note 11. Furniture, fixtures and equipment	F-37
Note 12. Intangible assets	F-38
Note 13. Investments in associates and joint ventures	F-40
Note 14. Trade receivables, other receivables and prepayments	F-44
Note 15. Cash and cash equivalents	F-45
Note 16. Financial assets and liabilities	F-46
Note 17. Lease liabilities and other loans	F-49
Note 18. Trade and other payables	F-51
Note 19. Other current liabilities	F-52
Note 20. Scheduled maturities of financial liabilities	F-53
Note 21. Changes in liabilities arising from financing activities	F-54
Note 22. Guarantees and other commitments	F-55
Note 23. Financial risk management	F-56
Note 24. Capital management	F-57
Note 25. Group information	F-58
Note 26. Related parties	F-59
Note 27. Events after the reporting period	F-62



NOTE 1. CORPORATE INFORMATION

Opera Limited (the “Company” and “Parent”), with its office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, is an exempted company under the laws of the Cayman Islands. The address of the principal executive office is Vitaminveien 4, 0485 Oslo, Norway. The Company is listed on Nasdaq under the ticker symbol OPRA.

Opera Limited and its subsidiaries (the “Group”) is a leading global internet brand with an engaged and growing user base. Building on over 20 years of innovation, starting with its browser products, the Group is increasingly leveraging its brand and user base in order to expand its offerings and its business. Today, the Group offers a range of products and services that include PC and mobile browsers as well as AI-powered news reader Opera News and fintech solutions. Information on the Group’s segments and structure is provided in Notes 4 and 25. Information on related parties of the Group is provided in Note 26.

The consolidated financial statements of the Group for the year ended December 31, 2020, were authorized for issue in accordance with a resolution of the directors on June 10, 2021.

F-9



NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for preferred shares in associates and listed equity instruments that have been measured at fair value. The consolidated financial statements are presented in U.S. Dollars (US\$) and all values are rounded to the nearest thousand (US\$000), except when otherwise indicated. Rounding differences may occur.

The consolidated financial statements provide comparative information in respect of the previous two periods, except for the Statement of Financial Position and related disclosures, which provide comparative information as of December 31, 2019. Certain amounts in the comparable years have been restated to conform to current year presentation. In 2020, the Group reclassified items of Technology and Platform Fees, Content Cost and Cost of Inventory Sold. These items were presented as cost of revenue in the consolidated financial statements for the year ended December 31, 2019. These reclassifications did not have any impact on the classification of assets and liabilities of the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Opera Limited and its subsidiaries. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Generally, there is a presumption that a majority of voting rights results in control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing and potential rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its return.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value, including any retained interest in a former subsidiary comprising a business that is sold or contributed to an equity-accounted investee.

2.3 Summary of significant accounting policies

Foreign currencies

The consolidated financial statements are presented in U.S. Dollars, which is also the functional currency of the parent company.

For each entity, the Group determines the functional currency, which is the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are recognized by the Group's entities at their respective functional currency spot rate at the date the transaction first qualifies for initial recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date. Gains or losses arising from settlement or translation of monetary items are recognized in the Statement of Operations as Net foreign exchange gain (loss). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



The assets and liabilities of entities within the Group with a functional currency which differs from the Group's presentation currency, are translated using the currency exchange rates of the reporting date. Income and expense items are translated at average currency exchange rates for the respective period. The overall net foreign currency impact from translating assets, liabilities, income and expenses to U.S. Dollars is recognized in the Statement of Comprehensive Income as Exchange differences on translation of foreign operations.

Investments in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates are those entities in which the Group has significant influence, meaning power to participate in the financial and operating policy decisions of the investee, but not control or joint control of those 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 and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. On acquisition of an equity-accounted investee, the Group identifies and values assets and liabilities of the associate or joint venture, as if it had acquired a business. While these fair value adjustments are not recognized separately, the fair values identified form the basis for additional depreciation, amortization and similar adjustments that are reflected in the Group's share of the results in subsequent years. Any excess between the cost of the investment and the Group's share of the net fair value of the investee's identifiable assets and liabilities, i.e., goodwill, is included in the carrying amount of the investment.

Upon loss of control of a subsidiary that constitutes a business with a retained interest that is an investment in an associate or joint venture, the retained interest is remeasured at its fair value and this fair value becomes the cost on initial recognition of the investment in the associate or joint venture.

The consolidated financial statements include the Group's share of the net income or loss and other comprehensive income, after adjustments to align the accounting policies of the associates and joint ventures 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. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. 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. However, in the acquisition of a business from an equity-accounted investee, Opera does not eliminate its share of gains or losses.

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 interests that in substance form part of its net investment, is reduced to zero, and the recognition of further losses is discontinued. However, additional losses are provided for, and a liability is recognized, to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

The Group has invested in preferred shares in OPay and StarMaker, both entities classified as associates of the Group. These preferred shares represent a long-term interest that in substance form part of the net investment in the associates. Due to their characteristics the preferred shares are not equity instruments and do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, the preferred shares are measured at fair value through profit or loss. The carrying amount of the preferred shares is presented as Investments in associates and joint ventures in the Statement of Financial Position, while changes in fair value is presented as Change in fair value of preferred shares in associates in the Statement of Operations. Losses recognized using the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the entity's interest in the associates, including preferred shares, in the reverse order of their seniority (i.e., priority in liquidation).

Business combinations and goodwill

Business combinations, except those occurring under common control, are accounted for using the acquisition method. Acquired businesses are included in the consolidated financial statements from the date the Group obtains control. The cost of an acquisition is measured as the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.



The Group initially measures goodwill at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is from the acquisition date allocated to the Group's cash generating units (CGUs) that are expected to benefit from the transaction.

Furniture, fixtures and equipment

Furniture, fixtures and equipment, including leasehold improvements, are recognized at cost, less accumulated depreciation and impairment losses.

Depreciation and amortization of furniture, fixtures and equipment is recognized on a straight-line basis over the asset's estimated useful life as follows:

- Leasehold improvements: Up to 6 years.
- Equipment: Up to 10 years.
- Furniture and fixtures: Up to 5 years.

Residual values, useful lives and the depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

At the end of each reporting period, furniture, fixtures and equipment are assessed for any indications of impairment. If there are indications implying that an asset may be impaired, the recoverable amount is estimated. See below for accounting policies for impairment of non-financial assets.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination, which for the group includes customer relationships and trademark, is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is recognized as an expense in the Statement of Operations in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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



Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of developing new features, together with significant and pervasive improvements of core platform functionality, that meet the criteria above for development activities are capitalized as separate assets or as additions to existing assets and amortized on a straight-line basis, generally over a period of up to 3 years. Intangible assets classified as technology acquired in the acquisition of Opera Norway AS in 2016 are amortized over 5 years.

Expenditures related to product maintenance, such as “bug fixes”, updates needed to comply with changes in laws and regulations, or updates needed to keep pace with the latest trends, are expensed in the period they are incurred.

Intangible assets related to customer relationships, which result from business combinations, are measured at cost less accumulated amortization and impairment losses and are amortized over the estimated customer relationship period up to 15 years. Customer relationship and trademark assets are evaluated for impairment at least annually and more frequently when circumstances warrant.

Leases

At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (and payments that are fixed in substance) less any lease incentives;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees; and
- the exercise price of any purchase option reasonably certain to be exercised by the Group, and payments of penalties for terminating a lease, if the lease term reflects the Group's expectation of exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period when the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the estimated incremental borrowing rate at the lease commencement date unless the interest rate implicit in the lease is readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment.



Lease payments on short-term leases of office properties and equipment, and leases of office equipment of low value are recognized as expenses on a straight-line basis over the lease term.

Prior to the implementation of IFRS 16 *Leases* as of January 1, 2019, the Group applied IAS 17 *Leases*. In accordance with IAS 17, a lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Group was classified as a finance lease. Additional details about the accounting policies applied prior to 2019 are provided below.

Finance leases, which for the Group primarily were related to network server equipment, were capitalized at the commencement of the lease at the inception date fair value of the leased equipment or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in finance costs in the Statement of Operations.

A leased asset was depreciated over the useful life of the asset, consistent with the useful lives for furniture, fixtures and equipment disclosed above. However, if there was no reasonable certainty that the Group would obtain ownership by the end of the lease term, the asset was depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease was a lease other than a finance lease. Operating lease payments were recognized as operating expenses in the Statement of Operations on a straight-line basis over the lease term.

Financial assets

The Group has the following financial assets:

- Loans and receivables: Trade receivables, other receivables, preferred shares and other current and non-current financial assets.
- Equity instruments: Holdings of publicly traded securities.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The Group did not have financial assets measured at fair value through other comprehensive income.

The classification of debt instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component are initially measured at the transaction price determined in accordance with the accounting policies for revenue recognition (see below). All other financial assets are initially measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Transaction costs of financial assets measured at fair value through profit or loss are expensed when incurred.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are measured at amortized cost if the financial assets satisfy the SPPI criteria and are held within a business model whose objective is to collect the contractual cash flows. If the financial asset is held within a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that are SPPI, the assets are measured at fair value through other comprehensive income. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of business model.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades, such as publicly traded securities) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, loans to associates and joint ventures and other loans. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Subsequent measurement at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Operations. This category includes listed equity instruments held for trading and preferred shares in OPay and StarMaker. Financial instruments are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derecognition

A financial asset is primarily derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities of the Group comprise of loans, borrowings and payables, including interest bearing loans, lease liabilities, trade payables, other payables and other current and non-current financial liabilities.

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the Statement of Operations when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.



Impairment

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the Statement of Operations. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group makes specific loss provisions at the level of specific invoices where information exists that management can utilize in its determination of credit risk. For trade receivables where no specific risk information is identified, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group normally considers a financial asset in default when contractual payments are 90 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Goodwill is tested for impairment annually as of December 31, and when circumstances indicate that the carrying value may be impaired.

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.

The Group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations cover a period of one year. Because the length of the projection period for the cash flow forecast where a CGU has goodwill or intangible assets with indefinite lives is into perpetuity, we identify a "steady state" set of assumptions for the cash flows based on an approach where we estimate cash flows for the following four years and then using the estimated cash flows in the final year of estimation as the basis for the terminal value. A long-term growth rate is calculated and applied to project future cash flows after the projected period. See Note 12 for more information.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.



Fair value measurement

The Group measures certain financial assets and liabilities, as disclosed in Note 16, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the investments in listed equity instruments, quoted market prices in active markets for identical assets form the basis for fair value measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

Revenue

The Group has the following primary sources of revenue:

- i. Search
- ii. Advertising
- iii. Technology licensing and other revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services (the transaction price).



Revenues from each of these categories are recognized as follows:

i. Search

Search revenue is generated when a user conducts a qualified search using a search partner (such as Google or Yandex) through the built-in combined address and search bar provided in Opera's PC and mobile browsers, or when otherwise redirected to the search partner via browser functionality. Search revenue is recognized in the period the qualified search occurs based upon the contractually agreed revenue share amount.

ii. Advertising

Advertising includes revenues from all other user-generated activities excluding search revenues. Advertising revenues include revenues from industry-standard ad units, predefined partner bookmarks ("Speed Dials") and subscriptions of various promoted services that are provided by the Group. Revenue is recognized when our advertising services are delivered based on the specific terms of the underlying contract, which are commonly based on revenue sharing, clicks, or subscription revenues collected by third parties on behalf of the Group.

The majority of advertising revenue is reported based on the amounts the Group is entitled to receive from advertising partners. In limited instances where the Group has developed or procured a service which it promotes to the users, the Group considers itself the principal party to a transaction and not an agent of another entity. In such cases, the Group will recognize revenue on a gross basis. In the Group's determination as to whether it is the principal, it considers its (i) responsibility to provide the service to the end-user; (ii) ability to determine pricing; (iii) exposure to risk. The associated costs for these transactions are included in the Statement of Operations within cost of revenue.

iii. Technology licensing and other revenue

Technology licensing and other revenue include other revenues that are not generated by the Group's user base, such as revenues from providing professional services, from device manufacturers and mobile communication operators. We generate such revenue from licensing of our proprietary compression technology and providing related maintenance, supporting and hosting services to third parties, as well as providing professional services, and enabling customized browser configurations to mobile operators. We also generate such revenue from providing development and managerial services to certain equity-accounted investees.

Licensing agreements may in addition to licensing of technology, include related professional services, maintenance and support, as well as hosting services. Depending on the customization and integration level, the software licenses are either distinct or not distinct performance obligations from related professional services, and accordingly, the licensing revenue is recognized either separately when control is transferred to the customer or together with the implementation services. Sale of licenses that are part of a multi-element contract where the license is not distinct from maintenance, support or hosting services, are recognized over the contract period.

Maintenance, support and hosting revenues are generally recognized ratably over the term that these services are provided.

Revenue from software developed specifically for one customer is recognized over the development period in line with the degree of completion, provided that the criteria for recognizing revenue over time defined in IFRS 15 are met.

Revenue from distinct professional services is recognized over the development period in line with the degree of completion.

Set-up activities that do not result in the transfer of a promised good or service, are not identified as a performance obligation to the customer. The costs of set-up activities are recognized as an asset, provided the criteria in IFRS 15 are met.



The allocation of revenue for contracts with multiple elements is based on the Group's estimate of its standalone selling prices. Such estimates are based on relevant historical information and can include past contracts with fewer elements, or the Group's typical hourly rates for professional services compared with an estimated number of hours required.

Revenue from operators is included in the "Technology licensing and other revenue" category even if there are variable components that scale with the number of users. This is related to the fact that such operator agreements typically contain licensing fees based on usage, as well as hosting and support services.

Other income

Other income is income which is not related to the Group's ordinary activities and is presented net of associated costs. Other income includes the gain from loss of control over subsidiaries and the gain on disposal of equity-accounted investees.

Personnel expenses

Personnel expenses, other than share-based payments to employees, include short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, performance-based bonuses and non-monetary benefits. It also includes expenses related to defined contribution schemes provided to employees as post-employment benefits. Personnel expenses are recognized at the undiscounted amount due to the employees or the de-facto employees when these have rendered service to the Group or when the liability otherwise arises.

Income taxes

Income tax expense consists of the sum of (i) current year income taxes payable plus (ii) the change in deferred taxes and liabilities, except if income taxes relate to items recognized in other comprehensive income, in which case it is recognized in other comprehensive income.

Current year income taxes payable is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year-end date, and any adjustment to tax payable in respect of previous years. The Group includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid.

Deferred tax is provided using the 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 amount of deferred tax provided is based on the expected manner of realization or settlement of the underlying items, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is only recognized to the extent that it is probable that future taxable profits will allow the deferred tax asset to be realized. Recognized assets are reversed when realization is no longer probable. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

Income taxes include all domestic and foreign taxes, which are based on taxable profits, including withholding taxes.



Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is a disposal group classified as held for sale, and

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Operations. In 2020, the Group disposed of its microlending business and terminated its retail business, both classified as discontinued operations. Additional disclosures on discontinued operations are provided in Note 9. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

The Statement of Cash Flows, which is prepared based on the indirect method, reflects the cash flows of discontinued operations up to the date of disposal. Items of working capital, such as receivables and payables, that are disposed of, are eliminated from the balance sheet changes to such items in the reconciliation of profit to operating cash flows. The amount of cash and cash equivalents in subsidiaries disposed of is classified as an investing activity at the time of disposal.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The Group has received government grants that relate to the development of technology, which includes expenditures that are capitalized. Those government grants are deducted in arriving at the carrying amount of the asset. Government grants related to income are recognized as Other income in the Statement of Operations.

Treasury shares

Treasury shares are shares in Opera Limited, the parent, that are reacquired under a repurchase program. Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in the Statement of Operations on the purchase, sale, reissue or cancellation of the Group's own equity instruments.

2.4 Significant accounting estimates, judgments and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses, and the accompanying disclosures. The estimates and 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 continuously. 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.

The following summarizes the most significant judgments and estimates in preparing the consolidated financial statements.

F-20



Fair value of investment in Nanobank

On August 19, 2020, the Group contributed TenSpot Pesa Limited and its subsidiaries to Nanobank, a related party, in exchange for the Group obtaining an ownership interest of 42% in Nanobank. The Group concluded that the investment in Nanobank is an associate to be accounted for in accordance with the equity method. The cost of the investment in Nanobank, i.e., the amount at which it initially was recognized, was the estimated fair value of the investment as of August 19, 2020. The Group estimated the fair value using a combination of methodologies, including income and market-based approaches. Under the income approach, the Group estimated expected future cash flows for each component of Nanobank and then discounted those cash flows using an estimated weighted average cost of capital ("WACC"). The estimates for future cash flows were based on assumptions that included the number of loans to customers, nominal size of loans, amount of interest and fees generated and credit losses. The estimate for WACC was based on estimates for risk-free rate, beta, equity risk premium, cost of debt and a company-specific risk premium. Under the market approach, the Group used judgment in identifying comparable companies. Based on the combination of the income and market approaches, the Group concluded that the estimate for fair value of the investment in Nanobank as of August 19, 2020, was US\$265.9 million, which became the deemed cost of the investment. See Notes 13 and 26 for more information.

On acquisition of the investment in Nanobank, the Group used assumptions in identifying and valuing the assets and liabilities of the entity, including goodwill. The Group identified intangible assets that were not separately recognized by Nanobank, including trademarks, technology, customer relationships and licenses. For all identified assets and liabilities, the Group estimated their fair values as of August 19, 2020. In estimating the fair value of the trademarks and technology assets, the Group used a relief-from-royalty method that included estimates for royalty rates and future revenue related to the trademarks. In estimating the fair value of the customer relationships, the Group estimated future revenue from the customer base of Nanobank and the churn rate for customers. The identified licenses were valued using a combination of a cost-based approach that estimated the cost of acquiring the licenses and a market-based approach under which the Group estimated a transaction price for similar licenses. For all identified assets, the Group used judgment in determining their useful lives.

Significant influence over OPay and basis of accounting for investment

The Group determined that it has significant influence over OPay Limited even though it was diluted in 2019 from holding 19.9% to 13.1% of the voting rights in the company and does not have a direct representation on the board of directors. In determining that it has significant influence, the Group considered the influence its chairman and CEO is capable of exercising on its behalf. The Group's chairman and CEO is also the chairman and CEO of OPay, though appointed as a representative of a personal investment entity, which also is an investor in OPay. Based on the assessment that the chairman and CEO of the Group is capable of exercising significant influence in OPay on behalf of the Group, it was determined that it has power to participate in the financial and operating policy decisions of OPay and thus the investment was classified as an associate.

The Group holds preferred shares in OPay, acquired in 2019, as disclosed in Notes 13 and 16. While the preferred shares have characteristics similar to equity instruments, the Group determined that the rights and benefits inherent in the preferred shares, including redemption rights and liquidation preference, entail that they in substance are debt instruments. Consequently, the Group classified the preferred shares as financial instruments measured at fair value through profit or loss. The carrying amount of the preferred shares is part of the Group's net investment in OPay. The Group applied significant judgment in determining the share of net income (loss) to be recognized under the equity method. The Group considered the rights and benefits of all classes of shares issued by OPay and determined that the Group's share was to be calculated based on its number of ordinary shares relative to the total number of shares outstanding, including preferred shares, opposed to only the total number of ordinary shares outstanding.



