



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 916 544 561  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KUNHOO SOFTWARE AS  
Forretningsadresse: Vitaminveien 4  
0483 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### Konsern

Mørselskap 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: 30.06.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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, 16.07.2021



## Resultatregnskap

Beløp i: USD	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Other operating expenses	2	56 000	604 000
<b>Sum kostnader</b>		<b>56 000</b>	<b>604 000</b>
<b>Driftsresultat</b>		<b>-56 000</b>	<b>-604 000</b>
<b>Finansinntekter og finanskostnader</b>			
Interest income from group companies		82 000	73 000
Net foregin exchange gain (loss)		5 483 000	18 236 000
<b>Sum finansinntekter</b>		<b>5 565 000</b>	<b>18 309 000</b>
Interest expense to group companies	4	11 275 000	10 462 000
<b>Sum finanskostnader</b>		<b>11 275 000</b>	<b>10 462 000</b>
<b>Netto finans</b>		<b>-5 710 000</b>	<b>7 847 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-5 766 000</b>	<b>7 243 000</b>
Income tax (expense) benefit	8	-2 376 000	-1 952 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-3 390 000</b>	<b>9 195 000</b>
<b>Årsresultat</b>		<b>-3 390 000</b>	<b>9 195 000</b>



## Balanse

Beløp i: USD	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	8	6 829 000	4 453 000
<b>Sum immaterielle eiendeler</b>		<b>6 829 000</b>	<b>4 453 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	5	564 946 000	564 946 000
<b>Sum finansielle anleggsmidler</b>		<b>564 946 000</b>	<b>564 946 000</b>
<b>Sum anleggsmidler</b>		<b>571 775 000</b>	<b>569 399 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Prepaid expenses			5 000
Konsernfordringer	4	2 123 000	2 041 000
<b>Sum fordringer</b>		<b>2 123 000</b>	<b>2 046 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash	6	2 847 000	2 896 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>2 847 000</b>	<b>2 896 000</b>
<b>Sum omløpsmidler</b>		<b>4 970 000</b>	<b>4 942 000</b>
<b>SUM EIENDELER</b>		<b>576 745 000</b>	<b>574 341 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital		293 000	293 000
Overkurs		214 900 000	214 900 000
<b>Sum innskutt egenkapital</b>		<b>215 193 000</b>	<b>215 193 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Opptjent egenkapital</b>			
Retained earnings		8 303 000	11 693 000
<b>Sum opptjent egenkapital</b>		<b>8 303 000</b>	<b>11 693 000</b>
<b>Sum egenkapital</b>		<b>223 496 000</b>	<b>226 886 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld			17 000
Kortsiktig konserngjeld	4	352 719 000	346 908 000
Other current liabilities	3	530 000	530 000
<b>Sum kortsiktig gjeld</b>		<b>353 249 000</b>	<b>347 455 000</b>
<b>Sum gjeld</b>		<b>353 249 000</b>	<b>347 455 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>576 745 000</b>	<b>574 341 000</b>



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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 Statement of Financial Position as at 31 December 2019, the Statement of Operations, Statement of Comprehensive Income (Loss), 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 2019, 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	Mo i Rana	Storø
Alta	Finnsnes	Molde	Strømø
Arendal	Hamar	Skien	Trondheim
Bergen	Haugesund	Sandefjord	Tynset
Bodo	Klarvik	Sandnessjøen	Alesund
Drammen	Kristiansund	Stavanger	



## 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 fair presentation 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 skepticism 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 fair presentation.

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 and the going concern assumption 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, 29 June 2020  
KPMG AS

Stian Tørrestad  
State Authorised Public Accountant



**2019 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, 2019 until December 31, 2019. 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, 2019, total assets had a book value of \$576,7 million, while equity had a book value of \$223,5 million. The equity ratio as of December 31, 2019 was 39%.

The net loss in 2019 of \$3,4 million is proposed transferred from other equity in its entirety. Net loss in 2019 was primarily related to interest expenses to group companies (\$11,3 million), 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. Net foreign exchange gain (\$5,5 million) made the net loss before income taxes less negative. Loans from group companies had a book value of \$352,7 million as of December 31, 2019. There are no significant cash flows in 2019.

The Board is of the opinion that the company has sufficient equity and liquidity for continued operations. Intercompany loans are due in November 2019. The group has revised the loan agreement in May 2020 and the maturity date is extended to 31 December 2023.

The Board believes that the annual accounts give a true and fair view of Kunhoo Software AS's earnings in 2019 and its financial position as of December 31, 2019.

**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 2019, 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 2020.

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, 10 June 2020

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Han Fang  
Chairman of the Board

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Frode Jacobsen  
Board Member/CEO



# **Kunhoo Software AS**

## **FINANCIAL STATEMENTS**

**2019**



**Kunhoo Software AS**  
**STATEMENT OF OPERATIONS**

<i>[US\$ thousands]</i>	<u>Notes</u>	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2019</u>
Other operating expenses	2	(604)	(56)
<b>Total operating expenses</b>		<b>(604)</b>	<b>(56)</b>
<b>Operating profit (loss)</b>		<b>(604)</b>	<b>(56)</b>
Interest income from group companies		73	82
Interest expense to group companies	4	(10 462)	(11 275)
Net foreign exchange gain (loss)	4	18 236	5 483
<b>Net income (loss) before income taxes</b>		<b>7 243</b>	<b>(5 766)</b>
Income tax (expense) benefit	8	1 952	2 376
<b>Net Income (loss)</b>		<b>9 195</b>	<b>(3 390)</b>

The accompanying notes are an integral part of the financial statements



**Kunhoo Software AS**  
**STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

<i>[US\$ thousands]</i>	<u>Notes</u>	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2019</u>
<b>Net income (loss)</b>		9 195	(3 390)
Other comprehensive income (loss)		-	-
<b>Total comprehensive income (loss)</b>		<u>9 195</u>	<u>(3 390)</u>

The accompanying notes are an integral part of the financial statements



**Kunhoo Software AS**  
STATEMENT OF FINANCIAL POSITION

<i>[US\$ thousands]</i>		As of December 31, 2018	As of December 31, 2019
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	8	4 453	6 829
Investments in subsidiaries	5	564 946	564 946
Loans to subsidiaries	4	-	-
<b>Total non-current assets</b>		<b>569 399</b>	<b>571 775</b>
<b>Current assets</b>			
Other current receivables		-	-
Loans to subsidiaries	4	2 041	2 123
Prepaid expenses		5	-
Cash	6	2 896	2 848
<b>Total current assets</b>		<b>4 942</b>	<b>4 971</b>
<b>TOTAL ASSETS</b>		<b>574 341</b>	<b>576 745</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		293	293
Share premium		214 900	214 900
Retained earnings		11 693	8 303
<b>Total Equity</b>		<b>226 886</b>	<b>223 496</b>
<b>Current liabilities</b>			
Trade and other payables		17	-
Loans from group companies	4	346 908	352 719
Other current liabilities	3	530	530
<b>Total current liabilities</b>		<b>347 455</b>	<b>353 249</b>
<b>Total liabilities</b>		<b>347 455</b>	<b>353 249</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>574 340</b>	<b>576 745</b>

Oslo, 10 June 2020

Han Fang  
*Chairman*

Frode Fleten Jacobsen  
*Board member / Managing director*

The accompanying notes are an integral part of the financial statements



**Kunhoo Software AS**  
**STATEMENT OF CHANGES IN EQUITY**

<i>[US\$ thousands]</i>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>As of January 1, 2018</b>	<b>293</b>	<b>214 900</b>	<b>2 498</b>	<b>217 691</b>
Net income (Loss)	-	-	9 195	<b>9 195</b>
Other comprehensive income (loss)	-	-	-	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>9 195</b>	<b>9 195</b>
<b>As of December 31, 2018</b>	<b>293</b>	<b>214 900</b>	<b>11 693</b>	<b>226 886</b>

<i>[US\$ thousands]</i>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>As of January 1, 2019</b>	<b>293</b>	<b>214 900</b>	<b>11 693</b>	<b>226 886</b>
Net income (Loss)	-	-	(3 390)	<b>(3 390)</b>
Other comprehensive income (loss)	-	-	-	-
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>(3 390)</b>	<b>(3 390)</b>
<b>As of December 31, 2019</b>	<b>293</b>	<b>214 900</b>	<b>8 303</b>	<b>223 496</b>

**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**

<i>[US\$ thousands]</i>	<b>Notes</b>	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2019</b>
<b>Cash flow from operating activities</b>			
Net income (loss) before income taxes		7 243	(5 766)
Change in other current receivables		2 945	(82)
Change in prepaid expenses		(5)	5
Change in trade payables, other payables and other current liabilities		547	3
Net foreign exchange (gain) loss	4	(18 236)	(5 483)
Net interest (income) expense	4	10 390	11 275
<b>Net cash flow from (used in) operating activities</b>		<b>2 884</b>	<b>(48)</b>
<b>Cash flow from investment activities</b>			
<b>Net cash flow from (used in) investment activities</b>		<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
<b>Net cash flow from (used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net change in cash</b>		<b>2 884</b>	<b>(48)</b>
Cash at beginning of period		12	2 896
Net foreign exchange difference		-	-
<b>Cash at end of period</b>		<b>2 896</b>	<b>2 848</b>

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, 2019, 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]

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2019</u>
Statutory audit fees	32	17
Consulting services	27	1
Legal fees	8	-
<b>Total</b>	<b><u>68</u></b>	<b><u>18</u></b>

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.

### Note 4 Loans and borrowings

The Company has an outstanding liability for US\$352,7 million to Kunhoo Software Limited. The loan is denominated in Norwegian Kroner (NOK). US\$5,5 million was recognized as a currency gain in 2019, 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 due in full on the maturity date as of November 2019 but have been 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]

2018	<u>Purchase price</u>	<u>Carrying value</u>	<u>Equity</u>	<u>Net income/ (loss)</u>
Opera Norway AS	556 150	564 946	98 563	34 885

[US\$ thousands]

2019	<u>Purchase price</u>	<u>Carrying value</u>	<u>Equity</u>	<u>Net income/ (loss)</u>
Opera Norway AS	556 150	564 946	106 422	6 981

### 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 2019, 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]

	<u>Year ended December 31, 2018</u>	<u>Year ended December 31, 2019</u>
Current income taxes	-	-
Change in deferred taxes	2 054	2 561
Adjustment prior years	24	(217)
Currency	(126)	31
<b>Income tax (expense) benefit</b>	<b>1 952</b>	<b>2 376</b>



## Kunhoo Software AS NOTES TO FINANCIAL STATEMENT

### Reconciliation of the tax expense

{US\$ thousands}

	Year ended December 31, <u>2018</u>	Year ended December 31, <u>2019</u>
Net income (loss) before income taxes	7 243	-5 766
Tax (expense) benefit at applicable tax rate	-1 666	1 269
Tax on permanent differences	3 820	1 212
Change in deferred tax due to change in tax rate	-202	0
Adjustment prior years	0	-105
<b>Income tax (expense) benefit for the year</b>	<b><u>1 952</u></b>	<b><u>2 376</u></b>
Effective tax rate	-27 %	41 %

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

{US\$ thousands}

	Year ended December 31, <u>2018</u>	Year ended December 31, <u>2019</u>
Non-deducted interest carried forward	4 388	6 784
Tax losses carried forward	65	45
<b>Net deferred tax asset (liability) recognized</b>	<b><u>4 453</u></b>	<b><u>6 829</u></b>

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 Company has evaluated subsequent events from the balance sheet date through the date at which the consolidated financial statements were available to be issued.

Intercompany loans (note 4) are due in November 2019. The group has revised the loan agreement in May 2020 and the maturity date is extended to 31 December 2023. However the positions have been classified as short term according to IAS 1 and as a non-adjusting event according to IAS 10.



**Skattedirektoratet**

Saksbehandler Jeanette Munkvold Skovholt	Deres dato 09.06.2017	Vår dato 19.06.2017
Telefon 90076012	Deres referanse Joakim Kasbohm/ Frode Fleten Jacobsen	Vår referanse 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 påligger 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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentralbord  
800 80 000  
Telefaks  
22 17 08 60



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*



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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, 2019.

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)



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### 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.

237,826,326 ordinary shares, par value US\$0.0001 per share, as of December 31, 2019

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



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### 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 during each month (within a given period);
- “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 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.



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### 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.



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## 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

The following summary historical consolidated statements of operations data for the period from January 1, 2016 to November 3, 2016 (the "Predecessor") and from the inception of Opera Limited (as successor-in-interest to Kumhoo Software LLC) on July 26, 2016 to December 31, 2016 and for the years ended December 31, 2017, 2018 and 2019, and summary consolidated statements of financial position data as of December 31, 2016, 2017, 2018 and 2019 (the "Successor"), have been derived from our audited consolidated financial statements. The consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, or IFRS.

The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and the related notes and the "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report. Our historical results are not necessarily indicative of results expected for future periods.

#### Summary Consolidated Statement of Operations

		2016		2017	2018	2019
	Predecessor for the period from January 1, 2016 to November 3, 2016	Successor Group since inception on July 26, 2016 to December 31, 2016	Unaudited pro forma consolidated Group for the year ended December 31, 2016 (1)	Successor Group for the year ended December 31, 2017	Successor Group for the year ended December 31, 2018 (3)	Successor Group for the year ended December 31, 2019 (4)
(US\$ in thousands, except per share and ADS amounts)						
Revenue	88,518	18,767	107,285	128,893	172,276	334,855
Other income	-	-	-	5,460	-	-
<b>Operating expenses:</b>						
Cost of revenue (5)	(638)	(469)	(1,107)	(3,969)	(20,009)	(73,991)
Personnel expenses including share-based remuneration	(35,493)	(5,972)	(41,465)	(42,134)	(34,683)	(61,029)
Marketing and distribution expense	-	-	(30,530)	(30,971)	(31,381)	(73,150)
Credit loss expense	-	-	866	(1,837)	678	(577)
Other changes in fair value of loans to customers	-	-	-	-	(528)	(54,302)
Depreciation and amortization	(9,586)	(3,082)	(16,712)	(16,604)	(12,694)	(18,933)
Other expenses	(42,486)	(19,032)	(25,754)	(26,536)	(28,359)	(32,210)
Restructuring costs	(3,911)	-	(3,911)	(3,240)	-	-
Total operating expenses	(92,113)	(28,555)	(118,613)	(124,114)	(126,975)	(314,192)
<b>Operating profit (loss)</b>	<b>(3,595)</b>	<b>(9,788)</b>	<b>(11,328)</b>	<b>10,239</b>	<b>45,301</b>	<b>20,662</b>
Share of net income (loss) of associates and joint ventures	(2,664)	(237)	(2,901)	(1,670)	(3,248)	(3,818)
Change in fair value of preferred shares in associates	-	-	-	-	-	37,900



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	2016		2017	2018	2019	
	Predecessor for the period from January 1, 2016 to November 3, 2016	Successor Group since inception on July 26, 2016 to December 31, 2016	Unaudited pro forma consolidated Group for the year ended December 31, 2016 (1)	Successor Group for the year ended December 31, 2017	Successor Group for the year ended December 31, 2018 (3)	Successor Group for the year ended December 31, 2019 (4)
(US\$ in thousands, except per share and ADS amounts)						
<b>Net finance income (expense):</b>						
Finance income	-	37	37	1,054	1,637	10,530
Finance expense	(1,378)	(24)	(1,402)	(238)	(1,695)	(1,505)
Net foreign exchange gain (loss)	(1,212)	212	(1,000)	(1,881)	(354)	(269)
Net finance income (expense)	(2,590)	225	(2,365)	(1,065)	(412)	8,756
<b>Net income (loss) before income taxes</b>	<b>(8,849)</b>	<b>(9,800)</b>	<b>(16,594)</b>	<b>7,504</b>	<b>41,641</b>	<b>63,500</b>
Income tax (expense) benefit	743	2,096	3,850	(1,440)	(6,481)	(5,602)
<b>Net income (loss)</b>	<b>(8,106)</b>	<b>(7,704)</b>	<b>(12,744)</b>	<b>6,064</b>	<b>35,160</b>	<b>57,899</b>
<b>Basic and diluted income (loss) per share</b>						
Basic, US\$	(0.04)	(0.04)	(0.07)	0.03	0.17	0.26
Diluted, US\$	(0.04)	(0.04)	(0.07)	0.03	0.17	0.25
<b>Basic and diluted income (loss) per ADS</b>						
Basic, US\$	(0.09)	(0.08)	(0.13)	0.06	0.35	0.52
Diluted, US\$	(0.09)	(0.08)	(0.13)	0.06	0.34	0.51
<b>Non-IFRS Financial Measures</b>						
Adjusted EBITDA (2)	10,816	(6,706)	10,210	34,119	65,794	45,523
Adjusted net income (loss) (2)	(7,229)	(8,264)	(9,226)	17,796	46,136	67,635

(1) Including pro forma adjustments. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Unaudited Pro Forma Consolidated Financial Information" in our 2018 Form 20-F filed with the SEC on April 17, 2019.

(2) To see how we define and calculate adjusted EBITDA and adjusted net income (loss), a reconciliation between adjusted EBITDA and net income (loss), and adjusted net income (loss) and net income (loss) (for each, the most directly comparable IFRS financial measures) and a discussion about the limitations of non-IFRS financial measures, see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Non-IFRS Financial Measures."

(3) Effective January 1, 2018, we adopted IFRS 9 and IFRS 15.

(4) Effective January 1, 2019, we adopted IFRS 16. The impact of adopting this standard is described in Note 3 to our consolidated financial statements included elsewhere in this annual report.

(5) Certain expenses in the comparative periods have been reclassified as Cost of revenue. See Note 7 to our consolidated financial statements included elsewhere in this annual report for more details.



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## Summary Consolidated Statement of Financial Position

	As of December 31,			
	2016	2017	2018	2019
	(US\$ in thousands)			
<b>Selected Consolidated Statement of Financial Position Data:</b>				
<b>Total non-current assets</b>	<b>561,511</b>	<b>561,989</b>	<b>587,213</b>	<b>642,293</b>
Intangible assets	124,536	118,620	115,444	110,807
Investments in associates and joint ventures	1,043	5,517	35,060	76,300
<b>Total current assets</b>	<b>78,967</b>	<b>74,311</b>	<b>238,090</b>	<b>418,327</b>
Loans to customers	-	-	3,092	93,115
Cash and cash equivalents	34,181	33,207	177,873	139,487
Marketable securities	-	-	1,165	42,146
Total cash, cash equivalents, and marketable securities	34,181	33,207	179,038	181,633
<b>Total assets</b>	<b>640,479</b>	<b>636,300</b>	<b>825,303</b>	<b>1,060,620</b>
<b>Total equity</b>	<b>568,197</b>	<b>583,503</b>	<b>775,460</b>	<b>912,206</b>
<b>Total non-current liabilities</b>	<b>19,010</b>	<b>15,947</b>	<b>15,841</b>	<b>19,844</b>
<b>Total current liabilities</b>	<b>53,272</b>	<b>36,850</b>	<b>34,002</b>	<b>128,570</b>
<b>Total liabilities</b>	<b>72,282</b>	<b>52,797</b>	<b>49,843</b>	<b>148,414</b>
<b>Total equity and liabilities</b>	<b>640,479</b>	<b>636,300</b>	<b>825,303</b>	<b>1,060,620</b>

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 three 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;
- 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;
- we fail to provide adequate service to users or partners;



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- 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 Google (Chrome browser), Apple (Safari browser) and Microsoft (Internet Explorer and Edge browsers) and 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, in 2018, we launched the Opera News App, our first standalone AI-powered news-publishing app and we entered the fintech business with the acquisition of OKash. For details relating to the increasing competition we may face in our fintech operations, see “—As we expand our fintech business operation, we may face increasing competition from local and international competitors, and if we do not compete effectively, our operating results could be materially and adversely affected.” While we view our new products as an extension of Opera's mobile 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 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 and Google, could use strong or dominant positions 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.



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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.

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.



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Our growing multi-market operations also require that we incur certain additional costs, including costs relating to staffing, logistics, intellectual property 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;
- 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 fintech business effectively and successfully.***

In December 2018, we acquired a fintech business that had already launched in Kenya. We have since grown this business in Kenya and later in Nigeria and India. This app-based microfinance service offers instant microcredit to approved borrowers under “OKash” and other local brands. In 2019, revenue from our microfinance business was US\$128.4 million, representing 38.3% of our total revenue. We have limited experience in most aspects of the operation of our microfinance business, which makes it difficult to evaluate our future prospects. Failure to manage or grow our fintech business may have material adverse effects on our overall financial position and results of operations.

We bear the credit risk of our borrowers. As we carry out our plans to expand our microfinance business and offer new loan products to an expanding borrower base, we may not be able to effectively manage the credit risks associated with the fintech business. Furthermore, we are subject to the risk of fraudulent activity associated with borrowers and parties handling borrower information. In addition, our business is subject to credit cycles associated with the volatility of the general economy in the markets in which we operate our fintech business, which are generally developing markets and could be impacted by a wide array of factors including commodity prices, political instability or health crises. If economic conditions deteriorate, we may face an increased risk of default or borrower delinquency, which will result in lower returns or losses.

In order to maintain and increase the amount of loans we extend to borrowers, we must continue to offer competitive products and broaden our prospective borrower base, which may be affected by several factors, including our brand recognition and reputation, the financing fee rate charged, credit terms offered and our efficiency in engaging prospective borrowers. New product offerings may not be received favorably by consumers which may impact both our reputation and the strength of our brand. If we fail to promote our loan products and brand in an effective and cost-efficient ways, our business and results of operations may be harmed. As we expand our fintech business to new markets, we may not be able to effectively navigate regulatory rules in new regions and we may have to incur increasing expenses to establish our brand, attract new borrowers and comply with local laws and regulations. In addition, we currently utilize our own capital to fund loans, which limits our ability to scale our microfinance business. We may require external funding to fund and expand our microfinance business, which may not be available on terms that will allow us to extend loans to customers at a competitive rate or at all. Moreover, we plan to expand our fintech business beyond microfinance and we may not be successful due to our limited experience in those areas, which could impact our financial results.

### ***As we expand our fintech business operation, we may face increasing competition from local and international competitors.***

In 2019, we scaled our microfinance business in Kenya and further expanded our footprint to India. The financial service industry in these two countries are relatively new, evolving and highly competitive. Our competitors may operate different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to consumer demand and new regulatory, technological and other developments. Some of our current and potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their product and service offerings. Our competitors may also have longer operating history, more extensive borrower bases or funding sources, greater brand recognition and brand loyalty and broader relationships with funding partners than us. Additionally, a current or potential competitor may acquire, or form a strategic alliance with, one or more of our competitors. Our competitors may be better at developing new products, offering more attractive fees, responding more quickly to new technologies and undertaking more extensive and effective marketing campaigns. Furthermore, in light of the low barriers to entry in the fintech and microlending industry, more players may enter this market and increase the level of competition. We anticipate that more established internet, technology and financial services companies that possess large, existing user bases, substantial financial resources and established distribution channels may also enter the market in the future. In response to competition and in order to grow or maintain the amount of transactions facilitated to borrowers, we may have to offer lower initiation fees, which could materially and adversely affect our business and results of operations. If we are unable to compete with such companies and meet the need for innovation in our industry, the demand for our credit products could stagnate or substantially decline, which could harm our business and results of operations.



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### ***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, and we have been continuously working on diversifying our partner base, and have seen a decrease in revenue concentration. Our largest business partner, Google contributed approximately 22.3% of our revenues in 2019, compared to 39.4% in 2018, and 43.2% in 2017. Although we continue 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;
- 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 addition, in 2019, 69.5% of our revenues were generated from customers and monetization partners domiciled in four geographic markets, with 29.4%, 24.4%, 10.5% and 5.2% from India, Ireland, Kenya and Russia respectively. During 2018, 54.7% of our revenues were generated from monetization partners domiciled in two geographic markets, with 44.6% and 10.1% from Ireland and Russia, respectively. During 2017, our monetization partners domiciled in Ireland and Russia contributed 49.0% and 14.2% of our revenues, 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' searches on 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 52.9%, 46.6% and 25.7% of our total revenue in 2017, 2018 and 2019, 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 and chipset vendors 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 on our browsers, thereby providing easy access to premier search services for our users and increasing our search 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 affordably and seamlessly scale our data warehouse capacity, 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 in order 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 also collect certain data from users of our fintech products for credit scoring and 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.