Fair value of preferred shares in associates

The Group has invested in preferred shares in OPay and StarMaker, both entities classified as associates of the Group. These preferred shares represent a long-term interest that in substance form part of the net investment in the associates. Due to their characteristics the preferred shares are not equity instruments and do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, the preferred shares are measured at fair value through profit or loss.

The fair values of preferred shares in OPay and StarMaker as of December 31, 2020, were measured using methods and techniques that reflect the economic rights and benefits of the preferred shares. These rights and benefits include redemption rights and liquidation preferences. A combination of the following three valuation methods was used to estimate the fair value of the preferred shares: Probability weighted expected return model ("PWERM"); Option pricing model ("OPM"); and Current value method ("CV"). These models, which also were used to estimate fair values as of December 31, 2019, build on estimates, such as discount for lack of marketability and the fair value of equity in OPay and StarMaker. Moreover, the PWERM model is based on estimates for future scenarios and outcomes, including sale transactions, initial public offering, dissolution, and redemption. More details on the models and input are provided in Note 16.

Collectability of consideration from Powerbets

In order to recognize revenue from a contract with a customer within the scope of IFRS 15, certain criteria must be met, including it being probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the customer's ability and intention to pay that amount of consideration, which may involve significant judgment.

Effective from the beginning of 2020, the Group determined that it was not probable that it would collect the consideration to which it was entitled for services provided to Powerbets during the year and as a result, the Group did not recognize any revenue from these services. However, in 2019, the Group determined that at the time the collectability criterion was met and based on this the Group recognized US\$2,210 thousand as revenue from contracts with Powerbets (2018: US\$4,369 thousand). As of December 31, 2020, the total amount of outstanding trade receivables due from Powerbets was US\$6,579 thousand (December 31, 2019: US\$6,579 thousand).

In assessing whether the collectability criterion was met for contracts with Powerbets, management considered the likelihood of and timing for when Powerbets will start generating net cash inflows from its operating activities and other factors that are relevant in assessing the timing of revenue recognition and collectability of related accounts receivable.



The Group disposed of its equity investment in Powerbets in December 2020. See Notes 13, 14 and 26 for more information.

As of December 31, 2020, the Group estimated the lifetime expected credit losses on trade receivables and long-term loans due from Powerbets. In estimating the cash flows the Group expects to receive, it considered a range of possible outcomes, which were assigned weights based on probabilities. Possible outcomes included scenarios in which Powerbets starts generating sufficient cash flows from its operating activities to settle the receivables and capital contributions from new investors in the company. The Group determined that the probability-weighted best estimate for amount to be collected was nil and consequently that the trade receivables and the long-term loans were fully impaired. Consequently, the Group recognized an impairment loss of US\$10,476 thousand, of which US\$6,579 thousand was related to trade receivables and US\$3,897 thousand was related to long-term loans. Due to the distinct nature of the expense, the impairment loss was recognized on a separate line item in the Statement of Operations as "Credit loss expense related to divested joint venture".

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Goodwill and the Opera brand ("Trademark"), which have indefinite useful lives, were tested for impairment as of December 31, 2020, based on estimates of value in use for the CGUs to which the goodwill and Trademark are allocated. The goodwill recognized by the Group is predominantly allocated to the Browser and News CGU, with a smaller amount allocated to the Other CGU. The Trademark is allocated to the Browser and News CGU. The value in use calculation is based on a discounted cash flow ("DCF") model. It requires management to estimate future cash flows expected to arise from the CGU, discounted using a suitable discount rate. The key assumptions in determining the value in use are the expected future cash flows, long-term growth rate and the discount rate. The key assumptions, including a sensitivity analysis, are disclosed in Note 12.

Capitalized development costs

The Group capitalizes expenditure incurred in the development of new products and services. Initial capitalization of expenditure is based on management's judgment that the project meets all of the six criteria discussed above in the accounting policy for intangible assets. Assessing if and when all of these criteria are met is based on judgment, which takes into account past experiences and expectations about the technical ability to complete the asset as intended.

The Group periodically, and when circumstances warrant, reviews capitalized costs to evaluate whether there are indicators of impairment for individual assets. If indicators of impairment are identified, the Group tests the asset or CGU to which it is included for impairment in accordance with the principles discussed above. In the event the Group abandons a development project, the asset is written off immediately. See Note 12 for more information.



NOTE 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019. Several amendments to IFRSs apply for the first time in 2020 but these did not have an impact on the consolidated financial statements of the Group. Except for the amendments to IFRS 10 and IAS 28 for sales or contributions of assets between an investor and its associate or joint venture, the Group has not early adopted standards, interpretations or amendments that have been issued but are not yet effective. See Note 2 for information about the Group's accounting policies.

3.2 New standards, interpretations and amendments not yet effective

The following new and amended standards that are issued, but not yet effective, are not expected to have a material impact on the Group's consolidated financial statements:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37).
- IFRS 17 Insurance Contracts.
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure Initiative – Accounting Policies (Amendments to IAS 1).

F-24



NOTE 4. SEGMENT AND REVENUE INFORMATION

For management reporting purposes, the Group is organized into business units based on its products and services, and has two reportable segments:

- Browser and News
- Other

The prior segments "Retail" and "Fintech" (relating to fintech businesses in emerging markets) were discontinued in 2020 and are no longer presented, with prior period results presented net as results from discontinued operations.

An operating segment captures relatively distinct business activities from which the Group earns revenue and incurs expenses. Furthermore, the segments' operating results are regularly reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the various business activities and to assess performance. Management has determined that the CEO, who is also the Chairman of the Board, is the Group's CODM.

The operating and reportable segments are based on the Group's main categories of products and services. The segment profit or loss is the Contribution by segment, which is calculated as revenue, less (i) technology and platform fees, (ii) content cost, (iii) cost of inventory sold, (iv) other cost of revenue (v) marketing and distribution expense, and (vi) credit loss expense.

The Browser and News segment includes the Group's PC and mobile browser business as well as the Opera News platform, both as leveraged within the Group's browsers and as made available through standalone apps. These products have similar characteristics and are often closely bundled. The segment Other includes licensing of the Group's proprietary technology to third parties, related maintenance, support and hosting services, providing professional services, and providing customized browser configurations to mobile operators.

[US\$ thousands]

Segments	Year ended December 31, 2018		
	Browser and News	Other	Total
Revenue			
Revenue from contracts with customers	138,444	22,890	161,334
Total revenue	138,444	22,890	161,334
Technology and platform fees	(3,644)	-	(3,644)
Content cost	(77)	5	(72)
Cost of inventory sold	-	-	-
Other cost of revenue	84	(6,853)	(6,769)
Marketing and distribution expenses	(31,336)	-	(31,336)
Credit loss expense	678	-	678
Direct expenses	(34,295)	(6,848)	(41,143)
Contribution by segment	104,149	16,042	120,191

[US\$ thousands]

Segments	Year ended December 31, 2019		
	Browser and News	Other	Total
Revenue			
Revenue from contracts with customers	154,968	22,110	177,078
Total revenue	154,968	22,110	177,078
Technology and platform fees	(796)	-	(796)
Content cost	(1,545)	-	(1,545)
Cost of inventory sold	-	(208)	(208)
Other cost of revenue	(301)	(11,389)	(11,690)
Marketing and distribution expenses	(64,685)	(198)	(64,883)
Credit loss expense	(448)	(129)	(577)
Direct expenses	(67,775)	(11,924)	(79,699)
Contribution by segment	87,193	10,186	97,379

F-25



[US\$ thousands]

Segments	Year ended December 31, 2020		
	Browser and News	Other	Total
Revenue			
Revenue from contracts with customers	155,472	9,584	165,056
Total revenue	155,472	9,584	165,056
Technology and platform fees	(3,315)	-	(3,315)
Content cost	(4,312)	-	(4,312)
Cost of inventory sold	-	(700)	(700)
Other cost of revenue	140	(3,925)	(3,785)
Marketing and distribution expenses	(47,042)	(818)	(47,860)
Credit loss expense	(568)	(1,281)	(1,849)
Direct expenses	(55,097)	(6,724)	(61,821)
			-
Contribution by segment	100,375	2,860	103,235

The table below specifies the items of income and expenses that are not included in the measure of segment profit as they are managed and monitored on a group basis.

[US\$ thousands]

Reconciliation	Year ended December 31,		
	2018	2019	2020
Contribution by segment	120,191	97,379	103,235
Other income	-	-	11,542
Personnel expenses including share-based remuneration (1)	(34,719)	(51,283)	(59,977)
Credit loss expense related to divested joint venture	-	-	(10,476)
Depreciation and amortization	(12,694)	(18,843)	(20,234)
Other expenses (1)	(28,397)	(27,791)	(26,538)
Share of net income (loss) of associates and joint ventures	(3,248)	(3,818)	2,005
Change in fair value of preferred shares in associates	-	37,900	24,000
Finance income	1,626	10,532	13,633
Finance expense	(1,694)	(655)	(516)
Net foreign exchange gains (losses)	(365)	(25)	833
Profit before income taxes from continuing operations	40,700	43,396	37,507

(1) Certain personnel and other expenses are included as part of "other cost of revenue" in the measure of segment profit. Accordingly, the amounts for personnel and other expenses in this reconciliation are not consistent with the equivalent amounts in the Statement of Operations.

Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers.

[US\$ thousands]

Segments	Year ended December 31, 2018		
	Browser and News	Other	Total
Type of goods or service			
Search	80,204	-	80,204
Advertising	58,240	-	58,240
Technology licensing and other revenue	-	22,890	22,890
Total revenue from contracts with customers	138,444	22,890	161,334



[US\$ thousands]

Segments	Year ended December 31, 2019		
	Browser and News	Other	Total
Type of goods or service			
Search	86,155	-	86,155
Advertising	68,813	-	68,813
Technology licensing and other revenue	-	22,110	22,110
Total revenue from contracts with customers	154,968	22,110	177,078

[US\$ thousands]

Segments	Year ended December 31, 2020		
	Browser and News	Other	Total
Type of goods or service			
Search	84,180	-	84,180
Advertising	71,292	216	71,508
Technology licensing and other revenue	-	9,368	9,368
Total revenue from contracts with customers	155,472	9,584	165,056

The table below presents the revenue by customer location.

[US\$ thousands]

Revenue by customer location	Year ended December 31,		
	2018	2019	2020
Ireland	76,791	81,637	80,059
Russia	17,356	17,265	15,239
Other	67,187	78,176	69,758
Total	161,334	177,078	165,056

Revenue by country is based upon the customers' countries of domicile, which is not necessarily an indication of where activities occur because the end-users of the Group's products are located worldwide.

The Group has two customer groups that each has exceeded 10% of the Group's revenue in the periods below.

[US\$ thousands]

	Year ended December 31,		
	2018	2019	2020
Customer group 1	67,882	74,572	76,184
Customer group 2	17,017	17,758	16,281

Revenue from Customer group 1 includes both search and advertising services, while revenue from Customer group 2 includes only search services.

Other income

The table below specifies the nature of other income.

[US\$ thousands]

Other income	Year ended December 31,		
	2018	2019	2020
Gain from disposal of subsidiaries (See Note 26)	-	-	5,289
Gain from divestment of joint venture (See Note 13)	-	-	2,063
Government granted VAT refund in China	-	-	4,030
Other items	-	-	160
Total	-	-	11,542



NOTE 5. PERSONNEL EXPENSES INCLUDING SHARE-BASED REMUNERATION

The table below specifies the amounts of personnel expenses including share-based remuneration.

[US\$ thousands] Personnel expenses including share-based remuneration	Year ended December 31,		
	2018	2019	2020
Salaries incl. bonuses	26,733	42,185	40,301
Social security cost, excluding amounts related to share-based remuneration	3,428	3,774	4,624
External temporary hires	1,687	2,474	7,090
Defined-contribution pension cost	2,066	3,616	3,279
Other personnel related expenses	2,244	4,345	2,103
Personnel expenses excluding share-based remuneration	36,158	56,395	57,397
Share-based remuneration, including related social security costs	4,846	5,928	4,706
Total	41,004	62,323	62,103

The amount of expensed versus capitalized development cost is detailed in the following table.

[US\$ thousands] Research and development expenditure	Year ended December 31,		
	2018	2019	2020
Total research and development expenditure	26,418	34,143	38,736
Less: Capitalized development expenditure excluded from personnel expenses	4,545	4,056	7,110
Net expensed research and development expenditure	21,873	30,087	31,626

The table below specifies the amount of compensation to key management personnel, which include Officers and Directors of the Group.

[US\$ thousands] Compensation of key management personnel	Year ended December 31,		
	2018	2019	2020
Short-term employee benefits	843	2,121	2,032
Post-employment and medical benefits	57	59	51
Share-based remuneration	621	536	1,179
Total	1,521	2,716	3,262

The amounts disclosed as short-term benefits in the table above are the amounts recognized as an expense during the reporting period. In 2019, the Chairman and CEO started receiving remuneration from the Group. The cost of equity grants to Officers that vested in 2020 was \$1,179 thousand, compared to US\$536 thousand in 2019 and US\$621 thousand in 2018. No loans have been granted and no guarantees have been issued to key management personnel. Key management personnel do not have any agreements for compensation upon termination or change of employment or directorship.

Share-based remuneration

On April 7, 2017, the Group adopted an RSU (Restricted Share Unit) plan for employees of the Group. The program was transferred to the Group's new parent company, Opera Limited, in connection with the Group's IPO in 2018. Awards equal to 10% of the equity of the Company are made available for grants.

On January 10, 2019, the Group amended and restated its share incentive plan. The plan was adopted for the purpose of rewarding, attracting and retaining employees of the Group. Under the amended plan, a total of 20,000,000 ordinary shares are issuable to employees, corresponding to 10,000,000 ADSs. For the purpose of these consolidated financial statements, all counts of RSUs and options, as well as per-unit values, are communicated as converted to ADS equivalent units.

In 2020, RSU grants corresponding to 401,818 ADSs were made. The average vesting schedule for the majority of 2020 grants were 25% on each January 1 of the years 2021-2024.

The equity unit value applied for the 2020 RSU grants was determined based on the market value of the Company on the date of each grant and was determined by Monte Carlo simulation as specified below. The table presents the weighted average values across grants within each category of equity award instruments. The equity cost of each award is recognized on a straight-line basis over the vesting period.



The Group accrues for relevant social security costs based on the most recent available measure of the equity value, with the same straight-line recognition over the vesting period. As of December 31, 2020, social security cost was accrued based on the period-end market value of the Company.

The expense recognized for the employee services received is shown in the following table.

[US\$ thousands] Expense from share-based payment transactions	Year ended December 31,		
	2018	2019	2020
Expense arising from equity-settled share-based payment transactions (1)	4,846	5,928	4,706
Expense arising from cash-settled share-based payment transactions	-	-	-
Total	4,846	5,928	4,706

(1) Including accrued social security cost.

Movements during the period: Number of RSUs and options as expressed in equivalent ADSs:

RSUs	Year ended December 31,	
	2019	2020
Outstanding at period start	4,244,132	2,983,940
Granted during the period	1,019,000	401,818
Forfeited during the period	(550,700)	(346,200)
Exercised during the period	(1,728,492)	(1,122,818)
Expired during the period	-	-
Outstanding at period end	2,983,940	1,916,740

Options	Year ended December 31,	
	2019	2020
Outstanding at period start	-	150,000
Granted during the period	150,000	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at period end	150,000	150,000

The weighted average remaining vesting period for the equity instruments outstanding as of December 31, 2020, was 0.73 years (December 31, 2019: 0.95 years).

Fair value measurement per awarded equity unit as converted to ADS equivalent:

	2019 grants: RSU valuation input	2019 grants: Option valuation input	2020 grants: RSU valuation input	2020 grants: Option valuation input
Equity unit price valuation (\$)	9.09(3)	7.42	8.07	N/A
Model Used	Monte Carlo	Black-Scholes	Monte Carlo	
Expected Volatility (%) (1), (2)	40.00%	40%	40.00%	
Risk free interest rate (%) (1)	1.70%	2.43%	0.58%	
Dividend Yield (%)	0%	0%	0%	
Duration of initial simulation period (years to longstop date)	3.16	4.81	3.81	
Duration of second simulation period with postponed exercise (years)	3.00	N/A	3.00	
Fair value at the measurement date (\$)	8.92	2.36	7.84	

(1) Specified value is 4 years (modelled on yearly basis).

(2) Based on a defined peer group of companies considered comparable to the Group.

(3) Weighted average equity unit price valuation of all grants in 2020.



NOTE 6. OTHER EXPENSES

The table below specifies the nature of other expenses.

[US\$ thousands] Other expenses	Year ended December 31,		
	2018	2019	2020
Hosting	10,146	7,344	8,056
Audit, legal and other advisory services (1)	8,323	6,742	10,863
Software license fees	1,799	2,397	1,882
Rent and other office expenses	4,573	4,175	3,318
Travel	2,057	3,903	1,304
Other	1,776	3,686	2,774
Total	28,674	28,248	28,197

(1) Amount in 2020 includes US\$3,543 thousand related to actions taken following a short seller report.

F-30



NOTE 7. FINANCE INCOME AND EXPENSE

[US\$ thousands] Finance income	Year ended December 31,		
	2018	2019	2020
Interest income	1,375	2,045	326
Other finance income	251	10	275
Net fair value gain related to listed equity instruments (1)	-	8,477	13,033
Total	1,626	10,532	13,633

[US\$ thousands] Finance expense	Year ended December 31,		
	2018	2019	2020
Interest expense	182	562	447
Other financial cost	27	93	69
Net fair value loss related to listed equity instruments (1)	1,485	-	-
Total	1,694	655	516

(1) The increase in fair value of listed equity instruments is the net gain from our investments of listed equity instruments in 2019 and 2020. In 2018, the investments in listed equity instruments resulted in a net loss, classified as a finance expense. See Note 16 for more information.

[US\$ thousands] Foreign exchange gain (loss)	Year ended December 31,		
	2018	2019	2020
Unrealized foreign exchange gain (loss)	(1,116)	166	2,365
Realized foreign exchange gain (loss)	751	(191)	(1,532)
Total	(365)	(25)	833

F-31



NOTE 8. INCOME TAX

A summary of income tax (expense) benefit is as follows.

[US\$ thousands]	Year ended December 31,		
	2018	2019	2020
Income tax (expense) benefit			
Current income taxes	(4,322)	(5,112)	1,983
Currency effect on income tax (expense) benefit and adjustments recognized in the period for current tax of prior periods (1)	(615)	(322)	(1,272)
Deferred taxes	(1,544)	(168)	1,164
Income tax (expense) benefit	(6,481)	(5,602)	1,876
Income tax (expense) benefit is attributable to:			
Profit from continuing operations	(6,481)	(2,658)	(75)
Profit from discontinued operation	-	(2,944)	1,950

(1) Currency effect on income tax (expense) benefit due to corporate income tax filing in NOK for Norwegian entities with USD as functional currency.