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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 fintech business, we collect our users' personal information for credit assessment and money transfer purposes. The external service providers on which we rely for credit assessment, loan distribution, and payment collection also collect and store information and data of our users. 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 user names, 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 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. Because we store, process and use data, some of which contains personal information, we are subject to complex and evolving laws and regulations regarding privacy, data protection and other matters. 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 (replacing the 1995 Data Protection Directive), went into effect on May 25, 2018. 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. Non-compliance may seriously harm our business and may result in significant penalties. Also the E-Privacy Regulation (replacing the 2002 E-Privacy Directive) which is currently being processed by the legislative bodies of the European Union, is likely to affect our business. There is uncertainty relating to the potential impact of the E-Privacy Regulation and how its requirements will relate to the requirements of the GDPR.

***Our fintech business exposes us to credit risks.***

We currently utilize our own capital to fund loans extended in our fintech business, and we therefore bear the credit risks of our borrowers. The delinquency rate of the loans we extend may increase in a manner that surpasses the benefits we derive, putting a significant portion of the funds that we lend at risk, which may adversely affect our financial position and results of operations. In the fourth quarter of 2019, our non-performing loans were 5.5% of our total loan value. We monitor our risk tolerance levels relating to microlending on a regular basis. Furthermore, we review the occurrence, progress and status of credit risks, and take appropriate actions to mitigate any adverse effects. However, we cannot assure you that our credit risk management measures could reduce risks we are exposed to or prevent repeated credit losses in a timely or effective manner or at all, which may adversely affect our financial position and results of operations. Additionally, we face risks from events outside of our direct control, including for example global pandemics, geo-political situations and rapid changes in economic environments, all of which could lead to increased credit risk.

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

The online microfinance markets in the countries where we operate are new and may not evolve as expected. The regulatory regimes in some of these countries with respect to the online microfinance industry are new and evolving, and interpretation and enforcement regimes are subject to significant uncertainties. We have expanded our footprint into the financial service industry in multiple jurisdictions. In 2019, we scaled our microfinance business in Kenya and further expanded our footprint to India. In January 2020, we completed the acquisition of the Estonian-based banking-as-a-service company Pocosys and announced an agreement subject to regulatory approval to further take over Pocopay, its sister company, which is a licensed payment institution regulated by the Estonian FSA that provides financial services in the European Union. These expansions have subjected us to complex regulatory regimes in multiple jurisdictions and increased our compliance burden. If our microfinance business 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, such as the Reserve Bank of India and the Estonian Financial Supervision Authority, 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.



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***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 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. We have also invested in OPay a leading mobile wallet and payment services company in Nigeria. Such endeavors may involve significant risks and uncertainties. If our investee companies 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. Moreover, the 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. For example, because we hold preferred shares in OPay, IFRS requires us to account for changes to the fair value of OPay under gain (loss) from associates and joint ventures, which in 2019 resulted in an increase in our net income of US\$33.9 million. Should the fair value of OPay decrease in future years, our financial results will be adversely affected.

Likewise, we are subject to risks resulting from our investment and efforts in new businesses and new products. In December 2018, we acquired the “OKash” fintech business, a microcredit product which we believe is a new user-driven business opportunity that will benefit from our existing reach and scale in emerging markets. In 2019, we launched Opera Ads, our advertising solution targeting digital agencies, advertisers and brands to connect and engage directly with Opera users, and OList, an online marketplace and ecommerce platform in Nigeria. Due to these investments, we may be subject to uncertainties, including insufficient revenues from such investments or new products to offset any new liabilities assumed and expenses associated with these new investments, inadequate return of capital on our investments, distraction of management from current operations and unidentified issues not discovered in our due diligence of such strategies and offerings that could cause us to fail to realize the anticipated benefits of such investments and incur unanticipated liabilities. For example, as we carry out our plans to expand our microfinance business and offer new loan products to an expanding borrower base, we may not be able to effectively manage the credit risks associated with the microfinance business. The delinquency rate of the loans we extend may increase in a manner that surpasses the benefits we derive, putting a significant portion of the funds that we lend at risk, which may adversely affect our financial position and results of operations. Because these new ventures are inherently risky, no assurance can be given that such strategies and offerings will be successful and will not adversely affect our reputation, financial condition and operating results.

In addition, we invest certain excess cash in marketable securities in accordance with our investment policy. Our investments are subject to volatilities in the financial markets. 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 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. 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.



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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 Apple's App Store, various mobile manufacturer app stores (including those of Samsung, Huawei, Xiaomi and Oppo), and the Google Play Store, 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 halts 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.

### ***Our fintech business relies on a number of third party service providers, and a disruption or failure in services provided by these third parties could materially and adversely affect our business.***

We rely on a number of external service providers for certain critical aspect of our fintech business, including credit assessing, loan distribution, payment receipt and payment collection. We rely on proprietary and third party licensed risk assessment technology in assessing the creditworthiness of our borrowers and the risks associated with loans. If internal or external components of such risk assessment technology is flawed or ineffective, or if we otherwise fail or are perceived to fail in managing the default risks of loans we extend, the delinquency rate of these loans may increase in a manner that surpasses the benefits we derive, putting a significant portion of the funds that we lend at risk, which may adversely affect our financial position and results of operations. In addition, if we cannot continue to obtain third party licensed risk assessment services, or if we cannot transition to another service provider in a timely manner or at all, our ability to assess credit risks of our borrowers could suffer, which may adversely affect our business operations. In addition, we also rely on mobile money and payment service providers to distribute loans and receive repayments, and call centers to collect payments. If our mobile money and payment service providers lose their regulatory licenses, become insolvent or lose market share to other forms of payment, or if call center operations we rely on are disrupted, our results of operation could be adversely affected. Furthermore, these third parties may breach their agreements with us or refuse to provide services or renew our existing agreement on commercially reasonable terms. If any of our third party service providers provides unsatisfactory services or fails to provide services at all, we may face business disruptions, customer complaints, reputational damage and/or financial and legal exposure, which may in turn harm our fintech business.

### ***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.



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### ***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 will use open source software in the future. In addition, we regularly contribute source code to open source software projects and release internal software projects under open source licenses, and anticipate doing 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 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.



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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 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 expenses are denominated in currencies other than the U.S. dollar or Euros, 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;



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- 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 intellectual property rights in some 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.



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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 beginning with this annual report. In connection with the preparation of this annual report, management concluded that our internal control over financial reporting as of December 31, 2019 was not effective due to the presence of the following control deficiencies that constitute material weaknesses in our internal control over financial reporting:

1. We did not design and maintain 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. We have introduced appropriately qualified accounting personnel however there was insufficient time to allow them to appropriately identify and implement robust controls prior December 31, 2019.
2. We did not perform an appropriate risk assessment in identifying specific risks with microlending businesses across several countries being operated in, and thereafter design and implement controls including monitor such controls in terms of oversight. Our process to evaluate the competence and expertise necessary to support the growth and complexity of the business, its financial reporting, and response to address shortcomings was not sufficiently implemented during 2019. As a result, we did not have a sufficient number of adequately trained personnel within the organization with assigned responsibility and accountability for the design, effective operation, and documentation of internal control over financial reporting.

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.



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### ***We may be required to recognize impairment charges.***

Our goodwill and intangible assets totaled US\$421.6 million and US\$110.8 million, respectively, as of December 31, 2019. We did not incur any impairment charges with respect to these long-lived assets in 2017, 2018 and 2019. We also had US\$26.1 million of furniture, fixtures and equipment as of December 31, 2019. 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

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 are currently subject to, and in the future may from time to time face, 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 which third party content providers may use to distribute their content, and we cannot assure you that such content providers have sufficient rights in the content they distribute via our platforms. We currently are, and may in the future 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 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.



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***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 search or other applications, such as Opera News, 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 browsing experience and 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.



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***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. 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 chairman and chief executive officer, Mr. Yahui Zhou, who has 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, Mr. Yahui Zhou, our chairman of the board and chief executive officer, beneficially owned 26.4% of the ordinary shares issued and outstanding and may be in a position to effectively control 60.16% of the voting power. As a result, Mr. Yahui Zhou has 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.



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### ***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 avian influenza, severe acute respiratory syndrome, Zika virus, Ebola virus or the outbreak of coronavirus (COVID-19), 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. For example, the outbreak of COVID-19 spread rapidly throughout China and to over 100 countries throughout the world. On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak a "Public Health Emergency of International Concern (PHEIC)", and later on March 11, 2020 a global pandemic. Our office operations in the PRC, Poland, Norway, Nigeria, Kenya, India and other countries have been disrupted to an extent by local restrictions in such locations, and the duration and effects of such restrictions are not fully apparent at present. However, our microfinance business is heavily dependent on call center staff for customer service and collections so we have meaningfully scaled back lending activities. Moreover, the COVID-19 pandemic may also result in a slow-down in advertising markets which would in turn affect our revenues from advertising and search partners. In the event that COVID-19 spreads to other countries in which we operate, additional disruption may occur. Moreover, if any of our employees contract or are suspected of having contracted COVID-19, these employees will be required to be quarantined and they could infect other of our employees potentially resulting in severe disruption to our business. 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 the outbreak persists, the global economy may be severely harmed and disrupted, which could adversely affect our results of operation.

### ***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 U.S. Dollars, Euros, Russian Rubles, Norwegian Krone, Indonesian Rupiah, Japanese Yen, Singapore Dollars, Kenyan Shillings, Chinese Yuan, South African Rand, Indian Rupees and Nigerian Naira, among other currencies. 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 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.



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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. We have been named in *Brown v. Opera Limited, et al.*, in the Southern District of New York following a period of instability brought on by the published report of a short seller. See the “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings”. This or other 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.



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***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.

***Mr. Yahui Zhou, our chairman of the board and chief executive officer, has substantial influence over our company and his interests may not be aligned with the interests of our other shareholders.***

As of the date of this annual report, Mr. Zhou beneficially owns 26.4% of our total issued and outstanding ordinary shares and may be in a position to effectively control 60.16% of the total voting power. As a result, Mr. Zhou has 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.

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 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 Mr. Zhou personally, by virtue of his interest in the related party. Furthermore, Mr. Zhou’s 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.”



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***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.***

Since Mr. Yahui Zhou, our chairman of the board and chief executive officer, is the beneficial owner of a majority of the voting power of our issued and outstanding share capital following the completion of the initial public offering, 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.

***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, 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 that 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 United States shareholder that is a United States corporation. 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 own advisor regarding the potential application of these rules in its particular circumstances.

***If we are a passive foreign investment company for United States federal income tax purposes for any taxable year, United States holders of ADSs or ordinary shares could be subject to adverse United States federal income tax consequences.***

We will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if 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 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. Based on the market price of our ADSs, the value of our assets and the 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, 2019, although there can be no assurances in this regard. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the United States Internal Revenue Service, or the IRS, will not take a contrary position to any determination we make.

Changes in the composition of our income or composition of our assets, including as a result of our investment in new businesses, products, services and technologies, 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 depend in part upon the value of our goodwill and other unbooked 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 unbooked 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 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 unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2019, the current taxable year or one or more future taxable years.



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If we are a PFIC for any taxable year during which a United States person holds ADSs or ordinary shares, certain adverse United States federal income tax consequences could apply to such United States person. 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. For example, we have elected to not have our compensation committee consist of entirely independent directors. We rely on certain corporate governance exemptions as described in Item 16G (Corporate Governance) of this annual report. However, if we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under 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.



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### ***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.



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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 depository. Upon receipt of your voting instructions, the depository 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 depository 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 depository to vote your shares. In addition, the depository 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 depository 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 depository 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 depository 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 depository. If a lawsuit is brought against us or the depository 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 depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.



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***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 a public company may strain our resources and divert our management's attention.***

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. 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.



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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 238,521,354 shares are outstanding, equivalent to 119,260,677 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 of over 350 million average monthly active users in 2019. 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 app-based fintech solutions as well as our emerging products such as classifieds. We have also recently initiated a project to provide European banking/payment services.

Opera launched one of the world's first PC browsers in 1996 and introduced the world's first full web browser for smartphones 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 for Android, Opera Touch, Opera for Computers and Opera GX, a separate PC browser tailored for gamers. These products averaged approximately 318 million average MAUs in 2019.