The Group's parent company is domiciled in the Cayman Islands, where the applicable tax rate is zero. With the headquarter of the Group being located in Norway and a large share of the income from the browser and news segment being recognized by Opera Norway AS, the reconciliation of the expected to actual income tax (expense) benefit effective tax rate is based on the applicable tax rate in Norway, which was 22% in 2020 and 2019 (2018: 23%). The tax rate in Norway will remain 22% in 2021.

[US\$ thousands]	Year ended December 31,		
	2018	2019	2020
Reconciliation of tax (expense) benefit to Norwegian nominal statutory tax rate			
Profit from continuing operations before income tax expense	40,700	43,396	37,507
Profit from discontinued operation before income tax expense	941	20,105	139,792
Basis for calculation of the tax (expense) benefit	41,641	63,500	177,299
Tax expense at nominal tax rate in Norway	(9,577)	(13,970)	(39,006)
Effect of different tax rates applied by subsidiaries	(167)	(2,118)	11,543
Permanent differences			
Tax effect of translation differences exempted for tax	218	1,155	99
Tax effect of financial items exempted from tax	1,726	1,917	20,143
Tax effects of losses in associates and joint ventures which are non-deductible	(744)	383	2,200
Withholding taxes paid	-	(232)	(271)
Net other permanent differences (not) tax deductible	(617)	4,269	5,313
Other effects			
Change to previously recognized deferred tax assets	1,589	27	246
Currency effect on income tax (expense) benefit, adjustments recognized in the period for current tax of prior periods and other effects	(615)	3,162	670
Change in unrecognized deferred tax assets	1,144	(314)	952
Change in tax rate	561	119	(14)
Income tax (expense) benefit for the year	(6,481)	(5,602)	1,876
Effective tax rate	15.6%	8.8%	-1.1%

F-32



The following summarizes the Group's deferred tax assets and liabilities.

[US\$ thousands] Deferred tax asset and deferred tax liability	As of December 31,	
	2019	2020
Furniture, fixtures and equipment, and intangible assets	22,703	21,969
Other	(8,479)	(1,274)
Trade receivables	(121)	(591)
Intercompany interest costs subject to limitations	(7,714)	(9,361)
Withholding tax expected to be credited (credit method)	(1,065)	(364)
Tax losses carried forward	(1,003)	(3,017)
Net deferred tax liability recognized	4,322	7,362

The following summarizes the Group's changes in deferred taxes during the periods.

[US\$ thousands] Change in net deferred tax liability	As of December 31,	
	2019	2020
Net deferred tax liability as of January 1	12,414	4,322
Expense (benefit) in Statement of Operations	(8,092)	3,040
Net deferred tax liability	4,322	7,362

[US\$ thousands] Deferred tax assets and liabilities	As of December 31,	
	2019	2020
Deferred tax assets	6,204	4,383
Deferred tax liabilities	10,526	11,745
Net deferred tax liability	4,322	7,362

Deferred tax liability related to furniture, fixtures and equipment

The deferred tax liability relates mainly to excess values identified in the purchase price allocation performed in accounting for the acquisition of Opera Norway AS (formerly Opera Software AS) with subsidiaries in 2016.

Deferred tax assets on interest charges carried forward

Deferred tax assets relate to Norwegian limitations to interest deductions on intercompany loans, carried forward due to restrictions. The interest subject to limitations must be utilized within ten years.

Management has assessed that there is convincing evidence that future taxable profits will be available in order to utilize the interest charges within the time restriction period.



NOTE 9. DISCONTINUED OPERATIONS

On August 19, 2020, the board of directors of the Company approved a transaction in which TenSpot Pesa Limited, a wholly owned subsidiary at the time, was to be contributed to a subsidiary of NanoCred Cayman Company Limited ("Nanobank") in exchange for the Group obtaining an ownership interest of 42% in Nanobank. As part of the transaction, the Group agreed to transfer receivables due from TenSpot Pesa Limited to Nanobank. The transaction was completed on the same date. The business of TenSpot Pesa Limited and its subsidiaries represented the entirety of the Group's fintech operating segment at the time, comprising of apps in emerging markets that offered instant microloans to approved borrowers. Since TenSpot Pesa Limited and its subsidiaries represented a separate major line of business of the Group, it has been classified as a discontinued operation. The fintech segment is no longer presented in the segment note. Because TenSpot Pesa Limited and its subsidiaries represented a business, the Group recognized the gain from loss of control as the difference between the fair value of the 42% ownership interest in Nanobank obtained and the net carrying amount of equity in TenSpot Pesa Limited. The gain was presented as a component of the profit from discontinued operations. See Notes 13 and 26 for information on the Group's investment in Nanobank.

On September 25, 2020, the Group decided to terminate the retail operating segment under which the Group sold prepaid airtime and handsets. The retail segment was conducted in PT Inpesa Digital Teknologi and Opera Lifestyle, two wholly owned subsidiaries. The retail business was completely terminated prior to December 31, 2020. The retail operating segment represented a separate major line of business and was thus classified as a discontinued operation and is no longer presented in the segment note.

The results of TenSpot Pesa Limited and its subsidiaries up until August 19, 2020, and the discontinued operations of PT Inpesa Digital Teknologi and Opera Lifestyle, are presented in the table below.

[US\$ thousands]	Year ended December 31,		
	2018	2019	2020
Discontinued operations			
Revenue	10,942	157,776	136,246
Expenses	(10,001)	(137,671)	(147,822)
Profit (loss) before income tax	941	20,105	(11,576)
Income tax (expense) benefit	-	(2,944)	1,950
Profit (loss) after income tax	941	17,161	(9,626)
Gain on sale of the subsidiary after income tax	-	-	151,368
Profit from discontinued operation	941	17,161	141,742
Exchange differences on translation of discontinued operations	(11)	(1,134)	(1,802)
Other comprehensive loss from discontinued operations	(11)	(1,134)	(1,802)

TenSpot Pesa Limited and its subsidiaries generated revenue from instant app-based microloans to customers in exchange for an origination fee that remained fixed regardless of any early repayment. The origination fee was compensation for the credit risk and time value of money. Additional fees in the form of interest accrued only if and after a loan was not repaid by its due date. While loans to customers were classified as financial assets measured at fair value through profit or loss, changes in fair value were disaggregated into interest income and credit losses. Interest income, presented as revenue, was recognized when the interest was accrued based on the effective interest rate – the rate that at inception exactly discounts the estimated contractual future cash receipts through the expected life of the loans to the disbursed amount.

Revenue from the retail business was recognized when the contracted good or service was transferred to the customer, after which the Group did not have any remaining obligations, except for a potential obligation to provide refunds to customers in some arrangements if certain criteria were met. This right of refund created variability in the transaction price. The amount of revenue recognized included variable consideration to which the Group expected to be entitled. Customers' right of refund did not materially impact the amount of revenue recognized. The Group updated its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The table below presents the calculation of the gain on loss of control over TenSpot Pesa Limited.

[US\$ thousands]	As of August 19, 2020
Gain on sale of fintech segment	
Fair value of shares in Nanobank	264,936
Carrying amount of net assets disposed of	(22,766)
Carrying amount of TenSpot Pesa Limited receivables transferred to Nanobank	(87,867)
Gain on sale before income tax and reclassification of foreign currency translation reserve	154,304
Reclassification of foreign currency translation reserve	(2,936)
Income tax expense on gain	-
Gain on sale after income tax	151,368



The table below provides a specification of the assets and liabilities disposed of.

[US\$ thousands]	As of August 19, 2020
Assets and liabilities of the fintech segment, as disposed of	
Furniture, fixtures and equipment	1,014
Non-current financial assets	566
Deferred tax assets	7,467
Trade receivables	1,377
Loans to customers	17,983
Other receivables	45,445
Prepayments	4,703
Cash and cash equivalents	38,957
Total assets	117,512
Non-current lease liabilities and other loans	8
Other non-current liabilities	4
Trade and other payables	6,376
Current lease liabilities and other loans	87,879
Income tax payable	246
Deferred revenue	17
Other current liabilities	457
Total liabilities	94,987

The table below presents the net cash flows incurred by TenSpot Pesa Limited, its subsidiaries, and the discontinued operations of PT Inpesa Digital Teknologi and Opera Lifestyle:

[US\$ thousands]	Year ended December 31,		
Net cash flows incurred by discontinued operations	2018	2019	2020
Net cash inflow from operating activities	(3,349)	(108,813)	65,806
Net cash inflow/(outflow) from investing activities	(227)	(507)	(576)
Net cash (outflow) from financing activities	5,963	125,675	(44,711)
Net cash (outflow)/inflow	2,387	16,354	20,518

As of August 19, 2020, TenSpot Pesa Limited and its subsidiaries had US\$39.3 million in cash and cash equivalents, which were derecognized by the Group when accounting for the loss of control.

The table below presents the basic and diluted earnings per share from discontinued operations.

[Net income per share and ADS in US\$]	Year ended December 31,		
Earnings per share from discontinued operations	2018	2019	2020
Basic net income from discontinued operations per share, US\$	0.00	0.08	0.60
Diluted net income from discontinued operations per share, US\$	0.00	0.07	0.60
Basic net income from discontinued operations per ADS, US\$	0.01	0.15	1.21
Diluted net income from discontinued operations per ADS, US\$	0.01	0.15	1.19



NOTE 10. NET INCOME PER SHARE

Basic net income per share is calculated by dividing the net income for the year attributable to ordinary equity holders of Opera Limited by the weighted average number of ordinary shares outstanding during the year. Diluted net income per share is calculated by dividing the net income attributable to ordinary equity holders of Opera Limited by the weighted average number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued pursuant to our employee equity program based on period-average employee equity awards. The net dilutive effect of these awards is determined by application of the treasury stock method related to the share equivalents of unrecognized share compensation expense on employee equity grants outstanding at period end.

The net income per share calculation for all periods prior to the Initial Public Offering reflects 200 million shares as outstanding, less 9.75 million shares that were surrendered by two shareholders upon completion of the IPO. As of December 31, 2020, the total number of shares outstanding for Opera Limited was 228,285,684, each with a par value of US\$0.0001.

The following tables show the income and share data used in the basic and diluted net income per share calculations.

[Net income in US\$ thousands] Net income attributable to the owners of the parent	Year ended December 31,		
	2018	2019	2020
Continuing operations	34,219	40,739	37,432
Discontinued operations	941	17,161	141,742
Net income attributable to the owners of the parent for basic and diluted earnings	35,160	57,899	179,174
Issued ordinary shares at beginning of period	190,250,000	220,119,343	237,826,326
Effect of shares issued	12,504,070	7,422,487	1,889,770
Effect of treasury shares held	(133,681)	(2,913,330)	(5,146,244)
Basic weighted-average number of ordinary shares in the period	202,620,388	224,628,500	234,569,852
Effect of employee equity grants	6,107,813	4,437,167	2,816,613
Diluted weighted-average number of ordinary shares in the period	208,728,201	229,065,667	237,386,466
Basic net income from continuing operations per share, US\$	0.17	0.18	0.16
Basic net income per share, US\$	0.17	0.26	0.76
Diluted net income from continuing operations per share, US\$	0.16	0.18	0.16
Diluted net income per share, US\$	0.17	0.25	0.75

Opera Limited, the parent, has American Depositary Shares (ADSs) listed on Nasdaq, trading under the OPRA ticker symbol. Each ADS represents two ordinary shares in the parent. The table below specifies net income per ADS.

[Net income in US\$ thousands] Net income attributable to the owners of the parent	Year ended December 31,		
	2018	2019	2020
Continuing operations	34,219	40,739	37,432
Discontinued operations	941	17,161	141,742
Net income attributable to the owners of the parent for basic and diluted earnings	35,160	57,899	179,174
ADS equivalent of basic weighted-average number of ordinary shares	101,310,194	112,314,250	117,284,926
ADS equivalent of diluted weighted-average number of ordinary shares	104,364,101	114,532,833	118,693,233
Basic net income from continuing operations per ADS, US\$	0.34	0.36	0.32
Basic net income per ADS, US\$	0.35	0.52	1.53
Diluted net income from continuing operations per ADS, US\$	0.33	0.36	0.32
Diluted net income per ADS, US\$	0.34	0.51	1.51



NOTE 11. FURNITURE, FIXTURES AND EQUIPMENT

[US\$ thousands]	Office properties	Furniture and fixtures	Equipment	Leasehold improvements	Total
Cost					
As of January 1, 2019	6,739	629	32,804	1,738	41,911
Additions	1,228	243	9,197	78	10,746
Disposals	-	-	(13,672)	-	(13,672)
Exchange rate differences	-	5	(321)	(69)	(385)
As of December 31, 2019	7,967	878	28,008	1,747	38,601
Additions	1,135	198	2,259	17	3,608
Additions through business combinations	-	-	11	-	11
Disposals	(852)	(284)	(1,205)	(37)	(2,377)
Exchange rate differences	-	(19)	632	7	619
As of December 31, 2020	8,250	773	29,705	1,733	40,462
Depreciation and impairment					
As of January 1, 2019	-	324	13,831	628	14,780
Depreciation for the year	1,766	139	8,585	258	10,748
Disposals	-	-	(12,994)	-	(12,994)
Exchange rate differences	-	1	24	(17)	8
As of December 31, 2019	1,766	464	9,446	869	12,543
Depreciation for the year	2,221	128	7,301	260	9,912
Disposals	(71)	(12)	(77)	(5)	(164)
Exchange rate differences	-	5	-	-	5
As of December 31, 2020	3,917	586	16,670	1,124	22,295
Net book value as of December 31, 2019	6,201	415	18,562	878	26,053
Net book value as of December 31, 2020	4,333	187	13,034	609	18,167
	Office properties	Fixture and fittings	Equipment	Leasehold improvements	
Useful life	Up to 6 years	Up to 5 years	Up to 10 years, or term of lease contract (1)	Up to 6 years, or term of lease contract	
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	

(1) The Group has one lease agreement classified as Equipment, which expires in 2022.



NOTE 12. INTANGIBLE ASSETS

[US\$ thousands]	Goodwill	Customer relationships	Technology	Trademarks	Other intangible assets	Total
Cost						
As of January 1, 2019	421,578	40,700	18,677	70,600	2,047	553,602
Additions (1)	-	-	3,545	-	-	3,545
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
As of December 31, 2019	421,578	40,700	22,222	70,600	2,047	557,147
Additions (1)	-	-	6,553	-	2,287	8,840
Additions from business combination (2)	2,998	32	1,695	-	-	4,725
Disposals	-	-	-	-	-	-
Exchange differences	385	-	187	-	114	686
As of December 31, 2020	424,961	40,732	30,657	70,600	4,448	571,398
Amortization and impairment						
As of January 1, 2019	-	6,457	8,122	-	2,002	16,581
Amortization for the year	-	2,980	5,203	-	2	8,185
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	(4)	(4)
As of December 31, 2019	-	9,437	13,325	-	2,000	24,762
Amortization for the year	-	3,013	6,674	-	2	9,689
Disposals	-	-	-	-	-	-
Exchange differences	-	(1)	-	-	33	32
As of December 31, 2020	-	12,449	19,999	-	2,035	34,483
Net book value as of December 31, 2019	421,578	31,263	8,897	70,600	47	532,385
Net book value as of December 31, 2020	424,961	28,283	10,658	70,600	2,413	536,915
	Goodwill	Customer relationships	Technology	Trademarks	Other intangible assets	
Useful life	Indefinite	Up to 15 years	Up to 5 years	Indefinite	Up to 5 years	
Amortization method		Straight-line	Straight-line		Straight-line	

(1) Represents capitalized development expenditure net of grants received from the Norwegian government.

(2) See Note 25 for additional information on the business combination.

Goodwill and our brand of Opera (the trademark) have indefinite useful lives and are tested for impairment at least annually. Both assets were initially recognized in November 2016 through the acquisition of Opera Norway AS with subsidiaries, consisting of one segment – “the Consumer business”. At the end of 2020, the Group comprises of two operating segments: 1) Browser and News, and 2) Other. The prior fintech and retail operating segments were discontinued in 2020, as discussed in Note 9. The goodwill and the trademark that previously was allocated to the Consumer business cash-generating unit (“CGU”) was reallocated to the Browser and News CGU in 2019.

The goodwill and trademark allocated to the Browser and News CGU, with carrying amounts of US\$421,578 thousand and US\$70,600 thousand, respectively, were tested for impairment as of December 31, 2020. The carrying amount of the CGU as of December 31, 2020, was US\$550,184 thousand (December 31, 2019: US\$577,376 thousand). In addition to goodwill and trademark it included customer relationships, trade and other receivables, trade and other payables and other assets and liabilities allocated to Browser & News CGU.

In the annual impairment test of goodwill and trademark allocated to the Browser and News CGU, a discounted cash flow model was used to determine the value in use for the CGU. The projected cash flows were based on the most up-to-date forecast that have been approved by management and do not include cash flows arising from future enhancements of assets that have not been committed to and have not substantively commenced. The approved forecast is for 2021 only as management does not approve forecasts for a longer period. Because the length of the projection period for the cash flow forecast where a CGU has goodwill or intangible assets with indefinite lives is into perpetuity, we identified a “steady state” set of assumptions for the cash flows based on an approach where we estimate cash flows for the years 2022 to 2024 and then using the estimated cash flows in 2024 as the basis for the terminal value. This two-stage approach is aimed to take cash flows to a level at which they can be regarded as reflecting maintainable earnings and to the period in a mid-point of the cycle – i.e., not at peak or trough of the cycle. Beyond 2024, the cash flows are extrapolated using constant nominal growth rates.

The value-in-use calculation demonstrated that the value in use exceeded the carrying amount of the CGU, thus no impairment loss was recognized. For key assumptions and sensitivity analysis, see below.



Key assumptions

Key assumptions used in the calculation of value in use are the nominal cash flows in the forecast period, including revenue growth rate, discount rate, and estimated long-term growth.

Cash flows

Cash inflows in the Browser and News segment are expected to grow over the projected period reaching its long-term stable level. The cash inflows are forecasted for each product and country where there are sufficient and reliable data on which to base the projections. The revenue from the PC browser is expected to grow steadily, reflecting an expectation that we will continue to strengthen our position in western markets. This will bring users with strong monetization potential. Our mobile revenues are expected to increase faster, including in developing markets from product development that has been committed to and has substantively commenced, and from the undertaking of cost-effective and efficient marketing and distribution initiatives.

Forecasted cash outflows are partly based on actual costs in 2020 and a bottom-up assessment for the relevant operating unit. Operating expenditures are expected to grow, primarily due to user acquisition initiatives and closer cooperation with publishers and monetization partners which is expected to increase our revenue, but also our content cost as we pay a share of the revenues generated to these parties. The estimated increase in users will also lead to an uplift in hosting costs that are variable by its nature, like content delivery networks, bandwidth and cloud services.