Opera News, our AI-driven content platform enabled by big data technologies, was launched in 2017 and was initially launched 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 now also supports short-form video functionality. Today, Opera News is one of the most downloaded and used global news applications. In 2019, Opera News averaged 124 million MAUs, which included 37 million users from the Opera News app. Additionally, in 2019 Opera News launched Opera News Hub in its initial market of Nigeria. Opera News Hub enables local content creators to publish exclusive content on our platform, which has helped increase engagement on the service by increasing page views and time spent.

We rolled out our app-based microfinance service in late 2018, offering instant short-term microloans to approved borrowers under the "OKash" and other local brands, initially in Kenya and subsequently expanding to India and Nigeria (collectively referred to as "OKash"). Our apps are intended to simplify borrowing and provide a high-demand service due to convenience and ease-of-use. As we did with Opera News, we utilize our existing user engagement across our browser and news app in order to promote this product, enabling us to acquire users in a cost-efficient and scaled manner. Our service relies on our large repository of user behavior data as well as AI algorithms in order to credit-score potential borrowers, analyze the purpose of the loan as well as the repayment behavior of borrowers. Our microfinance service disbursed over 15 million short-term microloans in 2019, and millions of users are now logging into our app. In the future, we plan to expand our microfinance offerings to additional markets and broaden our fintech product offerings.

Opera Ads 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. Launched during the second quarter of 2019, Opera Ads is an important part of our monetization strategy aimed at growing our average revenue per user. Encouraged by its early success, we decided to expand Opera Ads beyond large advertisers to include a focus on small and medium sized enterprises. Specifically, we launched OLeads, a new online lead generation platform for small and medium sized enterprises in Nigeria to maximize their visibility through enabling their online presence.



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In August 2019 we launched a classifieds product, OList, a free online marketplace and e-commerce platform in Nigeria, designed for individuals and corporate businesses to advertise, market, purchase or sell goods and services. OList is also focused on becoming heavily involved in several high value categories including real estate/rentals and used cars, where there is an opportunity for Opera to create transparent and robust marketplaces and to participate in, or facilitate, transactions.

As we have done with Opera News, OKash, Opera Ads, OList and OLeads, 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 creating a robust classifieds marketplace and taking deeper measures in certain high-value verticals, we have announced our intention to launch fintech products that will be offered to our large user base in Europe.

## **Our Products and Users**

Our products for users include (i) the web browsers Opera Mini, Opera for Android, Opera Touch, Opera for Computers and Opera GX, (ii) the standalone personalized news aggregation app Opera News and our emerging markets fintech apps, which includes microfinance and other capabilities, and (iii) the intelligent online marketing platforms Opera Ads, OList 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.



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### ***Our Mobile Browsers: Opera Mini, Opera for Android and Opera Touch***

We currently have three mobile browser products: Opera Mini, Opera for Android and Opera Touch. 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 saving 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 provides users with a significantly lower data cost compared to the default browser found on their phones.

Launched in 2013, Opera 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, and is 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 our newest mobile browser, Opera Touch, in the second quarter of 2018 for Android and in the fourth quarter of 2018 for iOS. Opera Touch is designed for mobile phone users to use the browser with one hand while they are on the move. It is also designed to let users share content from Opera Touch to their other devices in a faster and easier fashion than with other mobile browsers. We believe Opera Touch is a great companion app for our PC browser. The Opera Touch 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 Touch is today the only browser we offer for iOS that offers a rich feature set including a native ad-blocker, a Crypto Wallet and the Flow feature that enables users to continue browsing across their devices.

### *Our mobile browser users*

Our mobile browser user base reached 251.9 million average MAUs in 2019, of which 189.9 million were smartphone users and 62 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 and South Asia. Further, we have seen organic mobile browser growth in Europe relating to the increase in users of Opera for Computers in the region.

### ***Our PC browser: 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 battery-saving mode that can increase battery life by up to 50%, and 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, Telegram and VKontakte in the browser's sidebar.

In the first quarter of 2019, we launched a redesigned PC browser codenamed R3, becoming the first PC browser with Web 3 support, powering a year-to-year PC browser MAU growth of 14% in a mature market.



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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. The product has grown rapidly with strong engagement, including reaching 1 million downloads approximately three months after launch.

### *Our PC browser users*

We have a large and active global PC user base with 66.4 million average MAUs in 2019, reaching 67.6 million average MAUs in the fourth quarter of 2019, up 11% year-over-year. Our PC browser user base has historically been prominent in regions that value our innovations in browser technology. 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 Asia and the Americas in 2019.

### *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. This has supported an attractive revenue growth trajectory that is predictable, recurring and fully scalable as well as an ability to promote other Opera products.

### *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.

In addition, we have been constantly innovating Opera News with new features and functions for our users. In December 2018, we launched Instaclips, a streaming video feature within the platform that is designed to captivate and engage our users with easy-to-consume, interest-based, short-form video clips. In September 2019, we launched Opera News Hub in Nigeria, a platform which enables content creators to publish and monetize through Opera News. Opera News Hub has further improved engagement metrics, with increases in article clicks, reading time, and app time spend. We plan to expand Opera News Hub to four additional African countries beyond Nigeria in 2020.

### *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 124 million average MAUs in 2019 across those users that accessed Opera News from within Opera browsers and those that accessed it from the dedicated Opera News app. Leveraging our established monetization channels, the platform generated immediate revenues and serves as an additional access portal to partners and publishers.

We launched the standalone Opera News app on the Google Play Store and other Android app stores for certain African markets in January 2018. Within four weeks of its launch, the Opera News app generated over one million downloads and was the most downloaded app on the Google Play Store in Nigeria, Tanzania, Kenya and Ghana. From an initial focus on Nigeria, Kenya and South Africa, to the Ivory Coast to better serve French speaking African countries, as well as Egypt for North Africa, we have also expanded our presence in India and Indonesia successfully following the same model. As a result, in the second quarter of 2019, Opera News app was identified by Sensor Tower, as the top downloaded global news app. The Opera News app user base has experienced rapid growth since its launch, averaging 36.9 million MAUs in 2019. We expect to attract additional users by expanding Opera News Hub and creating additional access points including a light version of the app for lower-end smartphones.



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### ***Our emerging market fintech apps: OKash, and other local brands***

Our emerging market fintech apps offer instant microloans to approved borrowers under “OKash” and other local brands. The apps are designed for young consumers with an income and are intended to simplify borrowing for “last mile” financial inclusion. Our microfinance service is unique as it uses artificial intelligence technologies to analyze the purpose of the loans as well as the repayment behavior of borrowers. We work to create an accessible credit product with similar use cases as a credit card would have in developed markets that result in high levels of repeat usage. We take our social responsibility seriously, and offer only limited loan amounts to first-time borrowers. Further, to date, we have effectively capped interest charges for all users that are not able to repay on time, such that our claims have never exceed twice the original amounts due. We have also, to date, elected not to bring legal collections proceedings against any borrower that did not pay us back.

In 2019, we have made tremendous progress scaling our microfinance business since launching in Kenya in December 2018. Besides scaling in Kenya, we expanded our footprint, most notably to India. In 2019, we disbursed about 15 million short duration microloans globally. Further, AI technologies and a growing base of recurring users enabled us to decrease non-performing loans as the year progressed. In the fourth quarter of 2019, non-performing loans had been reduced to approximately 5.5% of total loan value, supported by about 80% of loans being granted to returning users. Our microfinance business has proven to be a new and profitable user-driven opportunity that we believe has benefited from our existing reach and scale as well as from strong user reviews in Google Play. Further, we expect to expand to additional countries and launch additional fintech products to leverage the large base of users that are engaging with our fintech apps. We also expect further improvements in the credit scoring AI technologies and business processes including collections, which could enable us to serve a broader set of customers and expand our offering.

### ***Our intelligent online marketing platforms: Opera Ads, OList and OLeads***

In May 2019, we launched Opera Ads, a new platform to facilitate both traditional and programmatic access to Opera’s advertising inventory. Based on user intent and contextual relevance, Opera Ads offers an intelligent advertising solution to digital agencies, advertisers and brands to connect and engage directly with the Opera audiences. Opera Ads is available in both traditional and programmatic buying models and is a strong alternative to advertisers in key regions where we have significant scale and reach, e.g. sub-Saharan Africa.

Encouraged by its early success, we expanded Opera Ads beyond large advertisers to include a focus on small and medium sized enterprises. In September 2019, we launched OLeads, a new online lead generation platform for small and medium sized enterprises in Nigeria to maximize their visibility and online presence. OLeads offers user-friendly tools which enable users to come online easily for their marketing campaign. Once registered with OLeads, users can choose between a wide variety of website templates which they can personalize according to their own business needs. By simply dragging and dropping text, images and call-to-action modules, users can have their business landing page up and running in minutes. OLeads also allows users to manage the data generated from their websites. In addition, OLeads integrates seamlessly into the contextual advertising platform, Opera Ads, with direct access to Opera’s huge user base in Nigeria.

In August 2019 we launched a classifieds product, OList, an online marketplace in Nigeria and an e-commerce platform, designed for individuals and corporate businesses to advertise, market, purchase or sell goods and services. OList offers a wide variety of products and services and has been focusing on becoming heavily involved in several high value categories, including real estate, rentals and used cars, where there is an opportunity for us to create transparent and robust marketplaces and to participate in and/or facilitate transactions. These categories represent large revenue opportunities and the potential to solve inefficiencies or challenges for users and suppliers in these markets. Since its launch to the end of 2019, OList attracted more than 2 million listings in its websites, with more than 4 million monthly visiting users.

## **Our partners**

### ***Monetization partners***

Our monetization partners are companies that benefit from our online marketing and advertising services, including search engines, e-commerce and travel agencies 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.



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### *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 several times, with the term of the most current version extending to December 2020. Google may also extend the term by an additional 12-month period by providing 30 days written notice to us. 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 Booking.com, Amazon, AliExpress and eBay, as well as strong local brands like Flipkart, Tokopedia, Lazada 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 and Baidu.

We allow these digital advertising platforms to display their advertisement inventories 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.

### *Retail sales*

Our underlying browser business puts us in the position of being the gateway to the web. The ongoing consumer shift from offline retail to online shopping means this is an attractive position for us. We have established relationships with certain mobile operators and vendors of mobile handsets, prepaid airtime and data in an effort to begin to explore ways in which we can capitalize on our position and build our brand through direct retail sales. We began retail sales of prepaid airtime and data, and eventually mobile handsets, to local consumers and wholesalers in the second half of 2018. Our focus has been maintaining our retail business at current volumes, in order to support adjacent potential opportunities.

### *Content 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.

### *Distribution Partners*

We have long-term relationships with device manufacturers and chipset vendors worldwide, including many of the largest smartphone brands, such as Samsung, Huawei, Xiaomi, OPPO and Vivo. This ensures cost-efficient and reliable distribution benefitting both these distribution partners and us. We cooperate with global OEMs at favorable rates based upon activation of pre-installations.



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### **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, 2019, we employed a team of approximately 550 engineering and data analytics personnel, mainly located in Poland, China and Sweden, engaged in building our technology platform and developing new Opera products and services. Likewise, in January 2020 we acquired a company in Estonia with banking-as-a-service technology and a skilled Estonian fintech team to support our existing Swedish and Polish team in our European financial services initiative.

### **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. We have also integrated AI technologies into our microfinance offerings to improve credit scoring capabilities.

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 and combine them with deep layers of neural networks to create more accurate and personalized recommendations for our users.



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### **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 three 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, 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, 2019, we owned approximately 7,000 servers in seven internet data centers located in The Netherlands (two locations), Russia, the United States (two locations), Singapore and Nigeria, with an additional location opened in Kenya in January 2020. As of December 31, 2019, our data centers had a total connectivity bandwidth of 1.012 Tbps (max throughput), an increase of 13.7% versus December 31, 2018. We have also expanded our large-scale AI computing service cluster, including GPU processors, 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 crypto-currencies 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 originally held 19.9% interest in December 2018 and now 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, un-banked population with low mobile money penetration. OPay has an agent-centric operation as a means to reach the underserved population. In November 2019, OPay had recruited 140,000 agents with average daily transaction volume in excess of US\$10 million, placing Opay among top-tier mobile money providers in Nigeria less than one year after launch. OPay has also launched additional services such as ridesharing to increase engagement and usage of its platform.