Discount rate

The discount rate represents the current market assessment of the risk specific to the Browser and News CGU. The discount rate is based on the after-tax Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology and incremental borrowing rate, assuming cash flows in U.S. Dollars. The WACC calculation is based on a risk-free rate in 2020 of 0.84% based on the 10-year US Treasury Rate (2019: 1.9%), and a market risk premium of 4.97% (2019: 5.2%). The estimated beta for equity was 0.91 (2019: 1.4). The equity to total capital ratio was 100% (2019: 100%). This resulted in a post-tax WACC of 11.8% (2019: 13.1%).

Long-term growth

In estimating the long-term growth in the terminal value, we estimated long-term GDP growth in the relevant regions. We assumed no growth in the labor force as well as no improvement in labor productivity, which results in zero real GDP growth. Moreover, for estimating long-term inflation we used IMF's inflation estimates for 2025, broken down across regions as the basis. Based on this we estimated a long-term nominal growth rate of 2.5% (2019: 3%).

Sensitivity

We have simulated a variety of sensitivities to the key assumptions, including revenue growth rate, OPEX (as % of revenue), capital expenditure necessary for maintenance, long-term growth and the WACC. Since the Browser and News CGU is in a growth period, we consider changes of +/-3 percentage points for the three former metrics and narrower +/- 1 percentage point for the long-term growth and WACC to be reasonable possible changes. No reasonable possible change in the key assumptions would result in the CGU being impaired as of December 31, 2020. The following thresholds would individually trigger an impairment loss:

- Decrease in annual revenue growth in the projected period of 11.1 percentage points.
- Increase in operating expenditure as percent of revenue by more than 11.0 percentage points.
- Increase of WACC by more than 4.3 percentage points.

No economically reasonable changes to capital maintenance expenditure and the long-term growth rate would trigger the CGU to be impaired. No impairment would be recognized as long as the long-term growth rate is positive (above 0%).



NOTE 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group has investments in associates and joint ventures, which are accounted for in accordance with the equity method, except for the preferred shares in OPay and StarMaker, as outlined below.

Nanobank

On August 19, 2020, the Group contributed TenSpot Pesa Limited, a wholly owned subsidiary at the time, to a subsidiary of NanoCred Cayman Company Limited ("Nanobank") in exchange for the Group obtaining an ownership interest of 42% in Nanobank. See Note 9 for additional information on the transaction, including the impact of discontinued operations for the Group, and Note 26 for disclosures pertaining to it being a transaction with a related party.

Nanobank provides microlending services in Indonesia, India, Mexico and Kenya. It expects to fuel growth through scaling in existing markets, continued geographic expansion, and from the launch of financial services beyond microlending. In addition, Nanobank will benefit from shared technologies, data aggregation and central functions, such as risk management and credit scoring through user profiling and know-your-customer (KYC) efforts, shared operational know-how and a more holistic view and adaptation to regulation.

Certain significant subsidiaries of Nanobank are regulated entities in the markets in which they provide microlending services. Maintaining their licenses could be prerequisites for them being able to continue providing microlending services, and each relevant regulator has specific and evolving operational requirements to which any licensed entity must comply. P.C. Financial Services Private Limited, Nanobank's subsidiary in India, is regulated by the Reserve Bank of India and in late 2020, the entity became the subject of an annual inspection that has not been concluded as of the date these consolidated financial statements are authorized for issue. The Group concluded that the regulatory review itself did not constitute an objective indicator of impairment for its investment in Nanobank, as the outcome of the review and any potential implications on the prospective financial performance of Nanobank are highly uncertain.

Nanobank is an associate of the Group, which is accounted for in accordance with the equity method. The acquisition cost of the Group's investment was measured as the fair value of the 42% ownership interest obtained in Nanobank on August 19, 2020. The fair value was estimated using a combination of methodologies, including income-based and market-based approaches. Under the income approach, the Group estimated expected future cash flows for each component of Nanobank and then discounted those cash flows using an estimated weighted average cost of capital ("WACC"). The estimates for future cash flows were based on assumptions that included the number of loans to customers, nominal size of loans, amount of interest and fees generated and credit losses. The estimate for WACC was based on estimates for risk-free rate, beta, equity risk premium, cost of debt and a company-specific risk premium. Under the market approach, the Group used judgment in identifying comparable companies. Based on the combination of the income and market approaches, the Group concluded that the estimate for fair value of the investment in Nanobank as of August 19, 2020, was US\$265.9 million, which became the deemed cost of the investment.

On acquisition of the investment in Nanobank, the Group used assumptions in identifying and valuing the assets and liabilities of the entity, including goodwill. The Group identified intangible assets that were not separately recognized by Nanobank, including trademarks, technology, customer relationships and licenses. For all identified assets and liabilities, the Group estimated their fair values as of August 19, 2020. In estimating the fair value of the trademarks and technology assets, the Group used a relief-from-royalty method that included estimates for royalty rates and future revenue related to the trademarks. In estimating the fair value of the customer relationships, the Group estimated future revenue from the customer base of Nanobank and the churn rate for customers. The identified licenses were valued using a combination of a cost-based approach that estimated the cost of acquiring the licenses and a market-based approach under which the Group estimated a transaction price for similar licenses. For all identified assets, the Group used judgment in determining their useful lives. While these fair value adjustments are not recognized separately, the fair values identified form the basis for additional depreciation, amortization and similar adjustments that are reflected in the Group's share of net income. The excess between the cost of the investment and the Group's share of the net fair value of Nanobank's identifiable assets and liabilities, i.e., goodwill, is included in the carrying amount of the investment.



In the period from August 19, 2020, until December 31, 2020, Nanobank had operating income of US\$60.9 million and operating expenses of US\$46.1 million, which included US\$6.2 million in depreciation and amortization of fair value adjustments that the Group recognizes on top of the underlying results of Nanobank, resulting in a profit before tax of US\$14.8 million. Income tax expense of US\$14.2 million included the impact of derecognizing certain deferred tax assets that were recognized as of August 19, 2020. Net income after tax was US\$0.6 million. The tables below specify income and expenses in Nanobank in the period from August 19, 2020, until December 31, 2020, and the totals for assets, liabilities and equity as of year-end.

[US\$ thousands]	Period from August 19, until December 31, 2020
The Group's interest	42%
Net revenue	
Interest income	60,887
Interest expense	(621)
Other revenue	669
Operating income	60,935
Operating expenses	
Credit loss expense on loans to customers	(20,755)
Personnel expenses	(9,399)
Marketing expenses	(5,101)
Technical service fee	(3,956)
Collection service fee	(1,027)
Commission fee	(1,930)
Depreciation and amortization (1)	(7,492)
Other expenses	(2,163)
Net foreign exchange gain	5,702
Total operating expenses	(46,121)
Profit before income taxes	14,814
Income tax expense	(14,193)
Net income (loss)	621
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods (net of tax)	
Exchange difference on translation of foreign operations	(2,227)
Total comprehensive income (loss)	(1,606)
Group's share of net income (loss)	261
Group's share of other comprehensive income (loss)	(935)

(1) Includes US\$6.2 million in depreciation and amortization of fair value adjustments done by the Group.

[US\$ thousands]	As of December 31, 2020
Assets, excluding goodwill	254,596
Goodwill	447,300
Liabilities	72,702
Equity	629,194

OPay

OPay Limited is an associate in which the Group has a 13.10% ownership interest, of which 10.24% is held in preferred shares and 2.86% in ordinary shares. The investment in ordinary shares is accounted for in accordance with the equity method, while the preferred shares are accounted for as long-term interests in the associate and measured at fair value through profit or loss. For information about the measurement of the preferred shares, see Note 16.

In 2018, OPay launched a mobile wallet ("OWallet") to customers in Nigeria, a market characterized by a large un-banked population with low mobile money penetration. OPay's goal is to become a one-stop mobile-based platform for financial and social inclusion.

In 2020, OPay's payment initiatives, OWallet and point of sale solutions for merchants, OPos, continued to scale, both in the number of users and total transaction volume. OPay's revenues in the fourth quarter of 2020 were approximately 450% higher than in the first quarter of the year. In 2020, OPay had revenues of US\$38.4 million, and exited the year with US\$69 million annual revenue run rate (based on fourth quarter performance). Cost of revenue in 2020 was US\$13.3 million, while operating expenses were US\$48.6 million. The net loss after taxes for OPay was US\$30.6 million for 2020.



To fund its growth, OPay raised a total of US\$170 million in new capital from investors in 2019 by issuing both ordinary and preferred shares. On May 27, 2019, Opera acquired 3,210,617 Series Seed+ preferred shares in OPay for US\$7.5 million by converting loans to equity. Moreover, on May 29, 2019, Opera acquired 1,230,736 Series A preferred shares in OPay for US\$4.6 million by converting US\$2.67 million of debt to equity and by transferring US\$1.93 million in cash. By the end of 2019, the accumulated investment made in OPay was US\$12.1 million. Of the loans converted to equity in 2019, US\$4,969 was classified as part of the net investment in prior periods. There were no funding rounds during 2020, except for OPay obtaining convertible loans totaling US\$30 million.

StarMaker

Star Group Interactive Inc. (formerly StarMaker Inc. and here referred to as "StarMaker") is an associate in which the Group has preferred shares representing a 19.35% ownership interest. The preferred shares, accounted for as long-term interests and measured at fair value through profit or loss, have dividend and liquidation preference. For information about the measurement of the preferred shares, see Note 16.

StarMaker is a technology-driven social media company focused on music and entertainment. StarMaker enables users to record and share their own music videos, collaborate with other musicians, connect with other users and follow their idols on the social platform. In 2020, StarMaker grew revenues by approximately 210% to US\$89.9 million, and exited the year with US\$127 million annual revenue run rate (based on fourth quarter performance). The net profit after taxes was US\$13.2 million for 2020. This was driven by a doubling of daily active users and increased monetization. StarMaker is popular in emerging markets like Southeast Asia, Middle East, and is also seeing solid growth in developed markets.

nHorizon

nHorizon is a joint venture in which the Group has a 29.09% ownership interest. nHorizon operates an Opera browser in China with monetization partners, including Baidu, Sogou and others. nHorizon consists of nHorizon Innovation (Beijing) Software Limited and nHorizon Infinite (Beijing) Software Limited (collectively, "nHorizon"). The joint venture was co-founded by Otello Corporation ASA and Telling Telecom in August 2011. The Group acquired the investment in nHorizon as a result of the acquisition of Opera Norway AS in 2016.

Powerbets

Powerbets Holdings Limited was a joint venture in which the Group held a 50.1% ownership interest, while Supabets HL Limited owned the remaining 49.9%. The joint venture was established on August 1, 2017. Powerbets provides a platform for sports betting, virtual sports betting, and gaming services throughout Africa.

The Group disposed of its entire Powerbets ownership interest in December 2020, resulting in a gain on disposal of US\$2.1 million, which was recognized as Other income in the Statement of Operations. In 2020, the Group recognized US\$10.5 million in credit loss expense related to trade receivables and long-term loans provided to Powerbets in the period from 2017 until 2020. The credit loss expense was recognized as Credit loss expense related to divested joint venture in the Statement of Operations. See Note 14 for additional information on the credit loss expense.

2018 summary information regarding OPay, StarMaker, nHorizon and Powerbets

[US\$ thousands]	Year ended December 31, 2018			
	OPay	StarMaker	nHorizon	Powerbets
The Group's interest	19.90%	19.35%(1)	29.09%	50.10%
Revenue	848	12,332	48,992	4,498
Operating profit (loss)	(359)	(9,535)	(1,568)	(4,528)
Net income (loss)	(384)	(8,497)	(2,056)	(4,735)
Other comprehensive income that may be reclassified to net income	-	-	-	188
Total comprehensive income	(384)	(8,497)	(2,056)	(4,547)
Group's share of net income (loss)	(76)	N/A	(598)	(2,372)
Current assets	4,302	21,366	9,761	2,751
Non-current assets	4,918	11,245	1,065	2,851
Current liabilities	12,043	30,163	3,818	7,818
Non-current liabilities	453	-	5,469	5,114
Equity	(3,276)	2,448	1,539	(7,331)

2019 summary information regarding OPay, StarMaker, nHorizon and Powerbets

[US\$ thousands]	Year ended December 31, 2019			
	OPay	StarMaker	nHorizon	Powerbets
The Group's interest	13.10%(2)	19.35%(1)	29.09%	50.10%
Revenue	16,687	29,035	43,335	4,990
Operating profit (loss)	(71,678)	(8,485)	1,821	(3,016)
Net income (loss)	(71,474)	(8,485)	1,780	(5,134)
Other comprehensive income that may be reclassified to net income	-	-	-	-
Total comprehensive income	(71,474)	(8,485)	1,780	(5,134)
Group's share of net income (loss)	(2,938)	N/A	518	(2,572)
Gain on partial disposal	1,174	-	-	-
Total share of net income (loss)	(1,764)	N/A	518	(2,572)
Current assets	99,238	13,869	8,225	4,447
Non-current assets	24,656	11,377	695	1,560
Current liabilities	28,870	29,870	5,875	13,074
Non-current liabilities	170,015	-	-	5,754
Equity	(74,992)	(4,624)	3,045	(12,822)



2020 summary information regarding OPay, StarMaker, nHorizon and Powerbets

[US\$ thousands]	Year ended December 31, 2020			
	OPay	StarMaker	nHorizon	Powerbets
The Group's interest	13.10%(2)	19.35%(1)	29.09%	0.00%
Revenue	38,388	89,937	12,837	9,638
Operating profit (loss)	(30,700)	13,298	(1,827)	(1,029)
Net income (loss)	(30,618)	13,151	(1,840)	(1,481)
Other comprehensive income that may be reclassified to net income	-	-	-	-
Total comprehensive income	(30,618)	13,151	(1,840)	(1,481)
Group's share of net income (loss)	(876)	N/A	(535)	(742)
Current assets	72,573	36,600	6,068	N/A
Non-current assets	34,860	13,000	578	N/A
Current liabilities	40,368	36,900	5,302	N/A
Non-current liabilities	180,639	34,800	-	N/A
Equity	(113,575)	(22,100)	1,343	N/A

(1) The Group ownership interest in StarMaker is held through preferred shares, which are measured at fair value through profit or loss.

(2) Reflects the total ownership interest in OPay as of December 31, 2019 and 2020, 10.24% of which is held in preferred shares and 2.86% in ordinary shares. The share of net income (loss) recognized under the equity method was calculated based on the investment in ordinary shares, relative to the total number of shares outstanding. The Group owns 8.85% of the total number of ordinary shares issued by OPay.

[US\$ thousands]	Year ended December 31, 2019			
	OPay	StarMaker	nHorizon	Powerbets
Carrying amount as of January 1, 2019	4,330	30,000	443	289
Investment during the year	7,131	-	-	366
Change in fair value of preferred shares	33,900	4,000	-	-
Foreign exchange adjustment	-	-	3	-
Other adjustments	673	-	-	157
Share of net income (loss)	(2,938)	N/A	518	(2,572)
Share of other comprehensive income	-	NA	-	-
Carrying amount as of December 31, 2019	43,096	34,000	963	(1,760)
Groups share in %	13.10%	19.35%	29.09%	50.10%
Groups share in equity	(2,145)	n/a	886	(6,424)
Unrecognized intangible assets	-	n/a	-	566
Equity method adjustments	(759)	n/a	77	4,097
Fair value of preferred shares (1)	46,000	34,000	-	-
Carrying amount as of December 31, 2019	43,096	34,000	963	(1,760)

[US\$ thousands]	Year ended December 31, 2020				
	Nanobank	OPay	StarMaker	nHorizon	Powerbets
Carrying amount as of January 1, 2020	-	43,096	34,000	963	(1,760)
Investment during the year (2)	264,936	-	-	-	440
Change in fair value of preferred shares	-	3,000	21,000	-	-
Foreign exchange adjustment	-	-	-	35	-
Share of net income (loss) (3)	261	(876)	N/A	(535)	(742)
Share of other comprehensive income (loss)	(935)	-	-	-	-
Disposal of investment	-	-	-	-	2,063
Carrying amount as of December 31, 2020	264,261	45,220	55,000	463	-
Groups share in %	42.00%	13.10%	19.35%	29.09%	0%
Groups share in equity	264,261	(3,248)	N/A	391	N/A
Equity method adjustments	-	(532)	-	72	-
Fair value of preferred shares (1)	N/A	49,000	55,000	-	N/A
Carrying amount as of December 31, 2020	264,261	45,220	55,000	463	-

(1) The carrying amount of the preferred shares form part of the net investment in the associates.

(2) The cost of the investment in Nanobank was the fair value of the Group's ownership interest in the entity obtained following the contribution of TenSpot Pesa Limited.

(3) In 2020, the Group recognized US\$3,897 thousand in credit loss expense on long-term loans due from Powerbets. Because the long-term loans were classified as part of the net investment in Powerbets, these had absorbed losses under the equity method in the period from 2017 until 2020, resulting in their carrying amount being zero at the time the Group concluded that they were credit impaired. Upon recognition of the impairment loss, the equivalent amount was recognized as income on the line item for Share of net income (loss) of associates and joint ventures in the Statement of Operations. Thus, the credit loss expense was effectively reclassified as such in the Statement of Operations for 2020. The amount for share of net loss from Powerbets in the table above does not include the impact of that reclassification.



NOTE 14. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

[US\$ thousands] Trade receivables	As of December 31,	
	2019	2020
Trade receivables	39,981	18,152
Unbilled receivables	9,390	10,658
Total	49,371	28,809

[US\$ thousands] Other receivables	As of December 31,	
	2019	2020
VAT	1,232	1,218
Receivable due from Otello Corporation ASA	924	-
Receivable due from OPay (1)	-	5,000
Deposit in restricted escrow account	52,878	-
Other	4,078	4,532
Total	59,112	10,750

(1) The receivable due from OPay is the consideration for the sale of Blue Ridge Microfinance Bank. See Note 26 additional information.

[US\$ thousands] Prepayments	As of December 31,	
	2019	2020
Prepaid expenses (1)	25,809	9,061
Total	25,809	9,061

(1) See Note 26 for specification of amount of prepaid expenses with Mobimagic Digital Technology Ltd.

[US\$ thousands] Allowance for impairment of trade receivables	As of December 31,	
	2019	2020
As of period start	1,619	1,446
Loss allowance related to trade receivables due from Powerbets	-	6,579
Other changes in the period	(173)	(382)
As of period end	1,446	7,643

As of period end, the aging of trade receivables was as follows.

[US\$ thousands] Aging analysis of trade receivables	Total	Neither past due nor impaired	Past due			
			<30 days	31-60 days	61-90 days	>90 days (1)
As of December 31, 2019	39,981	22,125	8,761	657	341	8,097
As of December 31, 2020	18,152	14,647	1,425	367	117	1,597

(1) As of year-end 2020, the total amount of trade receivables due from Powerbets, which was a joint venture until its disposal, was US\$ nil (December 31, 2019: US\$6,579 thousand).