**Powerbets Holdings Limited**, or Powerbets, a joint venture in which Opera has a 50.1% equity interest, provides a platform for sports betting, virtual sports betting, and gaming services throughout Africa. Having one of the largest gaming footprints in Africa, Powerbets operates in eight African markets.

**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 co-founded by Otello Corporation ASA and Telling Telecom in August 2011. We acquired the investment in nHorizon as a result of the acquisition of Opera Norway AS in 2016.



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**StarMaker 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 2019, with revenues totaling approximately US\$21 million. In 2020, the company plans to expand into new markets (South-East Asia), to reach more users. The growing user base, coupled with improvements such as enhanced live streaming features in its products, is expected to increase revenues for 2020. During 2019, StarMaker expanded into short-form music and video clips of a more viral nature, and revenues increased in excess of 140%, compared to 2018. The preferred shares have dividend and liquidation preference. As part of the investment, Opera also obtained an option to increase our ownership to 51% in the second half of the year 2020.

### **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. 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 store all user data in an encrypted format and 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**

Our main source of marketing for our products and services 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 2019, organic installs represented approximately 63% of our new smartphone users. In parallel, we invest 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 2019, approximately 8% 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 2019, approximately 29% of new smartphone users came from such partners. We have long-standing relationships covering most of the largest smartphone brands, including Samsung, Huawei, OPPO and Tecno.

Our products are available through our official website, [www.opera.com](http://www.opera.com), as well as the Google Play Store and Apple App Store.

### **Competition**

We face intense competition with regards to all of the products and services we offer. In the browser space, we generally compete with other global browser developers, including Google (Chrome browser), 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 primarily focus 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. In addition, we compete with all major internet companies for user attention and advertising spend.



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In microfinance we face significant competition from large, venture backed global microfinance providers such as Tala and Branch, incumbent banks and local players. We believe our advantages include scale, a large user base to promote our products, strong AI technology for credit scoring and a substantial in-market presence and operational expertise in key geographies.

### **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, 2019, we had 179 active registrations of the OPERA, Opera with Red O (both old and new versions) and OPERA SOFTWARE trademarks in 92 countries/regions and 18 applications in 10 additional countries/regions. We also had 167 active registrations of the "O" logo in 73 countries/regions and 25 applications in seven countries. Our main classes are 9, 35, 38 and 42. Opera also has a patent portfolio that includes 22 patents issued in the United States as well as certain international patent registrations. In addition, as of December 31, 2019, we had over 900 registered domain names related to our business.

### **Norwegian Regulations**

#### ***Regulations on Foreign Investments***

There are currently no general restrictions on foreign investments in Norway, but national restrictions exist on ownership of natural resources and on some specific activities (fishing, maritime transport and media). The Norwegian government also applies a "qualified ownership" test for significant ownership positions within the financial sector.

#### ***Regulations on Dividend Distributions***

The Norwegian Private Limited Companies Act, or the PLCA, chapter 8 includes certain constraints on the distribution of dividends from Norwegian subsidiaries.

Section 8-1 of the PLCA provides that a Norwegian company may distribute dividends up to its distributable equity, to the extent that its net assets following the distribution covers the (i) share capital, (ii) reserve for valuation variances and (iii) reserve for unrealized gains. The total nominal value of treasury shares which the Norwegian company has acquired for ownership or as security prior to the balance sheet date, as well as credit and security to related parties shall be deducted from the distributable equity.

Dividends are declared by a shareholders' resolution based on a recommendation from the board of directors. The calculation of the distributable equity is made on the basis of the balance sheet included in the latest approved annual accounts, provided, however, that the registered share capital as of the date of the resolution to distribute dividends shall be applied. Following the approval of the annual accounts for the last financial year, the shareholders may also authorize the board of directors to declare dividends on the basis of its annual accounts. Dividends may also be resolved by a shareholders' resolution based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the resolution.

Dividends can only be distributed to the extent that the Norwegian company's equity and liquidity following the distribution is considered sound. Dividends may be paid in cash or in some instances in kind.

The PLCA does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian shareholders to claim dividends, however withholding tax may apply.

#### ***Regulations on Foreign Exchange***

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

#### ***Regulations on Information Technology and 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.

#### ***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 purpose of the act is to protect natural persons from violation of their right to privacy through the processing of personal data. The new Personal Data Act implements 2016/679/EU - General Data Protection Regulation, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (or "GDPR") in its entirety. The Personal Data Act applies to processing of personal data conducted in Norway, regardless of whether the processing takes place within the EEA. The Act also applies to processing of personal data of data subjects who are in Norway by an entity not established in the EEA, where the processing is linked to the offering of goods or services to such data subject in Norway or the monitoring of their behavior as far as their behavior takes place in Norway.



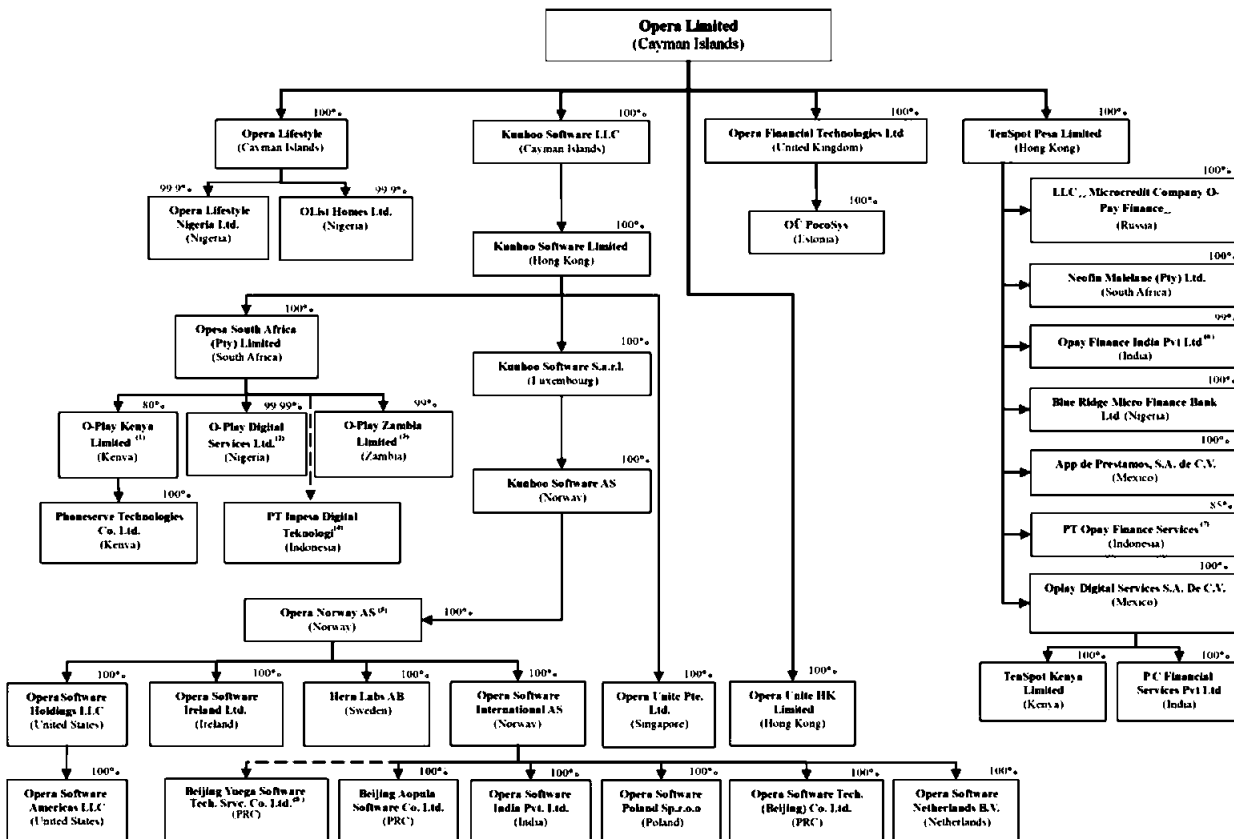
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**Regulations on Anti-money Laundering and the Prevention of Terrorism Financing**

The Norwegian Anti-Money Laundering Act of June 1, 2018 and the Anti-Money Laundering Regulation of September 14, 2018, both entered into force on October 15, 2018. The purpose of this legislation is to prevent and detect money laundering and terrorist financing. The legislation is based on the EU Fourth Money Laundering Directive (Directive EU 2015/849) and FATF Recommendations. The legislation applies to reporting entities, such as banks, investment firms, insurance companies, etc. Reporting entities 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 the Norwegian national financial intelligence unit. The Company is not a reporting entity according to this legislation.

**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 a nominee shareholders.
- (2) 0.01% held by Kumhoo Software Ltd.
- (3) 1% held by O-Play Kenya Limited.
- (4) Variable interest entity contractually controlled by Opesa South Africa (Pty) Limited.
- (5) Formerly known as Opera Software AS.
- (6) 1% held by Oplay Digital Services S.A. De C.V.
- (7) 15% held by two local partners.
- (8) 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, Beijing, China and both Linköping and Gothenburg, Sweden. We also have offices in Nigeria, India, Ireland, Estonia, Mexico, and Kenya among other countries.



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Our servers are hosted in leased data centers, primarily in the Netherlands, the United States, Nigeria 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 renewal 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 2017 items and year-over-year comparisons between 2018 and 2017 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, 2018, that was filed with the Securities and Exchange Commission on April 17, 2019.*

#### 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:

	Mar 31, 2018	Jun 30, 2018	Sept 30, 2018	Three months ended <sup>(1)</sup>				
				Dec 31, 2018	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019
	(in millions)							
Smartphone browser average MAUs	182.0	174.3	178.6	188.5	190.0	190.2	190.9	188.5
Smartphone total average MAUs	184.3	182.2	196.0	208.0	221.4	226.7	232.0	227.4
PC browser average MAUs	57.4	57.1	58.4	60.9	65.1	65.0	67.8	67.6
Opera News average MAUs <sup>(2)</sup>	90.2	101.0	121.4	134.1	149.7	162.9	169.0	162.8

<sup>(1)</sup> Average across the three months included in each period, with each month calculated as of its final day using a 30-day look back window.

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



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Our total browser average MAUs in the three months ended December 31, 2019 was 316.2 million including 248.6 million mobile browser users and 67.6 million PC browser users. Our mobile browser users included 188.5 million smartphone users and 60.1 million feature phone users.

Our total smartphone average MAUs in the three months ended December 31, 2019 was 227.4 million. This figure is comprised of the 188.5 million smartphone browser users, and the 38.9 million users of the dedicated Opera News app.

Our smartphone browser user base followed a positive growth trend across 2017, 2018 and 2019, adding 28.5 million MAUs over that period. As we oriented our marketing and distribution efforts around the new dedicated Opera News app during 2019, our overall smartphone user base grew faster than the browser subset, adding a total of 67.4 million in 2019 alone.

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 our 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 material impacts to our revenues over the 2017 to 2019 period from such pricing related factors. 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.

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 2019, we had more than 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 staff cost, marketing and distribution expenses, loss related to changes in fair value of loans to customers, cost of revenue, server hosting expenses and rent. We expect the absolute amount of staff cost, server hosting expenses and rent to increase as we grow our business and as we make necessary adjustments to operate as a public company. We anticipate further investing in our growth by incurring increased staff costs from new business initiatives as well as increased loss related to changes in fair value of loans to customers (primarily driven by realized and expected cash shortfalls, i.e., credit losses) and cost of revenue driven mainly by microlending revenues, the new revenue category which scaled rapidly through 2019, and is expected to see continued growth. In 2019, our operating expenses totaled US\$314.2 million, representing a 147% increase compared to 2018 due to costs from our microlending business and increased investment in marketing. As a percentage of revenue, operating expenses represented 94% in 2019, compared to 74% in 2018. 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. Key examples would be personnel and hosting cost which decreased as a percentage of revenue in 2019 versus 2018 due to our larger 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 Engage and Retain Borrowers and Collect Repayments From Them***

In 2019, 38.3% of our revenue was derived from our fintech business, which we generate by charging our borrowers origination fees and interest. Origination fees remain fixed regardless of any early repayments, while interest fees accrue only if and after a loan is not repaid by its due date. The amount of revenue we generate from these fees is dependent on the number of loans we disburse and the percentage of loans that are timely repaid. Our ability to retain and engage our existing borrowers and continue to expand our borrower base is essential to the growth of our fintech business. We bear the credit risk of loans disbursed to our borrowers, which we attempt to measure and mitigate using a variety of methods, including total outstanding loan balance, delinquency rates by aging, credit scorecards and by way of collection models. If we are unable to collect repayments of our loans in a timely manner, we may incur credit losses which would adversely affect our fintech business operations.