For trade receivables, the Group recognizes a loss allowance based on lifetime expected credit losses as of each reporting date. The Group makes specific loss provisions at the level of specific invoices where information exists that management can utilize in its determination of risk. For trade receivables where no specific risk information is identified, the Group uses a provision matrix that is based on the nature of the receivable, location of its invoicing and the age of the invoice relative to its due date, reflecting its historical credit loss experience and adjusting for forward-looking factors specific to the debtors and the economic environment. As of December 31, 2020, the Group had recognized loss provisions related to receivables due from related parties of US\$85 thousand (December 31, 2019: US\$0).

As of December 31, 2020, the loss allowance totaled US\$7,643 thousand, corresponding to 26.5% of trade receivables (December 31, 2019: US\$1,446 thousand, corresponding to 2.9% of trade receivables).

Of the total loss allowance of US\$7,643 thousand for trade receivables, US\$6,579 thousand was related to trade receivables due from Powerbets, a joint venture of the Group until December 2020, at which point in time it was disposed of. In addition to the expected credit losses on trade receivables due from Powerbets, the Group recognized an impairment loss of US\$3,897 thousand on long-term receivables due from Powerbets. Because the long-term loans were classified as part of the net investment in Powerbets, these had absorbed losses under the equity method in the period from 2017 until 2020, resulting in their carrying amount being zero at the time the Group concluded that they were credit impaired. Upon recognition of the impairment loss, the equivalent amount was recognized as income on the line item for Share of net income (loss) of associates and joint ventures in the Statement of Operations. Thus, the credit loss expense was effectively reclassified as such in the Statement of Operations for 2020. The credit loss expense on trade receivables and long-term loans due from Powerbets was recognized in the Statement of Operations as "credit loss expense related to divested joint venture". As of December 31, 2020, the carrying amount of trade receivables and long-term loans due from Powerbets was zero.

For details regarding the Group's procedures on managing credit risk, please refer to Note 23.



NOTE 15. CASH AND CASH EQUIVALENTS

[US\$ thousands]

Cash and cash equivalents

	As of December 31,	
	2019	2020
Restricted cash	216	280
Cash and cash equivalents	139,271	133,888
Total	139,487	134,168

Restricted cash

Restricted cash is related to employee payroll tax withholdings for Norwegian employees, which are held in restricted deposit accounts under applicable regulations. The Group considers these balances to be cash equivalents because the related liabilities are settled from these accounts on a continuous basis.

F-45



NOTE 16. FINANCIAL ASSETS AND LIABILITIES

In 2019 and 2020 the Group had the following financial instruments:

- Loans and receivables: Trade receivables, loans to customers, other receivables, preferred shares, and other current and non-current financial assets.
- Equity instruments: Holdings of publicly traded securities.
- Loans, borrowings and payables: Interest-bearing loans, lease liabilities, trade payables, other payables and other current and non-current financial liabilities.

The tables below show the various financial assets and liabilities, grouped in the different categories of financial instruments.

[US\$ thousands] Financial assets	As of December 31,	
	2019	2020
Financial assets at amortized cost		
Non-current financial assets (1)	1,351	1,490
Trade receivables	49,371	28,809
Other short-term receivables (2)	59,112	10,750
Loans to customers	-	68
Other current financial assets	1,535	856
Total financial assets at amortized cost	111,369	41,973
Financial assets at fair value through profit or loss		
Preferred shares in associates (3)	80,000	104,000
Loans to customers (2)	93,115	-
Listed equity instruments	42,146	-
Total financial assets at fair value through profit or loss	215,261	104,000
Total financial assets	326,630	145,973

(1) Includes long-term deposits for office rent.

(2) Upon loss of control over the microlending business, cash deposited into an escrow account as security for loans from a credit institution, which was US\$52.9 million as of December 31, 2019, and loans to customers, were derecognized. See Note 9 for further information.

(3) The carrying amount of preferred shares is presented as Investments in associates and joint ventures in the Statement of Financial Position, while changes in fair value is presented as Change in fair value of preferred shares in associates in the Statement of Operations. In 2020, the Group recognized an unrealized gain on the preferred shares of US\$24.0 million (2019: US\$37.9 million, 2018: US\$0). See Note 13 for more information.

[US\$ thousands] Financial liabilities	As of December 31,	
	2019	2020
Financial liabilities at amortized cost		
Lease liabilities and other loans (1)	56,974	8,972
Trade and other payables	57,125	25,454
Other financial liabilities	15,279	13,107
Total financial liabilities at amortized cost	129,378	47,533
Financial liabilities at fair value through profit or loss		
Short position in listed equity instruments	-	744
Total financial liabilities at fair value through profit or loss	-	744
Total financial liabilities	129,378	48,277

(1) See Notes 17 and 22 for more information.



The tables below specify the gains (losses) from the Group's investments in listed equity instruments.

[US\$ thousands]

Gain (loss) on listed equity instruments in 2019	Realized gain (loss)	Unrealized gain (loss)	Total
Long positions	6,278	2,564	8,842
Short positions	(365)	-	(365)
Total	5,913	2,564	8,477

[US\$ thousands]

Gain (loss) on listed equity instruments in 2020	Realized gain (loss)	Unrealized gain (loss)	Total
Long positions	12,910	-	12,910
Short positions	10	113	123
Total	12,920	113	13,033

Net gains from publicly traded securities in 2019 and 2020 were recognized in the Statement of Operations as Finance income, while the net loss in 2018 was presented as a Finance expense.

16.1 Fair value of financial instruments

The fair values of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the relatively short-term maturities of these instruments. For lease liabilities and other loans, the difference between the carrying amount and fair value is not material.

The fair values of financial assets and liabilities are measured as the price that would be received to sell the assets or paid to transfer the liabilities in an orderly transaction between market participants at the measurement date.

Fair values of listed equity instruments are determined by reference to published price quotations in active markets.

Fair value of preferred shares in OPay and StarMaker

The fair values of preferred shares in OPay and StarMaker as of year-end 2019 and 2020 were measured using methods and techniques that reflect the economic rights and benefits of the preferred shares. These rights and benefits include a right to redeem the preferred shares at the preferred share issue price plus 8% interest rate per year and a right to receive the invested amount in the event of liquidation before payments are made to holders of ordinary shares. Moreover, the preferred shares in StarMaker have a priority on dividends by providing a right to 8% annual return to the Group prior to dividends being made to holders of ordinary shares. The Group's preferred shares in both OPay and StarMaker have the same voting rights as ordinary shares.

A combination of the following three valuation methods was used to estimate the fair value of the preferred shares:

- Probability-weighted expected return method ("PWERM")
- Option pricing model ("OPM")
- Current value method ("CV")

Under the probability weighted expected return model, fair value of the preferred shares is estimated based upon the probability-weighted present value of expected future investment returns, considering a range of possible future scenarios and outcomes available to the company, as well as the rights of each share class. The PWERM is most appropriate when there are a set of visible future liquidity events and when the time to liquidity is short.

The option pricing model treats ordinary and preferred shares as call options on the company's equity value, with exercise prices based on the liquidation preferences of the preferred shares. Under this model, the ordinary shares have a positive fair value only if the funds available for distribution to shareholders exceed the value of the liquidation preferences. The OPM is most appropriate when specific future liquidity events are challenging to forecast.

The current value method allocates value to each share class based on an estimated equity value (on a controlling basis). The method bases allocation of value as of the valuation date and not a future date. It is most appropriate when a liquidity event, such as an acquisition or dissolution, is imminent, or when the company is at a very early stage.



Under all three methods, a discount for lack of marketability ("DLOM") was applied to reflect that the shares in a private and early-stage company are considered to be illiquid. Shares that cannot be readily liquidated generally have a lower fair value and it is therefore appropriate to consider a discount when estimating fair value. For the preferred shares in OPay, a DLOM in the range 10-20% was applied (December 31, 2019: 5-15%), while for the preferred shares in StarMaker, a DLOM in the range of 30-40% was applied (December 31, 2019: 25-35%). That a lower DLOM range was applied for the preferred shares in OPay reflect that there have been multiple transactions in equity instruments of the company, including transactions with investors that are not related parties of the Group.

The option pricing model and the current value method builds on estimates of the fair value of the equity in the investees. For OPay, the estimate for fair value of equity as of December 31, 2020, was US\$555 million (December 31, 2019: US\$500 million), while for StarMaker it was US\$350 million (December 31, 2019: US\$155 million). The estimated fair value of equity in OPay at year-end was primarily based on discounted future expected cash flows and valuation multiples. The estimated fair value of equity in StarMaker was primarily based on the price in an observed transaction.

The Group determined that the rounded mid-points of the averages of estimated ranges of fair values reflected the best estimate of the price that would be received in orderly transactions if the preferred shares were sold as of December 31, 2019 and 2020. Consequently, the preferred shares in OPay were measured at US\$49.0 million (December 31, 2019: 46.0 million), while the preferred shares in StarMaker were measured at US\$55.0 million (December 31, 2019: US\$34.0 million). The preferred shares in OPay were acquired in 2019 for US\$12.1 million, while the preferred shares in StarMaker were acquired in 2018 for US\$30.0 million.

A key unobservable input in all the three methods was the discount for lack of marketability. Other key unobservable inputs included the weighted average cost of capital for the PWERM method and the value of equity for the OPM and CV methods. The tables below show the sensitivities to the key unobservable inputs in the measurement of the fair value of the preferred shares in OPay and StarMaker.

[US\$ thousands]		As of December 31, 2019		As of December 31, 2020	
	Key unobservable input	Decrease	Increase	Decrease	Increase
Effect on fair value measurement of preferred shares in OPay	PWERM, OPM and				
Discount for lack of marketability (5 percentage points movement)	CVM	2,720	(2,409)	2,811	(2,811)
Weighted average cost of capital (2 percentage points movement)	PWERM	1,408	(608)	1,087	(1,009)
Equity value of the company (10% movement)	OPM and CVM	(3,597)	2,406	(3,093)	3,092

[US\$ thousands]		As of December 31, 2019		As of December 31, 2020	
Effect on fair value measurement of preferred shares in StarMaker	Key unobservable input	Decrease	Increase	Decrease	Increase
	PWERM, OPM and CVM				
Discount for lack of marketability (5 percentage points movement)	CVM	2,585	(2,293)	4,221	(4,221)
Weighted average cost of capital (2 percentage points movement)	PWERM	389	(85)	367	(351)
Equity value of the company (10% movement)	OPM and CVM	(1,449)	1,438	(2,947)	2,944

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as of December 31, 2019

		Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
[US\$ thousands]	Date of valuation			
Assets measured at fair value				
Preferred shares in associates	December 31, 2019	-	-	80,000
Loans to customers	December 31, 2019	-	-	93,115
Listed equity instruments	December 31, 2019	42,146	-	-

Fair value measurement hierarchy for assets as of December 31, 2020

		Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
[US\$ thousands]	Date of valuation			
Assets measured at fair value				
Preferred shares in associates	December 31, 2020	-	-	104,000

Fair value measurement hierarchy for liabilities as of December 31, 2020

		Fair value measurement using		
[US\$ thousands]	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value				
Short position in listed equity instruments	December 31, 2020	744	-	-

There were no liabilities measured at fair value as of December 31, 2019.

There were no transfers between the fair value measurement levels during 2019 and 2020.



NOTE 17. LEASE LIABILITIES AND OTHER LOANS

The terms, including interest rates and maturities, and the total carrying amount of lease liabilities and interest-bearing loans are presented below.

[US\$ thousands]			As of December 31,	
Lease liabilities and interest-bearing loans	Interest rate	Maturity	2019	2020
Lease liabilities			12,003	7,800
Interest-bearing loans	4.00%	January 2021 - July 2023	43,904	801
Total			55,907	8,601

Total lease liabilities and other loans, non-current and current are summarized below.

[US\$ thousands]		As of December 31,	
Non-current lease liabilities and other loans		2019	2020
Lease liabilities		7,378	3,094
Interest-bearing loans		736	490
Other loans		1,067	-
Total		9,181	3,584

[US\$ thousands]		As of December 31,	
Current lease liabilities and other loans		2019	2020
Lease liabilities		4,625	4,706
Interest-bearing loans		43,169	311
Other loans		-	371
Total		47,793	5,389

See Note 20 for a maturity analysis of the financial liabilities.

The Group is the lessee for leases of office space, data centers and servers and other equipment used in its operations.

The Statement of Financial Position has the following amounts relating to leases.

[US\$ thousands]		As of December 31,	
Amounts recognized in the Statement of Financial Position		2019	2020
Right-of-use assets (1)			
Office properties		6,178	4,974
Equipment		5,528	2,335
Total		11,706	7,309
Lease liabilities			
Current		4,625	4,706
Non-current		7,378	3,094
Total		12,003	7,800

(1) Additions to and remeasurements of the right-of-use assets during the 2020 financial year were US\$1.1 million.



The Statement of Operations has the following amounts relating to leases.

[US\$ thousands] Amounts recognized in the Statement of Operations	Year ended December 31,	
	2019	2020
Depreciation charge of right-of-use assets		
Office properties	1,752	2,221
Equipment	2,739	2,529
Total	4,491	4,750
Interest expense (included in Finance expense)	457	397
Net foreign exchange gain (loss)	-	(140)

The total cash outflow for leases in 2020 was US\$7,639 thousand.

Lease contracts are typically made for fixed periods of 6 months up to 6 years but may have extension options as described below. Contracts may contain both lease and non-lease components, which are accounted for separately. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and are for a wide range of different terms and conditions. Some lease agreements required that the Group provide cash deposits as security for lease payments, while a guarantee is made by the Group in favor of Dell as security for all present and future lease liabilities, as disclosed in Note 22. Leased assets may not be used as security for borrowing purposes.

Prior to the adoption of IFRS 16 on January 1, 2019, as disclosed in Note 2, leases of office properties and equipment were classified as finance or operating leases. From January 1, 2019, leases other than those leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value, are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

To determine the incremental borrowing rate, which was the basis on which lease payments were discounted, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.
- Used a build-up approach that started with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing.
- Made adjustments specific to the lease, e.g., term, country, currency and security.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.



NOTE 18. TRADE AND OTHER PAYABLES

[US\$ thousands]

Trade and other payables

	As of December 31,	
	2019	2020
Trade payables due to related parties (1)	28,864	4,685
Other trade payables	19,813	17,764
Employee withholding tax	325	1,044
VAT	7,361	1,162
Payroll tax (2)	761	799
Total	57,125	25,454

(1) See Note 26 for more information.

(2) Includes accruals for social security costs related to share-based remuneration.

For a schedule of maturities for trade and other payables, see Note 20.

F-51



NOTE 19. OTHER CURRENT LIABILITIES

[US\$ thousands]

Other current liabilities

	As of December 31,	
	2019	2020
Accrued personnel expenses	10,472	11,985
Trading liability (1)	-	744
Customer deposits	2,694	-
Other current liabilities	1,976	310
Total	15,142	13,040

(1) See Note 16 for additional information.

F-52



NOTE 20. SCHEDULED MATURITIES OF FINANCIAL LIABILITIES

[US\$ thousands]				
As of December 31, 2019	Less than 12 months	1 to 3 years	Over 3 years	Total
Non-current				
Lease liabilities (Note 17)	-	7,681	1,247	8,928
Interest-bearing loans including interest (Note 17)	-	1,840	-	1,840
Other non-current liabilities	-	-	137	137
Current				
Trade and other payables (Note 18)	57,125	-	-	57,125
Lease liabilities (Note 17)	4,930	-	-	4,930
Interest-bearing loans including interest (Note 17)	43,303	-	-	43,303
Other current liabilities (Note 19)	15,142	-	-	15,142
Total financial liabilities including interest	120,500	9,521	1,384	131,405
[US\$ thousands]				
As of December 31, 2020	Less than 12 months	1 to 3 years	Over 3 years	Total
Non-current				
Lease liabilities (Note 17)	-	3,224	-	3,224
Interest-bearing loans including interest (Note 17)	-	505	-	505
Other non-current liabilities	-	-	68	68
Current				
Trade and other payables (Note 18)	25,454	-	-	25,454
Lease liabilities (Note 17)	4,914	-	-	4,914
Interest-bearing loans including interest (Note 17)	337	-	-	337
Other current liabilities (Note 19)	13,040	-	-	13,040
Total financial liabilities including interest	43,744	3,729	68	47,541

F-53



NOTE 21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities in 2019

[US\$ thousands]	As of January 1, 2019	Impact of adopting IFRS 16	Cash flows	Foreign exchange movement	Other (1)	As of December 31, 2019
Interest-bearing loans and liabilities, non-current	2,238	-	(1,509)	-	7	736
Lease liabilities, non-current	33	10,709	(1,693)	(33)	(1,638)	7,378
Interest bearing loans and liabilities, current	196	-	43,163	-	10	43,369
Lease liabilities, current	1,802	4,260	(1,062)	-	(375)	4,625
Other loans	492	(64)	-	-	439	867
Total liabilities from financing activities	4,761	14,905	38,899	(33)	(1,557)	56,975

Changes in liabilities arising from financing activities in 2020

[US\$ thousands]	As of January 1, 2020	Cash flows	Foreign exchange movement	Other (1)	As of December 31, 2020
Interest-bearing loans and liabilities, non-current	736	(246)	-	-	490
Lease liabilities, non-current	7,378	(3,782)	-	(502)	3,094
Interest bearing loans and liabilities, current	43,369	(43,058)	-	-	311
Lease liabilities, current	4,625	(420)	-	502	4,707
Other loans	867	-	-	(496)	371
Total liabilities from financing activities	56,975	(47,506)	-	(496)	8,973

(1) The "Other" column includes the effect of reclassification of the non-current portion of liabilities to current due to the passage of time and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities.

All items of liabilities are included in "Non-current lease liabilities and other loans" or "Current lease liabilities and other loans" in the Statement of Financial Position.



NOTE 22. GUARANTEES AND OTHER COMMITMENTS

A guarantee has been made by the Group in favor of Dell Bank International d.a.c. ("Dell") as a security for all present and future lease liabilities of the Group (as the lessee) to Dell. This guarantee is limited to a principal amount of US\$11,660 thousand, with the addition of any interests, costs and/or expenses accruing on the liabilities and/or as a result of the Group's non-fulfilment of the liabilities. The guarantee is valid for 10 years from January 17, 2017.

F-55



NOTE 23. FINANCIAL RISK MANAGEMENT

Overview

The Group is exposed to market risk, liquidity risk and credit risk. The Group's management seeks to minimize potential adverse effects of these risks through sound business practices and risk management. The Board of Directors, together with senior management, is involved in the risk assessment process. The Group has not utilized derivatives for hedging purposes.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to three types of market risk: interest rate risk, foreign currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables, trade payables, accrued liabilities and listed equity instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest risk is limited because financial liabilities have fixed interest rates and future interest payments on these will thus not fluctuate. The Group expects to settle all financial liabilities at maturity, meaning changes in market interest rates will only impact their fair value temporarily. Financial assets are not interest-bearing, except for deposits with banks.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our consolidated results being presented in U.S. Dollar, while our revenues are generated in nearly all global currencies, though often converted to USD or EUR before being paid to us from our partners. The Group incurs operating expenses in various currencies, including the Norwegian krone, Chinese renminbi, Polish zloty, Swedish krona, Indian rupee, Kenyan shilling, Nigerian naira, Great British Pounds and the Euro. Additionally, the Group is exposed to foreign currency risk due to monetary items recognized on the balance sheet being denominated in currencies other than the functional currency, which for most of the Group's entities is the U.S. Dollar. Management is closely monitoring the Group's exposure to foreign currency risk and seeks to minimize its exposure to such risk. The Group's exposure to foreign currency risk related to cash on hand is limited.

Equity price risk

While the Group did not hold any investment in listed equity instruments as of December 31, 2020, the Group held such investments throughout 2020. Investments in listed equity instruments exposed the Group to equity price risk. Specifically, such holdings are susceptible to market price risk arising from uncertainties about future values of such securities.

Our investment activity in listed equity instruments is managed by Kunlun Group Limited, a related party of the Group, and is overseen by the Group's CEO. The investment activity, including risk management, is subject to set requirements for performance monitoring, risk tolerance, investment strategies and diversification. Under the applicable policies of the Group, the total capital allocated to investments in listed equity instruments is limited up to US\$70 million. During 2020, the Group invested in shares listed on stock exchanges in mainland China, Hong Kong and the United States. The majority of the investments were in companies in the tech and electronics industries. The Group also wrote call options on listed equity instruments to a limited extent, resulting in a gain of US\$124 thousand in 2020. The written call options, representing a financial liability of the Group, had a fair value of US\$744 thousand as of December 31, 2020. The written call options exposed the Group to equity price risk due to the counterparties' rights to buy the underlying listed equity instrument from the Group for a fixed price. This specific risk was managed by the Group only writing call options with relative short durations, by limiting the number of contracts entered into, and by preparing to purchase the underlying shares in the event of certain levels of adverse price movements. While the Group did not enter into short positions during 2020, the investment policies allow such positions to be entered into.

As of December 31, 2020, the Group had no holdings of publicly traded equity instruments (2019: US\$42,146 thousand).

The net gain from publicly traded instruments in 2020 was US\$13,033 thousand (2019: net gain of US\$8,477 thousand; 2018: net loss of US\$1,485 thousand).

The goal of investing in listed equity instruments is to achieve the highest possible return on invested capital relative to the risk taken. The Group seeks to invest in liquid equity instruments in order to reduce costs when instruments are to be realized.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's liquidity risk is limited given its significant cash position and low debt-to-equity ratio as of December 31, 2020. See Note 20 for an overview of maturity profile on the Group's financial liabilities.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the Group.

The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its cash management activities, including deposits with banks and financial institutions, and other receivables, such as loans to associates and joint ventures (details in Note 26). The Group's revenue comes mainly from sales where settlement in cash generally takes place within 30-90 days of the invoice being issued, which is concurrently when the Group has an unconditional right to consideration. For some specific revenue streams, including those relating to OPay, settlement is agreed to extend beyond 90 days. The management of credit risk related to trade receivables is handled as part of the business risk and is continuously monitored by the Group. Details of outstanding accounts receivables are disclosed in Note 14.



NOTE 24. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to maintain a strong capital base to support investor, creditor and market confidence and to sustain future development of the business in accordance with its growth plans.

As part of the Group's cash management policy, up to US\$70 million of the Group's capital may be used to invest in publicly traded securities in accordance with the applicable board instructions to the management of the Group. The investment activity is managed by Kunlun Group Limited, a related party of the Group, and is overseen by the Group's CEO. The goal of investing in listed equity instruments is to achieve the highest possible return on invested capital relative to the risk taken. The Group started writing call options in 2020, which resulted in a net gain of US\$124 thousand. The Group did not have short positions during 2020. In 2019, short positions resulted in a net loss of US\$365 thousand and in 2018, a net gain of US\$38 thousand. As of December 31, 2020, the fair value of the liability related to written call options was US\$744 thousand, and as of the same date the Group did not hold any investments (long positions) in publicly traded equity securities. As of December 31, 2019, the Group had investments in publicly traded equity instruments with a fair value of US\$42,146 thousand. The combined net gain in 2020 on investments and written call options was US\$13,033 thousand, compared to a net gain of US\$8,477 thousand in 2019 and a net loss of US\$1,485 thousand in 2018.

On January 17, 2020, the board of directors approved a share repurchase program, which authorized management of the Group to execute the repurchase of up to US\$50.0 million of ADSs by January 17, 2021, in any form that management may deem appropriate. As of December 31, 2020, the Group had repurchased 5,893,139 ADSs, representing 11,786,278 ordinary shares, for a total cost of US\$49,049 thousand.

As of December 31, 2020, the Group had an equity ratio of 94% and working capital, as expressed by total current assets less total current liabilities, of US\$138,609 thousand. The total amount of cash and cash equivalents was US\$134,168 thousand.

See Note 20 for a schedule of maturities for financial liabilities.

F-57



NOTE 25. GROUP INFORMATION

The following subsidiaries are included in the Group's consolidated financial statements.

Parent company	Registered office	Domicile	
Opera Limited	George Town	Cayman Islands	
Group entities	Registered office	Domicile	Ownership interest and voting rights
Kunhoo Software LLC	George Town	Cayman Islands	100%
Kunhoo Software Limited	Hong Kong	Hong Kong	100%
Kunhoo Software S.a.r.l.	Luxembourg	Luxembourg	100%
Kunhoo Software AS	Oslo	Norway	100%
Opera Norway AS	Oslo	Norway	100%
Opera Software Holdings LLC	San Mateo	USA	100%
Opera Software Ireland Ltd.	Dublin	Ireland	100%
Opera Sweden AB	Linköping	Sweden	100%
Opera Software International AS	Oslo	Norway	100%
Opera Software Netherlands B.V.	Amsterdam	Netherlands	100%
Opera Software India Pvt. Ltd.	Chandigarh	India	100%
Opera Software Poland sp. z.o.o.	Wrocław	Poland	100%
Opera Software Technology (Beijing) Co. Ltd.	Beijing	China	100%
Opera Unite HK Limited	Hong Kong	Hong Kong	100%
Opera Unite Pte. Ltd.	Singapore	Singapore	100%
Opesa South Africa (Pty) Limited	Cape Town	South Africa	100%
O-Play Digital Services Ltd.	Lagos	Nigeria	100%
O-Play Kenya Limited (2)	Nairobi	Kenya	80%
Phoneserve Technologies Co. Ltd. (2)	Nairobi	Kenya	80%
O-Play Zambia Limited	Lusaka	Zambia	100%
PT Impesa Digital Teknologi (3)	Jakarta	Indonesia	100%
Opera Lifestyle	George Town	Cayman Islands	100%
Opera Lifestyle Nigeria Ltd.	Lagos	Nigeria	100%
OList Homes Ltd. (1)	Lagos	Nigeria	100%
OÜ PocoSys (1)	Tallinn	Estonia	100%
P2C International Limited (1)	London	United Kingdom	100%
Dify Financial Technologies Iberia S.L.A. (1)	Barcelona	Spain	100%
Opera Financial Technologies Limited	London	United Kingdom	100%
Blueboard Limited (1)	Dublin	Ireland	100%
Beijing Yüega Software Tech. Svc. Co. Ltd. (3)	Beijing	China	100%

(1) Entities were purchased or incorporated in 2020.

(2) 20% is held by a nominee shareholder.

(3) Variable Interest Entity (VIE) contractually controlled by the Group.

The Group's ownership interest and voting rights did not change in 2020. There were no material non-controlling interests in the Group's subsidiaries.

Business combination

On January 17, 2020, the Group acquired 100% of OÜ PocoSys for US\$5.0 million. PocoSys, a company incorporated in Estonia, provides banking technologies to fintech companies. In accounting for the business combination, the Group recognized US\$1.7 million in identifiable intangible assets, primarily technology, and US\$3.0 million in goodwill. The Group did not assume material liabilities in the business combination.



NOTE 26. RELATED PARTIES

At the time of the transactions described in this note, the Group's Chairman and Chief Executive Officer had control or significant influence over Beijing Kunlun Online Network Tech Co Ltd, Beijing Kunlun Tech, Kunlun Group Limited, Mobimagic Digital Technology Ltd, Nanocred Cayman Company Limited, OPay Limited, Star Group Interactive Inc. (formerly known as StarMaker Interactive Inc.) and Ying Liang Limited, either directly or through other investments.

The Group has significant influence over OPay Limited and Star Group Interactive Inc. through ownership interests in those entities. Moreover, the Group has joint control over nHorizon by having contractually agreed to the sharing of control.

In mid-2019, the Group entered into service agreements with Mobimagic Cayman Co. Ltd. (formerly Mobi Magic (Beijing) Information Technology Co., Ltd.) and Hong Kong Fintango Limited under which these parties would provide app, systems and platform maintenance, and data processing services as well as managerial oversight to P C Financial Services, an entity that provides microloans in India and which was a subsidiary of TenSpot Pesa Limited and the Group until August 19, 2020, at which point in time it was disposed of as disclosed in Note 9. Under the agreements, the Group paid a combination of fixed and variable fees that were calculated based on revenue less credit losses and indirect taxes.

Effective from January 1, 2020, the Group entered into an investment advisory and management agreement with Kunlun Group Limited. Under the agreement, Kunlun Group Limited provides investment management services to the Group, as disclosed in Notes 23 and 24. In exchange for the services provided, the Group is obligated to pay an investment management fee, subject to the discretion of the Group's Chairman and CEO but limited to 8% of the net gain from the investment activity. In 2020, the investment management fee was US\$0.5 million, equivalent to 4% of the net gain in 2020.

On March 3, 2020, the Group entered into an agreement with OPay Digital Services Limited, a subsidiary of OPay Limited, for the sale of 100% of the shares in Neofin Malelane (PTY) Ltd., a subsidiary of the Group, in exchange for US\$0.1 million. Moreover, on March 17, 2020, the Group entered into an agreement with the same entity in the OPay group for the sale of 100% of the shares in the Group's subsidiary Blue Ridge Microfinance Bank Ltd. in exchange for a consideration of US\$5.0 million. While the Group has an unconditional right to payment in cash, the Group expects to settle the receivable by converting it to equity in OPay Limited in a future funding round. The loss of control over Neofin Malelane (PTY) Ltd and Blue Ridge Microfinance Bank resulted in the Group recognizing a gain of US\$5.3 million in the Statement of Operations for 2020.

On May 19, 2020, the Group provided a loan of KES 200 million, equivalent to US\$1.9 million, to OStream Credit Limited, a subsidiary of OPay Limited. The loan was provided with a simple interest of 8% per annum. The loan was repaid on October 19, 2020. In 2020, the Group recognized interest income of US\$62 thousand from the loan.

On August 19, 2020, the board of directors of the Company approved a transaction in which TenSpot Pesa Limited, a wholly owned subsidiary at the time, was to be contributed to a subsidiary of NanoCred Cayman Company Limited ("Nanobank") in exchange for the Group obtaining an ownership interest of 42% in Nanobank. As part of the transaction, the Group agreed to transfer receivables due from TenSpot Pesa Limited to Nanobank. The transaction was completed on the same date. Prior to the transaction, Nanobank was controlled by the Group's Chairman and CEO. Additional information on the transaction is provided in Notes 9 and 13.

The Group provides and receives professional services to a number of other related parties.

Services received from Beijing Kunlun Tech consist of shared office facilities in Beijing, China.

Services provided to OPay consist of development and key management personnel services and have been invoiced based on time used. Services received from Mobimagic Digital Technology Ltd are related to distribution and promotion of the Group's products worldwide. Mobimagic Digital Technology Ltd was initially a subsidiary of the Qihoo 360 group, later invested into by other investors, including Mr. Yahui Zhou. The Qihoo 360 group and Mr. Yahui Zhou were also two of the original shareholders of Opera Limited. Both Opera and Mobimagic Digital Technology Ltd have a need to promote their apps through mobile advertising on third-party advertising inventory. As the two companies have operated under overlapping control, it was decided to take advantage of the combined volume of advertising to be procured in order to achieve the most attractive pricing from third parties; hence the partnership. As of December 31, 2020, the Group had provided prepayments to Mobimagic Digital Technology Ltd for distribution and promotion services as part of an agreement where Mobimagic Digital Technology Ltd accepted financial risk related to the retention of acquired new users. The prepayments had a carrying amount of US\$3.8 million as of December 31, 2020, compared to US\$15.5 million as of December 31, 2019, while the carrying amount had reached US\$ nil as of the date of this report.

On November 11, 2020, an addendum was made to the partnership agreement between the Group and Mobimagic Digital Technology Ltd., when the latter party assigned its rights and obligations under the existing agreement to Ying Liang Limited. In 2020, the Group purchased marketing and distribution-related services from Ying Liang Limited for US\$3.7 million.

Additional information about transactions with associates and joint ventures is included in Note 13.



Outstanding balances as of December 31, 2019 and 2020 are unsecured and interest free, except as outlined above, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payable.

[US\$ thousands]			As of December 31,	
Balances with related parties	Category of related party	Type of balance	2019	2020
Beijing Kunlun Lexiang Network Technology Co., Ltd.	Key management personnel	Other payables	-	(15)
Beijing Kunlun Online Network Tech Co., Ltd.	Key management personnel	Other payables	-	(45)
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Other payables	(177)	(773)
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Trade receivables	-	13
Beijing OFY Co., Ltd.	Associate / Key management personnel	Trade receivables	-	51
Beijing Xianlahuyu Network Tech Co., Ltd.	Key management personnel	Other payables	-	(5)
Blue Ridge Micro Finance Bank Ltd.	Associate / Key management personnel	Trade payables	-	(30)
Kunlun Global International Sdn. Bhd.	Key management personnel	Other payables	-	(8)
Kunlun Group Ltd.	Key management personnel	Trade payables	(436)	(520)
Kunlun Tech Ltd.	Key management personnel	Trade receivables	-	568
Mobimagic Digital Tech. Ltd.	Key management personnel	Distribution prepayment	15,527	3,848
Mobimagic Digital Tech. Ltd.	Key management personnel	Trade and other payables	(2,760)	-
Mobimagic Cayman Co. Ltd.	Key management personnel	Trade receivables	303	-
Mobimagic Cayman Co. Ltd. / Hong Kong Fintango Ltd.	Key management personnel	Trade and other payables	(25,598)	-
Nanocred Cayman Company Limited and subsidiaries	Associate / Key management personnel	Other receivables	-	138
nHorizon Infinite (Beijing) Software Ltd.	Joint venture	Trade receivables	-	278
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Revenue share liability	(23)	(23)
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Trade receivables	146	-
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Professional service payable	(543)	(533)
OPay Digital Services Ltd.	Associate / Key management personnel	Loan receivable	-	-
OPay Digital Services Ltd.	Associate / Key management personnel	Trade receivables	17,450	615
OPay Digital Services Ltd.	Associate / Key management personnel	Contract liability	(6,274)	-
OPay Digital Services Ltd.	Associate / Key management personnel	Other receivables	-	5,000
Paycom Nigeria Ltd.	Key management personnel	Trade receivables	1,466	-
Paycom Nigeria Ltd.	Key management personnel	Trade and other payables	(26)	(136)
Powerbets Holdings Ltd.	Joint venture	Loan receivable	3,039	-
Powerbets Holdings Ltd.	Joint venture	Trade receivable	6,579	-
Stammaker Entertainment Technology India Pvt., Ltd.	Key management personnel	Trade receivables	22	-
Wisdom Connection III Holding Inc.	Key management personnel	Other receivables	500	500
Xinyu Kunnuo Investment Management Co., Ltd.	Key management personnel	Other payables	-	180
Ying Liang Ltd.	Key management personnel	Distribution prepayment	-	22
Ying Liang Ltd.	Key management personnel	Trade and other payables	-	(3,673)
Ying Liang Ltd.	Key management personnel	Trade receivables	-	209

F-60



[US\$ thousands]			Year ended December 31,		
Transactions with related parties	Category of related party	Type of transaction	2018	2019	2020
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Office facilities	(1,072)	(1,545)	(1,533)
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Technology licensing and other revenue	-	13	-
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Professional services	-	(30)	-
Beijing Kunlun Lexiang Network Technology Co., Ltd.	Key management personnel	Professional services	-	(79)	(15)
Beijing Kunlun Online Network Tech Co., Ltd.	Key management personnel	Professional services	-	(125)	(44)
Beijing Xianlaihuyu Network Tech Co., Ltd.	Key management personnel	Professional services	-	(39)	(5)
Beijing OFY Co., Ltd.	Associate / Key management personnel	Technology licensing and other revenue	-	-	543
Kunlun Global International Sdn. Bhd.	Key management personnel	Advertising revenue	68	2	-
Kunlun Global International Sdn. Bhd.	Key management personnel	Professional services	-	-	(8)
Kunlun Group Ltd.	Key management personnel	Professional investment advisory services	-	(436)	(582)
Mobimagic Digital Tech. Ltd.	Key management personnel	Technology licensing, advertising and other revenue	3,069	-	496
Mobimagic Digital Tech. Ltd.	Key management personnel	Marketing and distribution	(7,522)	(25,767)	(9,719)
Mobimagic Digital Tech. Ltd.	Key management personnel	Software license fees	-	(500)	-
Mobimagic Cayman Co. Ltd.	Key management personnel	Technology licensing and other revenue	-	303	596
Mobimagic Cayman Co. Ltd. / Hong Kong Fintango Ltd.	Key management personnel	Technology and platform fees	-	(25,598)	(23,007)
Mobimagic Cayman Co. Ltd.	Key management personnel	Professional services	-	(325)	-
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Technology licensing and other revenue	(18)	146	-
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Content cost	(45)	(38)	-
nHorizon Infinite (Beijing) Software Ltd.	Joint venture	Professional services	(941)	(156)	-
nHorizon Infinite (Beijing) Software Ltd.	Joint venture	Technology licensing and other revenue	-	-	133
OPay Digital Services Ltd.	Associate / Key management personnel	Acquisition of business	(9,500)	-	-
OPay Digital Services Ltd.	Associate / Key management personnel	Investment	-	(7,131)	-
OPay Digital Services Ltd.	Associate / Key management personnel	Technology and platform fees	(455)	-	-
OPay Digital Services Ltd.	Associate / Key management personnel	Technology licensing and other revenue	10,899	15,960	7,626
OPay Digital Services Ltd.	Associate / Key management personnel	Interest income	-	323	-
OPay Digital Services Ltd.	Associate / Key management personnel	Other income	-	-	5,289
Paycom Nigeria Ltd.	Associate / Key management personnel	Advertising and other revenue	-	1,565	866
Powerbets Holdings Ltd.	Joint venture	Technology licensing, advertising and other revenue	4,369	2,210	-
Puto Novi Financing Corporation	Key management personnel	Finance income	-	-	97
StarMaker Interactive Inc.	Key management personnel	Investment	(30,000)	-	-
StarMaker Interactive Inc.	Key management personnel	Professional services	175	150	-
Wisdom Connection III Holding Inc.	Key management personnel	Other revenue	-	8	-
Wisdom Connection III Holding Inc.	Key management personnel	Disposal of shares in associates	-	500	-
Xinyu Kunnuo Investment Management Co., Ltd.	Key management personnel	Professional services	-	-	180
Ying Liang Ltd.	Key management personnel	Marketing and distribution expenses	-	-	(3,716)
Ying Liang Ltd.	Key management personnel	Technology licensing and other revenue	-	-	209

F-61



NOTE 27. EVENTS AFTER THE REPORTING PERIOD

The adverse impact from the global COVID-19 pandemic to revenue from the Group's products and services during the first half of 2020 largely ceased during the second half of the year. Still, as the pandemic continues into 2021, the Group continues to observe some negative impacts from it, in particular to the amount of advertising revenue from companies in certain industries. The pandemic is also continuing to impact the financial performance of Nanobank, an associate of the Group, which has significant operations in India, where a recent surge in the rate of infections impacts Nanobank's planned timing for the launch of new products and services, and its scaling of existing services. The Group is continuing to monitor the impact of the pandemic, the measures taken to contain it and the effect of vaccination programs. The impact of the pandemic to financial performance and position of the Group in 2021 is highly uncertain.