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### **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with IFRS as issued by the IASB. Preparing these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates.

The critical accounting estimates, assumptions, and judgments that we believe to have the most significant impact on our consolidated financial statements are described below.

#### **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 within cost of revenue.

##### *iii. Origination fees and interest*

We provide instant app-based microloans to customers in exchange for an origination fee that remains fixed regardless of any early repayment. The origination fee is compensation for the credit risk and time value of money. Additional fees in the form of interest accrues only if and after a loan is not repaid by its due date.

While loans to customers are classified as financial assets measured at fair value through profit or loss, we disaggregate changes in fair value into interest income and credit losses in the Statement of Operation. Interest income, classified as revenue, is recognized when the interest is 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.

##### *iv. Airtime and handsets revenue*

The Retail segment includes sale of handsets, prepaid airtime and data to consumers and wholesalers. Revenue is recognized when the contracted good or service is transferred to the customer, after which we do not have any remaining obligations, except for a potential obligation to provide refunds customers in some arrangements if certain criteria are met. This right of refund creates variability in the transaction price. The amount of revenue recognized includes variable consideration to which we expect to be entitled. In 2019, customers' right of refund did not materially impact the amount of revenue recognized. We update our estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. We have concluded that we are a principal for all our existing arrangements with customers classified as retail, based on the factors discussed above for Advertising revenue. Although other parties are involved in the supply of the contracted good or service to the customer, we control the contracted good or service before it is transferred.

##### *v. 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 are recognized over the development period in line with the degree of completion.



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### **Financial assets**

Our financial assets include loan to customers, trade receivables, preferred shares, holdings of publicly traded securities and other loans.

#### *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. We did not have financial assets measured at fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our 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. Our business model for managing financial assets refers to how we manage our 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.

The microloans are held within a business model whose objective is to hold the assets and collect the contractual cash flows over the life of the instruments. There is no pattern of selling the loans, and the performance of the business is not measured at fair value for internal purposes. However, we have established a contractual obligation based on our business practices and external communication to limit the total amount of interest in the form of late fees to the amount of the principal and origination fee. This means that for overdue loans that are repaid after having reached such limit, the contractual cash flows are not payments of principal and interest on the principal amount outstanding. This is due to the interest amounts not being consideration for the time value of money. Consequently, the microloans are measured at fair value through profit or loss. In the Statement of Financial Position, the microloans are presented as Loans to customers.

#### *Subsequent measurement at amortized cost*

Our financial assets at amortized cost includes trade receivables, loans to associates and joint ventures and other loans. These assets 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.

#### *Subsequent measurement at fair value through profit or loss*

Our financial assets subsequently measured at fair value through profit or loss include loans to customers, preferred shares in OPay and StarMaker and holdings of publicly traded securities. These assets are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Operations.

While loans to customers are measured at fair value through profit or loss, changes in fair value are disaggregated in the Statement of Operations into interest income (presented as revenue) and credit loss (other changes in fair value). The net of interest income and credit loss expense represents the change in fair value. Fair value is estimated by discounting projected future cash flows to their present value using the credit-adjusted effective interest rate, determined as at the date loans were granted. This method is deemed appropriate for estimating fair value due to the short duration of the loans and the amounts of origination fees and interest reflecting market rates at the point in time when the loans were granted. The credit-adjusted effective interest rate reflects the risk of defaulted payment. The total cash flows (both principal, origination fees and interest) expected to be collected are regularly reviewed. The impact of changes in expected cash flows is adjusted in the carrying amount of Loans to customers and is, together with the difference between the realized and expected cash flow of the period, recognized in the Statement of Operations as Revenue or Other changes in fair value of loans to customers. The underlying estimates for future cash flows, which form the basis for revenue recognition, depends on variables such as the ability to contact the debtor and reach an agreement, timing of cash flows, general economic environment, and statutory regulations. Events or changes in assumptions and management's judgment will affect the recognition of revenue in the period.

The fair values of preferred shares in OPay and StarMaker as of December 31, 2019 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 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.



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### ***Share-based Payments***

Our employees receive remuneration in the form of share-based payment transactions, whereby employees render services in consideration for equity instruments.

Estimating fair value for share-based awards requires an assessment of an appropriate valuation model, which depends on the terms and conditions of the grant. The estimate also requires an assessment of the most appropriate inputs to the valuation model including grant date fair value of the underlying equity, the expected life of the grant, volatility and dividend yield. Assumptions and models used for current grants are disclosed in Note 6 to our consolidated financial statements included elsewhere in this annual report.

When applicable, employer social security costs are accrued over the vesting period of each award, based on the award's intrinsic value of the underlying equity interest as of the reporting date.

Both periodic equity costs and social security cost accruals are adjusted for estimated forfeitures.

We are not required to cash settle any equity awards in any scenario. As a result, we consider all equity awards to be equity settled in the context of the consolidated financial statements.

### ***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 up to 15 years. We evaluate customer relationships for impairment when circumstances warrant.



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### ***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 we obtain 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.

We initially measure 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 our Cash Generating Units, or CGUs, that are expected to benefit from the transaction. The goodwill recognized by us is allocated to the Consumer Business CGU.

The acquisition of a microfinance business primarily operating under the brand OKash, as discussed in Note 26 to our consolidated financial statements included elsewhere in this annual report, occurred under common control because we concluded that both Opera Limited and the acquired business was controlled by our Chairman and CEO. The determination that Opera Limited was controlled by our Chairman and CEO was based on significant judgment. The Chairman and CEO's ownership interest and voting rights were established by his control of Keeneyes Future Holding Inc and Kunlun Tech Limited, a subsidiary of Beijing Kunlun Tech Co. Ltd. Although the Chairman and CEO did not hold a majority of the shares and voting rights in the latter, we concluded that he had de facto control over that entity based on his practical ability to direct the relevant activities unilaterally. This was based on him being the largest holder of voting rights in Beijing Kunlun Tech Co. Ltd, effectively controlling 33.77% of the voting rights directly. The history of voting in general meetings for Beijing Kunlun Tech Co. Ltd demonstrated that our Chairman and CEO controlled significantly more than 50% of the shares registered to vote. The remaining shares in Beijing Kunlun Tech Co. Ltd were widely dispersed among a large number of other shareholders.

Business combinations under common control are accounted for using predecessor accounting. Under this method, assets and liabilities of the acquired entity are stated at predecessor carrying values; they were not measured at acquisition date fair values. No new goodwill is recognized. Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings. The acquired entity's results, assets and liabilities are incorporated prospectively from the date on which the business combination between entities under common control occurred. See Note 26 to our consolidated financial statements included elsewhere in this annual report for a detailed discussion.

### ***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. 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 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". Due to growth and expansion into new businesses in 2019, including microlending, management organized us into four operating segments effective from 2019: Browser and News, Fintech, Retail and Other. The goodwill and the trademark that previously was allocated to the Consumer business CGU was reallocated to the Browser and News 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 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 10 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 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.



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### ***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 25 to our consolidated financial statements included elsewhere in this annual report for a detailed discussion.

### ***Recent Accounting Pronouncements***

See Note 3 to our consolidated financial statements included elsewhere in this report for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the dates of the statement of financial position included in this report.



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**Description of Certain Statement of Operations Items**

**Revenue**

Our revenues are derived from four business lines, namely (i) Browser and News, (ii) Fintech, (iii) Retail and (iv) Other. The table below sets forth the revenue, both in absolute amount and as a percentage of total revenue for each business line for the periods indicated.

	For the year ended December 31,			
	2018	%	2019	%
	(US\$ in thousands, except for percentages)			
<b>Revenue:</b>				
Browser and News	138,444	80.4	154,968	46.3
Fintech	1,655	1.0	128,373	38.3
Retail	9,287	5.4	29,802	8.9
Other	22,890	13.3	21,712	6.5
<b>Total revenue</b>	<b>172,276</b>	<b>100.0</b>	<b>334,855</b>	<b>100.0</b>

Browser and News revenue primarily consists of our search and advertising revenue.

Search revenue accounted for 46.6% and 25.7% of our total revenue in 2018 and 2019, respectively. Through revenue sharing arrangements with our search partners including Google and Yandex, 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 33.8% and 20.6% of our total revenue in 2018 and 2019, 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.

Fintech revenue is primarily generated from origination fees and interest fees of our microlending business, accounting for 1.0% and 38.3% of our total revenue in 2018 and 2019, respectively. We started to generate origination fees and interest in late 2018 when we initiated our microlending business in Africa. We provide instant app-based microloans to our clients with a relatively short duration, up to 365 days, in exchange for a fixed origination fee regardless of any early repayment. The average duration for microloans provided in 2019 was 15 days. Additional fees in the form of interest, limited to the sum of the principal and origination fee, accrues only if and after a loan extended to our clients is not repaid by its due date.

Retail revenue accounted for 5.4% and 8.9% of total revenue in 2018 and 2019, respectively. We started to generate retail revenue from the second half of 2018, when we began scaling sales, both retail and wholesale, of prepaid data, airtime, and mobile handsets.

Technology licensing and other revenue accounted for 13.3% and 6.5% of our total revenue in 2018 and 2019, 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 2018 and 2019 was generated primarily from customers and monetization partners domiciled in India, Ireland, Kenya and Russia, 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 the year ended December 31,			
	2018	%	2019	%
	(US\$ in thousands, except for percentages)			
India	1,549	0.9	98,504	29.4
Ireland	76,791	44.6	81,637	24.4
Kenya	3,426	2.0	35,086	10.5
Russia	17,356	10.1	17,265	5.2
Other	73,154	42.5	102,363	30.6
<b>Total revenue</b>	<b>172,276</b>	<b>100.0</b>	<b>334,855</b>	<b>100.0</b>



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### Operating Expenses

We categorize our operating expenses into (i) cost of revenue, (ii) personnel expenses including share-based remuneration, (iii) marketing and distribution expenses, (iv) credit loss expenses, (v) other changes in fair value of loans to customers, (vi) depreciation and amortization and (vii) 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,			
	2018	%	2019(1)	%
	(US\$ in thousands, except for percentages)			
Cost of revenue	20,009	11.6	73,991	22.1
Personnel expenses including share-based remuneration	34,683	20.1	61,029	18.2
Marketing and distribution expenses	31,381	18.2	73,150	21.8
Credit loss expense	(678)	(0.4)	577	0.2
Other changes in fair value of loans to customers	528	0.3	54,302	16.2
Depreciation and amortization	12,694	7.4	18,933	5.7
Other expenses	28,359	16.5	32,210	9.6
<b>Total operating expenses</b>	<b>126,975</b>	<b>73.7</b>	<b>314,192</b>	<b>93.8</b>

(1) Effective January 1, 2019, we adopted IFRS 16. The impact of adopting this standard is described in Note 3 to our consolidated financial statements included elsewhere in this annual report.

### Cost of Revenue

Our cost of revenue is primarily comprised of (i) revenue shares to content creators on Opera platforms and payments to publishers and monetization partners (including the costs of any platform or collection service used to facilitate subscription services where we are the principal in the transaction) related to our browser and news business line; (ii) transaction and communication platform expenses, as well as third party credit scoring, data and risk control costs related to our microlending business; (iii) inventory cost incurred for the purchase of data, airtime and handsets related to our retail business; and (iv) personnel expenses incurred in connection with the "technology licensing and other" revenue segment. We expect such individual components within this cost category to stay relatively stable as a percentage of our microlending, retail and other revenue streams, and increase relative to our advertising revenue.

### 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 cost 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 2019 mainly relates to the development of Opera News. 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,			
	2018	%	2019	%
	(US\$ in thousands, except for percentages)			
Personnel expenses excluding share-based remuneration	29,836	17.3	55,101	16.5
Share-based remuneration, including related social security costs	4,846	2.8	5,928	1.8
<b>Total</b>	<b>34,683</b>	<b>20.1</b>	<b>61,029</b>	<b>18.2</b>



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### Credit Loss Expenses

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 have 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.