On May 29, 2020, the Group entered into an investment agreement with AB Fjord Bank. Under the agreement, the Group was to acquire 9.9% of the share capital via a share subscription. On January 4, 2021, the capital increase in AB Fjord Bank was completed by the Group investing US\$0.9 million. The Group has concluded that the investment in AB Fjord Bank is an associate to be accounted for under the equity method. AB Fjord Bank is a full-digital consumer finance bank that was founded in March 2017. In December 2019, it was granted a specialized bank license by the European Central Bank. AB Fjord Bank's head office is in Vilnius, Lithuania.

On January 8, 2021, Kunlun Tech Limited, a subsidiary of Beijing Kunlun Tech Co., Limited, completed the acquisition of 19.5 million ordinary shares in Opera Limited, resulting in Kunlun Tech Limited holding 124.0 million of the ordinary shares outstanding, equivalent to 53.9% of the share capital at the time. Beijing Kunlun Tech Co., Limited is listed on the Shenzhen Stock Exchange.

On January 11, 2021, the Group acquired 100% of the shares in YoYo Games Limited for US\$9.5 million, or US\$9.0 million net of cash acquired. YoYo Games Limited owns GameMaker, a platform users can access to develop games. The acquisition forms the basis for Opera Gaming, a new division focused on expanding the Group's capabilities and monetization opportunities in gaming. The initial accounting for the business combination is incomplete as of the date these consolidated financial statements are authorized for issue because the Group is still assessing the inputs for determining the fair values of the assets and liabilities acquired and assumed. Based on the preliminary allocation of the purchase price, goodwill from the acquisition is measured at US\$6.4 million. The Group did not assume material liabilities from the business combination.

On January 17, 2021, the share repurchase program disclosed in Note 24 was terminated. Under the program, the Group repurchased a total of 5,976,455 ADSs for US\$49.8 million.

Subsequent to February 25, 2021, the third exercise period of the Group's equity program took place, including RSUs that had vested on January 1, 2021. A total of 1,086,340 RSUs were exchanged for an equivalent number of ADSs in Opera Limited. On May 25, 2021, the Group awarded 40,000 options and 1,965,825 RSUs that vest over 2022-2025. The awards were granted according to the Group's existing share incentive plan and follow the final vesting period of the grants made in 2017. Combined, 22% of awarded options and RSUs are scheduled to vest in 2022, 24% in 2023, 27% in 2024 and 27% in 2025.

In January 2020, the Company and certain of its directors and officers were named as defendants in a putative class action filed in the United States District Court for the Southern District of New York: Brown v. Opera Limited, et al., Case No. 20-cv-674 (S.D.N.Y.). The complaint, as amended, alleged that the Company had made certain material misstatements and/or omissions in violation of US securities laws. The Company announced its decision to vigorously defend itself from these allegations and moved to dismiss the complaint. On March 13, 2021, the court granted the Company's motion to dismiss, dismissing all of the claims on multiple grounds. The plaintiffs in the action determined to forgo their right to file a further amended complaint and instead stipulated to dismissal of the litigation. The case was dismissed with prejudice in an order entered on April 22, 2021.

On June 4, 2021, the Group entered into an agreement to sell 41,071,355 of its preferred shares in OPay for a consideration of US\$50 million. The transaction closed on the same date and resulted in a gain of US\$31.1 million versus the carrying amount of these shares. Opera will retain 101,020,495 shares in OPay, consisting of 31,058,025 ordinary shares and 69,962,470 preferred shares.

F-62



Exhibit 2.4

Description of Rights of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act")

American Depositary Shares ("ADSs") each representing two ordinary shares of Opera Limited, ("we," "our," "our company," or "us") are listed and traded on the NASDAQ Global Select Market and, in connection with this listing (but not for trading), the ordinary shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of ordinary shares and (ii) the holders of ADSs ("you", or "your"). Ordinary shares underlying the ADSs are held by the Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as holders of the ordinary shares.

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective second amended and restated memorandum and articles of association (the "Second M&A"), as well as the Companies Act (2021 Revision) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Second M&A, which has been filed with the SEC as an exhibit to our registration statement on Amendment No. 1 to Form F-1 (File No. 333-226017) filed with the Securities and Exchange Commission on July 13, 2018).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Our authorized share capital consists of US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. All of our issued and outstanding ordinary shares are fully paid and non-assessable. The number of ordinary shares that have been issued as of the last day of the fiscal year ended December 31, 2020 is provided on the cover of our 2020 annual report on Form 20-F. Certificates representing the ordinary shares are issued in registered form. Our Second M&A prohibit us from issuing bearer or negotiable shares. Our company will issue only non-negotiable shares in registered form, which will be issued when registered in our register of members.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Ordinary Shares (Item 10.B.3 of Form 20-F)

Dividends

The holders of our ordinary shares are entitled to receive such dividends as may be declared by our board of directors subject to our Second M&A and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, dividends may be paid only out of profits, which include net earnings and retained earnings undistributed in prior years, and out of share premium, a concept analogous to paid-in surplus in the United States. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they fall due in the ordinary course of business and we have funds lawfully available for such purpose.



Register of Members

Under Cayman Islands law, we must keep a register of members and there must be entered therein:

- the names and addresses of the members, together with a statement of the shares held by each member, and such statement shall confirm (i) the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by a member carries voting rights under the articles of association of the company, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members will be deemed as a matter of Cayman Islands law to have legal title to the shares as set against its name in the register of members. Upon the completion of any future offering, our register of members will be immediately updated to record and give effect to the issue of ordinary shares by us to Bank of New York Mellon, as the depositary (or its custodian or nominee). Once our register of members has been updated, the shareholders recorded in the register of members shall be deemed to have legal title to the shares set against their name.

If the name of any person is, without sufficient cause, entered in or omitted from the register of members, or if default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member, the person or member aggrieved or any member or the company itself may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

Voting Rights

Holders of our ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of our company. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or one or more shareholders present in person or by proxy entitled to vote and who together hold not less than 10% of all paid up voting share capital of our company. An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast in a general meeting. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast in a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our Second M&A. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

General Meetings and Shareholder Proposals

As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our Second M&A provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders' meeting within one year of the end of each fiscal year as required by the Listing Rules of the NASDAQ Stock Market.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, our Second M&A allow two or more of our shareholders holding shares representing in aggregate not less than ten percent of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition a special meeting of the shareholders, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our Second M&A do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.



A quorum required for a meeting of shareholders consists of one or more shareholders holding, in aggregate, not less than one-third of the votes attaching to all paid up share capital of our company present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Advance notice of at least seven calendar days is required for the convening of our annual general meeting and other shareholders' meetings.

Transfer of Ordinary Shares

Subject to the restrictions in our Second M&A as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the designated stock exchange may determine to be payable, or such lesser sum as the board of directors may from time to time require, is paid to the Company in respect thereof.

If our directors refuse to register a transfer they are obligated to, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the designated stock exchange, be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as our board of directors may determine.

Issuance of Additional Shares

Our Second M&A authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares. Our Second M&A also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
 - the number of shares of the series;
 - the dividend rights, dividend rates, conversion rights, voting rights; and
 - the rights and terms of redemption and liquidation preferences.
-



Our board of directors may issue preference shares without further action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Liquidation

On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them. We are a "limited liability" company registered under the Companies Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our Second M&A contain a declaration that the liability of our members is so limited.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least fourteen calendar days prior to the specified time and place of payment. The ordinary shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption, Repurchase and Surrender of Ordinary Shares

We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our Second M&A. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (except for the memorandum and articles of our Company and register of mortgages and charges, and any special resolutions passed by our shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find More Information About Us."

Requirements to Change the Rights of Holders of Ordinary Shares (Item 10.B.4 of Form 20-F)

Under our Second M&A and as permitted by the Companies Act, if our share capital is divided into more than one class of shares, subject to any rights or restrictions for the time being attached to any class, we may vary the rights attached to any class either with the unanimous written consent of the holders of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.



Limitations on the Rights to Own Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations imposed by foreign law or by our Second M&A on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our ordinary shares. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Some provisions of our Second M&A may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including a provision that authorizes our board of directors may, in their absolute discretion and without approval of the holders of our ordinary shares, cause our company to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Second M&A for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under Cayman Islands law applicable to our Company, or under our Second M&A, that require our Company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Act is derived, to a large extent, from the older Companies Acts of England, but does not follow recent English law statutory enactments, and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to Delaware corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to Delaware corporations and their shareholders.

Mergers and Similar Arrangements

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertakings, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertakings, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.



Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected (within four months), the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands, but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, or a tender offer is made and accepted, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff in any action or proceedings to be brought in respect of a wrong committed against us, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to apply and follow the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against, or a derivative action in the name of, a company to challenge the following acts in the following circumstances:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components, the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director must act in a manner he or she reasonably believes to be in the best interests of the corporation.



A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore he or she owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a personal profit out of his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third-party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the English and commonwealth courts are moving towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Under our Second M&A, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company must declare the nature of their interest at a meeting of the board of directors. Subject to Listing Rules of the NASDAQ Stock Market and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract, proposed contract, arrangement or transaction notwithstanding his interest.

Shareholder Action by Written Resolution

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our Second M&A provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled for a single director, which increases the shareholder's voting power with respect to electing such director. While there is nothing under the laws of the Cayman Islands which specifically prohibits or restricts the creation of cumulative voting rights for the election of directors of our company, it is not a concept that is accepted as a common practice in the Cayman Islands, and our company has made no provisions in our Memorandum and Articles of Association to allow cumulative voting for election of our directors.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Second M&A, directors can be removed by an ordinary resolution. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns by notice in writing to the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed pursuant to our Second M&A.



Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquiror to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company, for a proper corporate purpose and not with the effect of perpetrating a fraud on the minority shareholders.

Dissolution and Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. The Delaware General Corporation Law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors. Under the Companies Act, our company may be dissolved, liquidated or wound up by a special resolution, or by an ordinary resolution on the basis that our company is unable to pay its debts as they fall due.

Variation of Rights of Shares

If at any time, our share capital is divided into different classes of shares, under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our Second M&A and as permitted by the Companies Act, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class either with the unanimous written consent of the holders of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As required by the Companies Act, our Second M&A may only be amended by a special resolution of our shareholders.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.



Holders of our shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than copies of our memorandum and articles of association and register of mortgages and charges, and any special resolutions passed by our shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolutions:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution prescribes;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing convert all or any of its paid up shares into stock and reconvert the stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them into shares of a smaller amount than that fixed by our Second M&A; provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share will be the same as it was in case of the share from which the reduced share is derived; and
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital and any capital redemption reserve in any manner authorized by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS represents two ordinary shares (or a right to receive two ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS also represents any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs are administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.



Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. See “Where You Can Find More Information About Us” for directions on how to obtain copies of those documents.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. Dollars, if it can do so on a reasonable basis and can transfer the U.S. Dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See “Taxation” in our most recently filed annual report on Form 20-F for additional information. The depositary will distribute only whole U.S. Dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to Purchase Additional Shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.



Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. See “Description of Share Capital” for more information on the voting rights of our ordinary shares underlying the ADSs. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders’ meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.



Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares.

In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or ADS holders must pay:

For:

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. Dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary



The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.



If there are no deposited securities underlying ADSs, including if the deposited securities are canceled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange on which they were listed and do not list the ADSs on another exchange;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.



Limitations on Obligations and Liability

Limits on Our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement, or for any;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;



- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with the Securities Act of 1933 or the rules and regulations promulgated thereunder.



MARKETING & ADVERTISING SERVICES AGREEMENT

This Service Agreement (the “**Agreement**”) has been entered into as of the Effective Date (defined below) by and between:

- (1) **Opera Norway AS** a company established under the laws of Norway, with its registered address at Vitaminveien 4, 0485 Oslo, Norway (“**Opera**”);
- (2) **Mobimagic Digital Technology Limited** a company established under the laws of Hong Kong, with its registered address at Unit 1201-05, 12/F, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong (“**Company**”);

hereinafter separately and together also as a “**Party**” and the “**Parties**” (as further defined below).

WHEREAS:

- A. Opera owns various browser and content discovery applications;
- B. Opera provides marketing services for its group affiliates and their applications;
- C. Opera provides advertising services for third parties;
- D. Company provides marketing services for Opera and for third parties;
- E. Company and Opera are parties to the Professional Services Agreement (SF#5979), effective June 1, 2016 (as amended, the “**PSA**”), under which Company provided marketing services to Opera; and
- F. Whereas the parties wish to clarify and restate their obligations to each other;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

- 1.1. “Advertisements” means any and all advertising materials provided to Opera by Company, whether on Company’s own behalf, or on behalf of its Affiliates or advertising clients.
- 1.2. “Advertising Services” has the meaning described in Section 3.
- 1.3. “Affiliate” means a company that is directly or indirectly controlling, controlled by, or under common control with a Party to the Agreement, (where “control” means the ownership of more than fifty percent (50%) of the stock or other equity interests entitled to vote for the election of directors or an equivalent governing body).
- 1.4. “Confidential Information” means non-public information that a party designates as being ‘proprietary’ or ‘confidential’ or which by its nature or the circumstances reasonably ought to be treated as confidential. Confidential Information includes the party’s software and prototypes and information relating to the party’s business affairs, including business methods, marketing strategies, pricing, competitor information, product development strategies, and financial results.” Confidential Information does not include information which (a) is known by the receiving party or its affiliates (as defined below), free of any obligation to keep it confidential; (b) is at the time of disclosure, or thereafter becomes, publicly available through no wrongful act of the receiving party or its affiliates; (c) is independently developed by the receiving party or its affiliates, without relying on or referring to the Confidential Information of disclosing party; or (d) is approved for release by prior written authorization of the disclosing party.” For purposes of this Section, “affiliates” means any corporation or other business entity in which, but only for so long as, either Party owns or controls directly or indirectly more than 50% of the outstanding stock or other voting rights entitled to elect directors.



- 1.5. "CPI" means cost per Installation.
- 1.6. "Effective Date" means April 1, 2020.
- 1.7. "Installation" means an individual copy of the Software installed on a device that has never had the Software installed before that connects to Opera's servers (or the Affiliate's servers, as applicable) for the first time.
- 1.8. "Insertion Order" or "IO" means an insertion, release or similar order requesting insertion of Advertisements in the Inventory, which order is submitted in the form attached hereto as Exhibit A and is executed between Company and Opera, or Opera's Affiliate Opera Software Ireland Ltd.
- 1.9. "Inventory" means the space made available for the placement of advertising in websites and/or products for which Opera has the right to serve Advertisements.
- 1.10. "Marketing Services" has the meaning described in Section 2.
- 1.11. "Party" or "Parties" means Opera, Company, or their respective Affiliates. For the avoidance of doubt, a reference to a Party in this Addendum shall be construed as a reference to that Party's Affiliates.
- 1.12. "Purchase Order" or "PO" means an order by which Opera may engage Company to perform Marketing Services.
- 1.13. "Software" means either applications owned or distributed by Opera, its Affiliates, or third parties.
- 1.14. "Terms & Conditions" means the standard terms and conditions governing Opera's delivery of Advertisements to the Inventory which are set forth at <https://www.opera.com/contract/insertion-order>.

2. SERVICES

2.1. Marketing Services

Company shall provide Opera with marketing and distribution services for its Software and those of its Affiliates (the "Marketing Services").

- 2.2. From time to time, Opera may issue a Purchase Order to Company for Marketing Services. The Purchase Order shall describe the Software in question, the applicable commercial model (and the CPI rate or rates as applicable), any targeting criteria, territory, start dates, budget, and other parameters.
- 2.3. Company shall then sign the Purchase Order and carry out the campaign as specified in the Purchase Order.
- 2.4. Company shall have the right to receive all the rebates (if any) earned from the advertising platform (e.g., Google, Facebook) earned by Company by virtue of the Marketing Services.
- 2.5. Performance will be tracked by Opera and reported to Company.
- 2.6. Unless a different reconciliation period is specified in the Purchase Order, Company may invoice Opera on a quarterly basis. In the case of Software owned or controlled by Opera's Affiliates, Company may invoice the Affiliate directly. Opera or Affiliate (as appropriate) shall pay Company within 30 days of receipt of Company's correct and complete invoice.

3. ADVERTISING SERVICES

- 3.1. Company or its Affiliates shall be entitled to order the delivery of Advertisements to the Inventory by submitting a proposed IO for Opera's review and, if approved, counter signature. For the avoidance of doubt, Opera shall not be under any obligation to accept a proposed IO submitted by Company or its Affiliates. Any such Order shall be in the form of the template attached to this Agreement as Exhibit B.
-



3.2. The advertising campaigns subject to an executed IO will be delivered by Opera (and / or Opera's Affiliates, including Opera Software Ireland Ltd.) in accordance with the Terms & Conditions which shall be deemed to be incorporated into this Agreement and any IO entered into hereunder. For the avoidance of doubt, the Parties agree that any terms in an Order that add to, or conflict with or contradict any provisions of this Agreement including the Terms & Conditions are excluded from this Agreement and have no legal effect notwithstanding the Parties execution of such IO.

3.3. Notwithstanding anything to the contrary in the Terms & Conditions, Company shall pay to Opera the fees described in the relevant Order pursuant to the payment terms set forth in Section 3.4 of this Agreement.

3.4. Advertising Services Fees

3.4.1. Advertisements placed in third party Inventory (e.g., Google) will be charged at cost. In the event that Opera earns a rebate from such third parties, Opera will share 2% of such rebate with Company as a commission.

3.4.2. In the event that Company places Advertisements in Opera's own Inventory, the fee will be set in accordance with Opera's prevailing rate card.

3.4.3. Opera will issue its invoices monthly or upon completion of each Order, whichever comes first. Invoices shall: (a) be based on amounts actually delivered as reported by Opera in accordance with the Terms & Conditions; (b) include the Order number; (c) be issued within fifteen (15) business days of the end of each month and/or completion of each Order as the case may be; and (d) be issued to the invoicing email address indicated in the Order.

3.4.4. Payment shall be made in the currency indicated in the Order by wire transfer (no checks) to the account identified in Opera's invoice and received by Opera within thirty (30) days from the date of issuance of the invoice.

3.4.5. All fees under the Agreement are: (a) net of any agency fees or commissions; and (b) exclusive of customs, taxes, duties, VAT or excises in any form. Company shall pay at the rates prescribed by applicable law all VAT (and/or other similar sales taxes where applicable) on the amounts due under the Agreement.

3.4.6. In the event Company fails to make timely payment or otherwise breaches the Agreement, Company will be responsible for all reasonable expenses (including attorneys' fees) incurred by Opera in collecting such amounts and Opera reserves the right to suspend performance of its obligations under this Addendum.

4. INTELLECTUAL PROPERTY RIGHTS

4.1. Trademarks

Subject to the terms of this Agreement, Opera hereby grants to Company a revocable, non-sublicensable, non-exclusive license to use Opera's trademarks ("Opera Marks") solely in connection with Company's marketing and promotion of the embedded product as set forth in this Agreement. Company's use of the Opera Marks shall be subject to Opera's Trademark Guidelines available at <https://brand.opera.com>. Company acknowledges that it shall acquire no proprietary rights whatsoever in and to the Opera Marks, which shall remain Opera's sole and exclusive property for its unlimited exploitation and all use and acquired goodwill shall inure to Opera's sole benefit.

4.2. License to the Software

Solely in connection with this Agreement, Opera grants to Company (on opera's behalf, or on behalf of Opera's Affiliates, as applicable) a revocable, nonexclusive, worldwide license during the term of this Agreement to: display, promote, and distribute the executable version of the Software.



- 4.3. Company shall ensure that any distribution of the Software to sub-distributors or other third parties shall be subject to terms equally protective of the rights of Opera as the terms of this Agreement.
- 4.4. Nothing in this Agreement shall be deemed or construed as an assignment by a Party to the other Party of any Intellectual Property Rights which are the property of a party. For the avoidance of doubt, Opera, its Affiliates, and their respective suppliers (as applicable) own and retain sole and exclusive right, title and interest to the Software, Opera Marks and the intellectual property rights (including without limitation, all patent rights, design rights, copyrights, trademarks and trade secrets) embodied therein.

5. CONFIDENTIALITY OBLIGATIONS

Neither party shall disclose the other party's Confidential Information to third parties or use Confidential Information for any purpose other than for the proper fulfilment of this Agreement. Each party undertakes to safeguard the Confidential Information of the other party with the same degree of care as it would apply to its own Confidential Information. Such obligations will survive the expiration of this Agreement for a period of 5 years.

6. WARRANTIES; INDEMNIFICATION

- 6.1. Each Party represents that; a) it has full authority and all rights necessary to enter into this Agreement, and to grant the licenses described in this Agreement; b) its performance associated with this Agreement will be carried out in compliance with applicable law. Without limiting the generality of the foregoing, each Party represents and warrants that it will comply with all applicable laws concerning data privacy, and all applicable laws concerning anti-bribery / anti-corruption, including the UK Bribery Act and the US Foreign Corrupt Practices Act.
- 6.2. Each Party (as the "Indemnifying Party") agrees to indemnify and hold harmless the other Party (as the "Indemnified Party") for any third-party claim alleging a violation of the Indemnifying Party's representations and warranties contained in this Section 6.
- 6.3. Each Party's indemnification obligation hereunder to the other Party is expressly conditioned on the following: (a) the Indemnified Party shall promptly notify the Indemnifying Party in writing of any such claim or action of which it becomes aware; (b) the Indemnifying Party shall have the sole control of the defense and all negotiations for any settlement or compromise of such claim or action; and (c) the Indemnified Party will cooperate and, at the Indemnifying Party's request and expense, assist in such defense. The Indemnifying Party agrees that it shall act reasonably and shall consult with the Indemnified Party before agreeing to any settlement.

7. LIMITATION OF LIABILITY

- 7.1. Neither Party shall be liable to the other Party in contract, tort or otherwise, whatever the cause, for any loss of profit, business or goodwill or any indirect, incidental or consequential costs, damages or expenses of any kind, except for such loss attributable to breach of confidentiality.
- 7.2. In no event will either Party's total cumulative liability for all claims arising out of or related to this Agreement exceed the total amount of fees paid by Opera to Company under this Agreement during the twelve (12) months immediately preceding such claim, except for liability for claims arising out of: (i) either Party's breach of its confidentiality obligations under Section 5 above; (ii) liabilities that cannot be limited by law; or (iii) either Party's indemnification obligations under Section 6 above. The Parties agree that this Section 7 reflects a reasonable allocation of risk and that each Party would not enter into this Agreement without these limitations on liability.
-



8. DATA PRIVACY

Any gathering, access, or other processing of any personal data by Company shall be conducted in accordance with applicable law and the terms of a separate data processing or transfer agreement to be entered into by the Parties.

9. TERM AND TERMINATION

9.1. This Agreement is effective as of the Effective Date and shall continue until terminated as provided herein.

9.2. Either Party may terminate this Agreement for any reason upon 30 days' notice to the other Party. In such event the Parties will reconcile any outstanding amounts due between them as of the effective date of termination.

9.3. Any individual PO or IO may be terminated upon 14 days' notice to the other Party, unless the Parties' agree otherwise in such PO or IO.

9.4. For the avoidance of doubt, termination of the Agreement shall be without prejudice to any PO or IO entered into under this Agreement. Likewise any PO or IO may be terminated individually without prejudice to this Agreement.

9.5. Termination of Existing Agreements

As of the date of execution of this Agreement, the Parties agree that the PSA shall be regarded as terminated.

9.6. Reconciliation

The Parties acknowledge that certain fees for Advertising Services are owing by Company to Opera as of the date of execution of this Agreement. The Parties agree to calculate and reconcile this outstanding amount in accordance with the terms of this Agreement within 30 days of its execution.

10. FINAL TERMS

10.1. Entire Agreement

This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements relating to the subject matter hereof.

10.2. Assignment

This Agreement may not be assigned or transferred by either Party without the other Party's written consent, which shall not be unreasonably withheld.

10.3. Invalid Provisions

Should any of the provisions contained in this Agreement prove to be inconsistent with law or invalid the Parties shall make their best efforts to replace such invalid provision with a valid one closest in the meaning to the original provision.

10.4. No Waiver

No delay in exercising any right under this Agreement shall be deemed to mean a waiver of such right, nor shall the partial exercise of any right under this Agreement be deemed to mean the waiver of the right to further exercise such right, unless the provisions or the context of this Agreement requires otherwise.



10.5. Relationship of the Parties

The Parties are independent contractors. Nothing in this Agreement will be deemed to create an agency, employment, partnership, fiduciary or joint venture relationship between the Parties. Company will not have, and will not represent to any third Party that it has, any authority to act on behalf of Opera.

10.6. Governing Law; Dispute Resolution

This Agreement (and any question about its subsistence, effect or termination) shall be governed by and construed in accordance with English law (without regard to the conflicts of laws principles thereof). Any and all disputes arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in English in accordance with the UNCITRAL Arbitration Rules for the time being in force at the commencement of the arbitration. The place of arbitration shall be Singapore before a tribunal of three arbitrators, one to be appointed by each of the parties and the third by the two so chosen, unless the parties have agreed to the appointment of a sole arbitrator. The parties agree that the seat of the arbitration shall remain in London.

10.7. Amendments

The Agreement may be changed, amended or modified only by the written agreement of the Parties.

10.8. Attachments

This Agreement has the following Attachments:

10.8.1. Exhibit A – Template Purchase Order;

10.8.2. Exhibit B – Template Insertion Order.

IN WITNESS THEREOF, the Parties have signed this Agreement:

Opera Norway AS

Mobimagic Digital Technologies Ltd.

Signature

Signature

Name

Name

Title

Title

Date

Date



Exhibit A – Purchase Order Template

PURCHASE ORDER

This Purchase is issued by Opera Norway AS (“Opera”) under and pursuant to the Service Agreement (SF # _____) dated _____ (as amended, the “Agreement”), entered into by and between Opera and _____, (“Company”).

1. Campaign Description:

Company will help distribute certain software applications (the “Software”) in certain territories. The distribution will be based on a CPI (Cost Per Install) model and/or any other applicable commercial model as outlined in the table below

Software:	LIST RELEVANT APPS TO BE INCLUDED
Commercial Model	
Rate:	
Campaign period:	
Purchase Order Budget:	
Territory:	
Opera contact person:	Jorgen Arnesen: jorgena@opera.com

Opera will set up an online dashboard including daily installs and cost which shall be used for performance and budget control. Company shall share monthly reports and end of term reconciliation to the Opera contact person containing the following information: APP/ Month/ Media Source/platform/ GEO/Installs/Actual Cost /CPI.

Company may invoice Opera’s Affiliate _____ directly.

2 Signature:

By signing below, Company acknowledges and agrees to be bound by the campaign parameters set forth in this Order and in the Agreement.

ACKNOWLEDGED & AGREED:

INSERT REGISTERED LEGAL NAME

By: _____

Name:

Title:



Exhibit B – Insertion Order Template



Effective Date: _____
Insertion Order #: _____

Insertion Order

This Insertion Order is entered into by and between Opera Software Ireland Ltd. ("Opera") and the counter-party identified below in Section 1 ("Company"). Opera and Company are referred to herein collectively as the "Parties" and each individually as a "Party". The insertion order standard terms & conditions at <https://www.opera.com/contract/insertion-order> ("Terms & Conditions") are incorporated into this Insertion Order by this reference. This Insertion Order and the Terms & Conditions collectively make up the "Agreement." This Agreement governs the placement of Company's promotional campaigns within Opera's advertising inventory as further described herein.

1. Contact Information:

Opera Contact Details:	
Name:	Opera Software Ireland Ltd. ("Opera")
Sales Rep.:	
Address:	The Wilde 53 Merrion Square Dublin 2, D02 PR63 Ireland
Email:	Operations: operaacctmgmt@opera.com Legal Notices: legal@opera.com Accounts receivable: invoice-ie@opera.com

Company Contact Details:	
Name:	Mobimagic Digital Technology Limited
Contact Person:	
Address:	Unit 1201-05, 12/F, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong
Email:	Invoices:



2. Campaigns:

Opera will display the specified Company Link(s) within the identified Opera Property(ies) for the Duration of the campaign, as further set forth below in Section 2 of this Insertion Order.

Duration:	Opera Property:	Company Link:	Notes:
Length of campaign.	Location where Company's Link will be displayed.	Tagged URL and/or ad media provide by Company for display in the Opera Property.	Notes relating to the display of the Company Link in the Opera Property.
One month	[Bookmark, Speed Dial, or SPL] in Opera [Mobile, or Mini] X.X and later Setting(s): [Countries-Languages]\	[Tagged URL]\	

3. Term & Termination:

3.1 This Insertion Order shall take effect on the Effective Date and continue for the Duration of the campaign(s) set forth in Section 2 ("Term").

3.1 This Insertion Order may be terminated by either party at any time, if the other party is in material breach of any term or condition of the Agreement and such breach is not remedied for a period of ten (10) business days after the party in breach has been notified of the breach by the other party. Either Party may terminate this Insertion Order at any time on thirty (30) days advance written notice to the other Party.

4. Fees & Payment:

4.1 INSERT RELEVANT COMMERCIAL TERMS.

4.1 Opera issues its invoices monthly or upon completion of this order, whichever comes first. Invoices will be sent to the email address provided above. Payment shall be made by wire transfer (no checks) to the account indicated in Opera's invoice and received by Opera within thirty (30) days from the date of invoice. Payments shall be made in the currency indicated in Section 4.1.

4.2 Within 10 days after each calendar month, Opera shall provide to Company a report by email sent to Company's contact person identified above that states the total number of user initiated clicks on a Link implemented in an Opera Property.

5. Signatures:

By signing below, the signatory entity represents that it has reviewed, and agrees to be bound by the Agreement.

ACCEPTED AND AGREED TO BY:

OPERA SOFTWARE IRELAND LTD

MOBIMAGIC DIGITAL TECHNOLOGY LIMITED

By: TEMPLATE – DO NOT SIGN

Name: _____

Title: _____

Date: _____

By: TEMPLATE – DO NOT SIGN

Name: _____

Title: _____

Date: _____



ADDENDUM NO. 1

This Addendum No. 1, including its exhibits, effective October 1st, 2020 ("**Addendum Effective Date**"), is entered into by and between:

Opera Norway AS, a company registered in Norway with its principal offices at Vitaminveien 4, 0485 Oslo, Norway ("**Opera**");

Ying Liang Limited, a company registered under the laws of Hong Kong with its registered address at Unit 1201-05, 12/F, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong ("**Assignee**"); and

Mobimagic Digital Technology Limited, a company registered in Hong Kong, with its registered address at Unit 1201-05, 12/F, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong ("**Assignor**" or "**Company**").

This Addendum No. 1 shall serve to supplement and amend the Marketing & Advertising Services Agreement (SF #12056) entered into effective April 1, 2020 between Opera and Assignor ("**Agreement**"). The parties are collectively referred to herein as "**Parties**", or each individually as a "**Party**". The Parties mutually agree as follows:

1. Background & Purpose

- 1.1. Pursuant to the terms and conditions of the Agreement, Opera is enabled to provide certain Advertising Services to Company, and Company is empowered to provide certain Distribution Services to Opera.
- 1.2. The Parties now wish to adjust the terms applicable to a particular advertising campaign.
- 1.3. Additionally, Company wishes to assign its rights and obligations under the agreement to Assignee.
- 1.4. Therefore the Parties have entered into this Addendum No. 1 to define and enact these changes to the Agreement.

2. Rebate

- 2.1. Pursuant to the Agreement, Opera has been performing Advertising services related to an ad campaign for the "Starmaker" product (the "Starmaker Campaign"). Pursuant to §3.4.1 of the Agreement, Opera has paid Company 2% of the rebate Opera earns third parties for trafficking the Starmaker Campaign.
- 2.2. The Parties now agree that effective as of the Addendum Effective Date, the share of the rebate Opera will pay to Mobimagic for the Starmaker Campaign shall be increased to 3%.
- 2.3. For the avoidance of doubt, the 3% rebate described above applies only to the Starmaker Campaign, and no other change to the Agreement, including §3.4.1 thereof, is intended or agreed as a result of this Addendum 1.

3. Assignment

- 3.1. Assignor hereby assigns all of its rights and obligations under the Agreement (including any current Insertion Orders or Purchase Orders entered into pursuant to the Agreement) to Assignee.
- 3.2. Assignee hereby accepts such assignment. As of the Addendum Effective Date, Assignee shall perform all of Assignor's obligations and assume all of Assignor's rights under the Agreement, and shall be bound by the terms of the Agreement in every way as if the Assignee was part to the Agreement in place of the Assignor.
- 3.3. Opera acknowledges and agrees to the assignment described above.



4. Applicable Provisions

4.1. All provisions of the Agreement shall continue in full force and effect unless modified by this Addendum No. 1. All terms defined in the Agreement shall have the same meaning when used herein as given therein. In case of conflict between the Agreement and Addendum No. 1, the latter shall prevail.

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum No. 1:

Opera Norway AS.

Mobimagic Digital Technology Limited

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Ying Liang Limited

Name: _____

Title: _____

Date: _____



EXHIBIT 8.1

List of Significant Subsidiaries and Consolidated Affiliated Entities

<u>Name</u>	<u>Place of Incorporation</u>
1. Kunhoo Software LLC	Cayman Islands
2. Kunhoo Software Limited	Hong Kong
3. Kunhoo Software S.a.r.l.	Luxembourg
4. Kunhoo Software AS	Norway
5. Opera Norway AS	Norway
6. Opera Software Holdings LLC	USA
7. Opera Software Ireland Ltd.	Ireland
8. Opera Sweden AB	Sweden
9. Opera Software International AS	Norway
10. Opera Software Netherlands B.V.	Netherlands
11. Opera Software India Pvt. Ltd.	India
12. Opera Software Poland sp. z.o.o.	Poland
13. Opera Software Technology (Beijing) Co. Ltd.	China
14. Opera Unite HK Limited	Hong Kong
15. Opera Unite Pte. Ltd.	Singapore
16. Opesa South Africa (Pty) Limited	South Africa
17. O-Play Digital Services Ltd.	Nigeria
18. O-Play Kenya Limited	Kenya
19. Phoneserve Technologies Co. Ltd.	Kenya
20. O-Play Zambia Limited	Zambia
21. PT Inpesa Digital Teknologi	Indonesia
22. Opera Lifestyle	Cayman Islands
23. Opera Lifestyle Nigeria Ltd.	Nigeria
24. OList Homes Ltd.	Nigeria
25. OÜ PocoSys	Estonia
26. P2C International Limited	United Kingdom
27. Dify Financial Technologies Iberia S.L.A.	Spain
28. Opera Financial Technologies Limited	United Kingdom
29. Blueboard Limited	Ireland
30. Beijing Yuega Software Tech. Svc. Co. Ltd.	China



Exhibit 12.1

**Certification by the Chief Executive Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,
as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yahui Zhou, certify that:

1. I have reviewed this annual report on Form 20-F for the year ended December 31, 2020 of Opera Limited (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: June 10, 2021

By: /s/ Yahui Zhou

Name: Yahui Zhou

Title: Chief Executive Officer



Exhibit 12.2

**Certification by the Chief Financial Officer
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,
as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Frode Jacobsen, certify that:

1. I have reviewed this annual report on Form 20-F for the year ended December 31, 2020 of Opera Limited (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: June 10, 2021

By: /s/ Frode Jacobsen

Name: Frode Jacobsen

Title: Chief Financial Officer



Exhibit 13.1

**Certification by the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Opera Limited (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yahui Zhou, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2021

By: /s/ Yahui Zhou
Name: Yahui Zhou
Title: Chief Executive Officer



Exhibit 13.2

**Certification by the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Opera Limited (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frode Jacobsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2021

By: /s/ Frode Jacobsen
Name: Frode Jacobsen
Title: Chief Financial Officer



Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors of Opera Limited:

We consent to the incorporation by reference in the registration statement (No. 333-229285) on Form S-8 and registration statement (No. 333-233691) on Form F-3 of our report dated June 10, 2021, with respect to the consolidated statements of financial position of Opera Limited and subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, which report appears in the December 31, 2020 annual report on Form 20-F of Opera Limited.

Our audit report refers to a change to the method of accounting for leases in 2019 due to the adoption of IFRS 16 Leases.

/s/ KPMG AS

Oslo Norway
June 10, 2021