### Other changes in fair value of loans to customers

While loans to customers are accounted for at fair value through profit or loss, changes in fair value are disaggregated into interest revenue and other changes in fair value of loans to customers. Other changes in fair value are primarily driven by realized and expected cash shortfalls, i.e. credit losses. Changes in fair value of loans to customers are estimated on a per-loan, per-day basis, informed by the observed probability of collecting a loan at different stages of maturity, adjusting for factors such as first-time versus returning borrower, country, loan duration and loan amount, and managerial assessments of other factors influencing probability of repayment. Changes in fair value of loans to customers as a percentage of loan disbursements, or percentage of associated revenue, is affected by our ability to appropriately identify borrowers most likely to repay their loans, the quality of our collection operations, the amount of relevant market and user data obtainable, how much history we have in a given market, as well as general market conditions affecting our borrowers.

### Marketing and Distribution Expenses

Marketing and distribution expenses primarily consist of performance based campaigns associated with our browser and news business and microlending business. We expect our marketing and distribution expenses to decrease as a percent of total revenue over the years to come, though there may be short-term fluctuations including in the near future due to the COVID-19 situation.

### 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 is 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; professional 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 accounting, insurance, investor relations and other public company costs. 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,			
	2018	%	2019(1)	%
	(US\$ in thousands, except for percentages)			
Hosting	10,146	5.9	6,941	2.1
Audit, legal and other advisory services	8,306	4.8	8,533	2.5
Software license fees	1,799	1.0	2,566	0.8
Rent and other office expenses	4,573	2.7	5,379	1.6
Travel	2,057	1.2	3,990	1.2
Other	1,477	0.9	4,801	1.4
<b>Total other expenses</b>	<b>28,359</b>	<b>16.5</b>	<b>32,210</b>	<b>9.6</b>

(1) Effective January 1, 2019, we adopted IFRS 16. The impact of adopting this standard is described in Note 3 to our consolidated financial statements included elsewhere in this annual report.

### Contribution Margin by Segment

Our operating segments are based on our main categories of products and services, namely Browser and News, Fintech, Retail and Other. The following table presents contribution for these segments, which represents revenue from the segment, less the sum of (i) cost of revenue, (ii) marketing and distribution expense and (iii) 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,			
	2018		2019	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
<b>Browser and News</b>				
Revenue	138,444	100.0	154,968	100.0
Cost of revenue	3,637	2.6	2,642	1.7
Marketing and distribution expenses	31,336	22.6	64,685	41.7
Credit loss expense	(678)	(0.5)	577	0.4
<b>Contribution</b>	<b>104,149</b>	<b>75.2</b>	<b>87,064</b>	<b>56.2</b>



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Browser and News contributed US\$87.1 million in 2019, corresponding to 56.2% of segment revenue and comparing to US\$104.1 million or 75.2% of segment revenue in 2018. While the segment revenue increased by US\$16.5 million, this was offset by the effect of our strategic investments in additional marketing and distribution (increasing by US\$33.4 million).

	For the year ended December 31,			
	2018		2019	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
<b>Fintech</b>				
Revenue	1,655	100.0	128,373	100.0
Cost of revenue	428	25.9	29,759	23.2
Marketing and distribution expenses	45	2.7	8,464	6.6
Credit loss expense (1)	528	31.9	54,302	42.3
<b>Contribution</b>	<b>654</b>	<b>39.5</b>	<b>35,848</b>	<b>27.9</b>

(1) Credit loss expense is consistent with Other changes in fair value of loans to customers in the Statement of Operations.

Fintech contributed US\$35.8 million in 2019, or 27.9% of segment revenue and comparing to US\$0.7 million or 39.5% of segment revenue in 2018. The segment revenue increased by US\$126.7 million, while credit loss expense, cost of revenue and marketing and distribution expenses increased with a total of US\$91.5 million. This significant growth was primarily driven by the launch and subsequent scaling of our microlending offerings in Kenya in the fourth quarter of 2018 and India in the second quarter of 2019.

	For the year ended December 31,			
	2018		2019	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
<b>Retail</b>				
Revenue	9,287	100.0	29,802	100.0
Cost of revenue	9,096	97.9	29,836	100.1
Marketing and distribution expenses	-	-	-	-
Credit loss expense	-	-	-	-
<b>Contribution</b>	<b>191</b>	<b>2.1</b>	<b>(34)</b>	<b>(0.1)</b>



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Retail contributed a loss of US\$34 thousands in 2019, and comparing to US\$0.2 million or 2.1% of segment revenue in 2018. The segment revenue increased by US\$20.5 million, while cost of revenue increased with a total of US\$20.7 million. The increase was primarily due to the full year effect of this revenue category which was introduced in the third quarter of 2018, as well as continued scaling of our handset and airtime resale activity in Asia and launch of operations in Africa.

	For the year ended December 31,			
	2018		2019	
	US\$	%	US\$	%
	(US\$ in thousands, except for percentages)			
<b>Other</b>				
Revenue	22,890	100.0	21,712	100.0
Cost of revenue	6,848	29.9	11,754	54.1
Marketing and distribution expenses	-	-	-	-
Credit loss expense	-	-	-	-
<b>Contribution</b>	<b>16,042</b>	<b>70.1</b>	<b>9,958</b>	<b>45.9</b>

The Other segment, which mainly includes licensing of our proprietary technology and professional services, contributed US\$10.0 million in 2019, or 45.9% of segment revenue, comparing to US\$16.0 million or 70.1% of segment revenue in 2018. 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, partially offset by the growth in professional services.

## Taxation

### 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 23.0% and 22.0% in 2018 and 2019, 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.



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*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.

	<b>For the year ended December 31,</b>			
	<b>2018</b>	<b>%</b>	<b>2019(1)</b>	<b>%</b>
	<b>(US\$ in thousands, except for percentages)</b>			
Revenue	172,276	100.0	334,855	100.0
<b>Operating expenses:</b>				
Cost of revenue	(20,009)	(11.6)	(73,991)	(22.1)
Personnel expenses including share-based remuneration	(34,683)	(20.1)	(61,029)	(18.2)
Marketing and distribution expense	(31,381)	(18.3)	(73,150)	(21.9)
Credit loss expense	678	0.4	(577)	(0.2)
Other changes in fair value of loans to customers	(528)	(0.3)	(54,302)	(16.2)
Depreciation and amortization	(12,694)	(7.4)	(18,933)	(5.7)
Other expenses	(28,359)	(16.5)	(32,210)	(9.6)
Restructuring costs	-	-	-	-
Total operating expenses	<u>(126,975)</u>	<u>(73.7)</u>	<u>314,192</u>	<u>(93.8)</u>
<b>Operating profit</b>	<b>45,301</b>	<b>26.3</b>	<b>20,662</b>	<b>6.2</b>
Share of net income (loss) of associates and joint ventures	(3,248)	(1.9)	(3,818)	(1.1)
Change in fair value of preferred shares in associates	-	-	37,900	11.3
<b>Net finance income (expense):</b>				
Finance income	1,637	1.0	10,530	3.1
Finance expense	(1,695)	(1.0)	(1,505)	(0.4)
Net foreign exchange gain (loss)	(354)	(0.2)	(269)	(0.1)
Net finance income (expense)	<u>(412)</u>	<u>(0.2)</u>	<u>8,756</u>	<u>2.6</u>
<b>Net income before income taxes</b>	<b>41,641</b>	<b>24.2</b>	<b>63,500</b>	<b>19</b>
Income tax expense	(6,481)	(3.8)	(5,602)	(1.7)
<b>Net income</b>	<b>35,160</b>	<b>20.4</b>	<b>57,899</b>	<b>17.3</b>

(1) Effective January 1, 2019, we adopted IFRS 16. The impact of adopting this standard is described in Note 3 to our consolidated financial statements included elsewhere in this annual report.

**Year Ended December 31, 2019 Compared to Year Ended December 31, 2018**

*Revenue*

We had revenue of US\$334.8 million in 2019, compared to US\$172.3 million in 2018, marking an increase of 94.4%. This increase was driven primarily by (i) the increase in revenue from origination fees and interest in microlending business, (ii) search and advertising revenue, due to continuing growth of our existing PC and mobile smartphone user bases and improved monetization of our new and existing partners, and (iii) retail revenue that we started to generate in the second half of 2018 and which scaled during 2019.

- *Search Revenue.* Our search revenue increased to US\$86.2 million in 2019 from US\$80.2 million in 2018, representing an increase of 7.5%. The increase was primarily due to the growth of our smartphone and PC user base.



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- **Advertising Revenue.** Our advertising revenue increased to US\$68.8 million in 2019 from US\$59.9 million in 2018, representing an increase of 14.9%. This growth was fueled by growth in our Opera News service both in our mobile browsers and stand-alone app, growth in PC user base, as well as improved monetization from our existing and new monetization partners both in mobile and PC products. The growth was partially offset by using our advertising inventory to promote our own apps.
- **Fintech Revenue.** Our fintech revenue increased to US\$128.4 million in 2019 from US\$1.7 million in 2018. This significant growth was primarily driven by the launch and subsequent scaling of our microlending offerings in Kenya in the fourth quarter of 2018 and India in the second quarter of 2019.
- **Retail Revenue.** Our retail revenue increased to US\$29.8 million in 2019 from US\$9.3 million in 2018, representing an increase of 220.4%. The increase was primarily due to the full year effect of this revenue category which was introduced in the third quarter of 2018, as well as continued scaling of our handset and airtime resale activity in Asia and launch of operations in Africa.
- **Technology Licensing and Other Revenue.** Our technology licensing and other revenue decreased to US\$21.7 million in 2019 from US\$22.9 million in 2018, representing a decrease of 5.2%. 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, partially offset by the growth in professional services.

## **Operating expenses**

We had total operating expenses of US\$314.2 million in 2019, compared to US\$127.0 million in 2018. Our total operating expenses as a percentage of total revenue increased to 93.8% in 2019 from 73.7% in 2018.

### *Cost of revenue*

Our cost of revenue increased to US\$74.0 million in 2019 from US\$20.0 million in 2018, primarily due to increases in (i) cost incurred in microlending business, from US\$0.4 million in 2018 to US\$29.8 million in 2019, which is in line with our growing scale of business operation in 2019, (ii) retail business cost from US\$9.1 million in 2018 to US\$29.8 million in 2019, resulting from increase sale of prepaid airtime and handsets, and (iii) cost in relation to technology licensing and other business from US\$6.8 million in 2018 to US\$11.8 million in 2019, primarily attributable to cost of professional services provided to OPay, and is partially offset by a slight decrease in costs related to search and advertising from US\$3.6 million in 2018 to US\$2.6 million in 2019.

### *Personnel expenses including share-based remuneration*

Our personnel expenses including share-based remuneration increased to US\$61.0 million in 2019 from US\$34.7 million in 2018, representing an increase of 76.0%. The increase was driven mainly by the growth in our fintech business as well as by other new initiatives including OLlist, Opera Ads and Opera News. Cash-based compensation expenses increased by 84.7% from US\$29.8 million in 2018 to US\$55.1 million in 2019, which is primarily attributable to an increase in the number of full time employees from 464 as of December 31, 2018 to 819 as of December 31, 2019, as well as an increase in the number of our outsourced staff in call centers and similar in-market roles from almost zero as of December 31, 2018 to close to 6,000 as of December 31, 2019. Share-based remuneration expense increased by 22.3% from US\$4.8 million in 2018 to US\$5.9 million in 2019.

### *Marketing and distribution expenses*

Our marketing and distribution expenses increased to US\$73.2 million in 2019 from US\$31.4 million in 2018, representing a 133.1% increase. This was primarily due to our strategic decision to invest more resources in accelerating our growth in Opera News, which was scaling rapidly in Africa and expanding to additional geographies, as well as targeted marketing of browser offerings during 2019.

### *Credit loss expense*

Our credit loss expense was US\$0.6 million in 2019. Compared to a gain of US\$0.7 million related to reversal of bad debt provisions in prior periods within the browser and news segment in 2018.

### *Other changes in fair value of loans to customers*

In our Fintech segment, Other changes in fair value of loans to customers is consistent with Credit loss expense in the Browser and News segment. In 2019 our changes in fair value of loans to customers amounted to US\$54.3 million compared to US\$0.5 million in 2018. The increase was mainly driven by the scaled microlending operations in India and Kenya.



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### *Depreciation and amortization*

We had depreciation and amortization of US\$18.9 million in 2019 compared to US\$12.7 million in 2018, representing an increase of 49.2%. The increase is largely the result of the adoption of IFRS 16 on January 1, 2019.

### *Other expenses*

Our other expenses increased to US\$32.2 million in 2019 from US\$28.4 million in 2018, representing an increase of 14.2%. Within the category, audit, legal and other advisory services increased from US\$8.3 million in 2018 to US\$8.5 million in 2019. Our travel expenses also increased from US\$2.1 million in 2018 to US\$4.0 million in 2019, rent and other office expenses grew from US\$4.6 million in 2018 to US\$5.4 million in 2019 and lastly software license fees increased from US\$1.8 million in 2018 to US\$2.6 million in 2019, all due to the scale of operations. This increase was partly offset by a decrease in hosting expenses from US\$10.2 million in 2018 to US\$6.9 million in 2019, primarily as a result of the adoption of IFRS 16 on January 1, 2019.

### **Operating profit**

As a result of the foregoing, we recorded an operating profit of US\$20.6 million in 2019, representing an operating margin of 6.2%, compared to an operating profit of US\$45.3 million in 2018 and an operating margin of 26.3%.

### *Share of net loss from associates and joint ventures*

Our share of loss from associates and joint ventures was US\$3.8 million in 2019 compared to a share of net loss of US\$3.2 million in 2018. See Note 27 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 in 2019 was related to increased valuations of our preferred shares in OPay and StarMaker, by US\$33.9 million and US\$4.0 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\$8.8 million in 2019, compared to net finance expense of US\$0.4 million in 2018. The 2019 result included interest as well as gains related to our marketable securities.

### *Income tax expense*

We recorded an income tax expense of US\$5.6 million in 2019. The effective tax rate, expressed as the percentage of income tax expenses to net income before income taxes, was 8.8%, compared to an income tax expense of US\$6.5 million in 2018, representing an effective tax rate of 15.6%. The decrease in the tax expense in 2019 was mainly driven by non-taxable gains related to our associates and joint ventures, changes in deferred tax assets and liabilities and reductions in applicable tax rates. See Note 25 to our consolidated financial statements included elsewhere in this annual report for more detail.

### **Net income**

As a result of the foregoing, we recorded net income of US\$57.9 million for 2019, compared to US\$35.2 million in 2018.

### **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 (loss), 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 (loss) 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, restructuring costs (though no such cost in below presented periods), depreciation and amortization, share-based remuneration and expensed costs related to our recent initial public offering, less other income. We define adjusted net income (loss) as net income (loss) excluding share-based remuneration, amortization cost related to acquired intangible assets, and expensed costs related to our recent initial public offering, 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.



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

	For the year ended December 31,	
	2018	2019 (2)
	(US\$ in thousands)	
<b>Reconciliation of net income (loss) to adjusted EBITDA:</b>		
Net income	35,160	57,899
Add: Income tax expense	6,481	5,602
Add: Total net financial loss (income)	412	(8,756)
Add: Share of net loss (income) of associates and joint ventures	3,248	3,818
Add: Change in fair value of preferred shares in associates	-	(37,900)
Add: Depreciation and amortization	12,694	18,933
Add: Share-based remuneration	4,846	5,928
Add: Expensed IPO related costs	2,952	-
<b>Adjusted EBITDA</b>	<b>65,794</b>	<b>45,523</b>
<b>Reconciliation of net income to adjusted net income</b>		
Net income	35,160	57,899
Add: Share-based remuneration	4,846	5,928
Add: Opera acquisition amortization	5,120	5,120
Add: Expensed IPO related costs	2,952	-
Income tax adjustment (1)	(1,943)	(1,311)
<b>Adjusted net income</b>	<b>46,136</b>	<b>67,635</b>

(1) Reversal of the income tax benefit related to the social security cost component of share-based remuneration, deferred taxes on the amortization of acquired intangible assets and expensed IPO related costs.

(2) Effective January 1, 2019, we adopted IFRS 16. The impact of adopting this standard is described in Note 3 to our consolidated financial statements included elsewhere in this annual report.

## B. Liquidity and Capital Resources

### Cash Flows and Working Capital

In addition to net proceeds of US\$167.8 million we 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, 2018 and 2019, we had US\$177.9 million and US\$139.5 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 other than cash used as collateral for our subsidiaries' local bank debts. Our microlending business is capital intensive by nature. As we have scaled this business in 2019, we have used a larger portion of our balance of cash and cash equivalents to finance this business, either directly or via local credit institutions. See Note 19 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.



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

	For the year ended December 31,	
	2018	2019
	(US\$ in thousands)	
<b>Summary Consolidated Cash Flow Data:</b>		
Net cash provided by (used in) operating activities	33,828	(44,464)
Net cash provided by (used in) investing activities	(47,250)	(106,987)
Net cash provided by financing activities	158,946	113,200
Net increase (decrease) in cash and cash equivalents	145,524	(38,248)
Cash and cash equivalents at beginning of the period	33,207	177,873
Effects of exchange rate change on cash and cash equivalents	(857)	(137)
Cash and cash equivalents at end of the period	177,873	139,487

### Operating Activities

Net cash used in operating activities was US\$44.5 million in 2019. This amount primarily represents net income before income taxes of US\$63.5 million, adjusted for depreciation and amortization of US\$18.9 million, equity cost of share-based remuneration of US\$5.1 million, share of losses from associates and joint ventures of US\$3.8 million, and change in fair value of preferred shares in associates of US\$37.9 million. Income taxes paid during the year of US\$9.9 million is mainly related to operations in India, Norway and Ireland. Operating cash flow was substantially affected by the increase in our net loan book due to the scaling of our microlending operations, reducing cash by US\$90.0 million. Following the growth of our business, operating cash flow was reduced by an increase in trade and other receivables of US\$14.2 million, increased pre-payments of US\$11.4 million (of which US\$6.3 million related to marketing, distribution and promotion services), and retail inventory of US\$7.8 million, however, combined these were more than offset by our increase in trade and other payables of US\$39.2 million.

### Investing Activities

Net cash used in investing activities was US\$107.0 million in 2019, which was primarily attributable to an increase of deposit of collateral for our Indian subsidiary's loan facility of US\$52.9 million, and net purchases of marketable securities totaling US\$35.3 million. Furthermore, we purchased equipment for US\$8.9 million, and had development expenditures totaling US\$4.2 million. In addition, we made investments in, and provided loans to associates and joint ventures, of US\$6.6 million. The cash outflows were partially offset by repayment of loans to associates and joint ventures of US\$0.7 million.

### Financing Activities

Net cash provided by financing activities was US\$113.2 million in 2019, which was attributable to net proceeds of US\$82.6 million from issues of equity instruments, less transaction costs of US\$1.4 million. Proceeds from loans and borrowing contributed with US\$43.2 million, predominantly relating to our Indian subsidiary partially funding its growth in loan book by obtaining local bank debt which we guarantee through international escrow (as described in the above paragraph). These items were partially offset by share repurchases of US\$5.8 million, and repayment of loans and leases, including interest, of US\$5.4 million.

Compared to our fourth quarter earnings release filed on Form 6-K on February 25, 2020, we have reclassified certain items, within the full-year cash flow components. As a consequence, operating cash flow was reduced by US\$3.1 million, investing cash flow was increased by US\$1.8 million and financing cash flow was increased by US\$1.3 million. The net effect of these reclassifications is zero.

### Capital Expenditures

We made capital expenditures of US\$7.3 million and US\$13.0 million in 2018 and 2019, 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, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2019 to December 31, 2019 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, 2019, 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.



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### F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2019.

	Payment Due by Period			
	Total	Less Than 1 Year	1-5 Years	
		(US\$ in thousands)		
Trade and other payables	57,125	57,125	-	-
Lease liabilities (1)	13,858	4,930	8,928	-
Interest-bearing loans including interest	45,143	43,303	1,840	-
Other liabilities	15,279	15,142	137	-
<b>Total contractual commitments</b>	<b>131,405</b>	<b>120,500</b>	<b>10,905</b>	<b>-</b>

(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\$11,382 thousand, with the addition of any interests, costs and/or expenses accruing on the liabilities and/or as a result of our non-fulfilment of the liabilities. The guarantee is independent and separate from our obligations as the lessee and is valid for 10 years from January 17, 2017.

In 2019, we obtained a credit facility from a financial institution. Loans under the credit facility, denominated in Indian Rupee, were used to partially fund the microlending business in India. As of December 31, 2019, the total amount of loans under the credit facility was US\$42.2 million. See Notes 17 and 18 to our consolidated financial statements included elsewhere in this annual report for additional details.

In 2019, we entered into an agreement with Putu Novi Financing Corporation, a related party, under which we provided a revolving credit facility limited to US\$10 million and would be entitled to interest and gross profit sharing of the borrower's operations. The credit facility was provided for a period of 18 months starting on December 18, 2019. As of December 31, 2019, no loans were provided under the credit facility. See Note 28 to our consolidated financial statements included elsewhere in this annual report for additional details.

In 2018, we provided a revolving credit facility of US\$6 million to Powerbets, a related party. As of December 31, 2019, a total of US\$3.0 million was drawn under the credit facility. See Note 28 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, 2019.

### G. Safe Harbor

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	43	Chairman of the Board and Chief Executive Officer
Hongyi Zhou	49	Director
Tian Jin	40	Director
Lori Wheeler Naess	49	Independent Director
Trond Rüber Knudsen	56	Independent Director
James Liu	49	Independent Director
Lin Song	39	Chief Operating Officer
Frode Jacobsen	37	Chief Financial Officer



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**Yahui Zhou** has served as our chairman and chief executive officer since July 2016. Mr. Zhou has also served as the chairman of Beijing Kunlun, a global internet company listed on the Shenzhen Stock Exchange, since March 2011, 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.

**Tian Jin** has been a member of our board of directors since December 2019. Mr. Jin held positions of the vice general manager and secretary of the board of Beijing Kunlun Tech Co., Ltd. (CH: 300418), a global internet company listed on the Shenzhen Stock Exchange, from 2015 to 2018, and has been serving as a director since November 2018. Prior to that, Mr. Jin had six years of experience in the banking industry. He held the positions of vice president of the customer development department of Nanjing Bank Beijing branch from 2010 to 2011 and vice president of the bank's Beichuan sub-branch from 2011 to 2015, and he also served as a key account manager of Agricultural Bank of China Beijing branch from 2009 to 2010. Before that, Mr. Jin worked at Heyi Ceramics (Shanghai) Co., Ltd., a high-end ceramics manufacturing company, where he served as the managing director and supervisor from 2000 to 2009. Mr. Jin received his bachelor's degree in marketing management from Upper Iowa University in 2006.

**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 and its Nasdaq-listed limited partner, Golar LNG Partners Limited, since March 2016, 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 Riiber 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 of 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.



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**Lin Song** has served as our chief operating officer since March 2017. 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. Mr. Jacobsen currently serves on the board of directors and audit committee of Otello Corporation ASA, a Norwegian public company.

## B. Compensation

### **Compensation of Directors and Executive Officers**

In 2017, 2018 and 2019, we paid an aggregate of US\$1.0 million, US\$0.9 million and US\$2.2 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 2017 and 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 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, 2019, 2,983,940 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.



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**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 adjustment 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	-	-	-	-	-
Tian Jin	-	-	-	-	-
Trond Rieber Knudsen	-	-	-	-	-
Lori Wheeler Næss	-	-	-	-	-
James Liu	-	-	-	-	-
Frode Jacobsen	*	*	*	April 2017	November 2021
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.



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### **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;



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- 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.



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### **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.



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### D. Employees

We had 464 and 819 full-time employees as of December 31, 2018 and 2019, respectively. As of December 31, 2019, 67% 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, 2019		
	R&D	Other	Total
Browser	309	29	338
Fintech	129	5	134
AdTech	52	9	61
OList and verticals	38	-	38
Retail	13	17	30
Sales & Commercial	-	26	26
Hosting & Infrastructure	11	5	16
Corporate	-	62	62
Investee Services	-	114	114
<b>Total</b>	<b>552</b>	<b>267</b>	<b>819</b>

(1) Refers to employees that are engaged in providing professional services, predominantly for our associate Opay Digital Services Limited (HK). See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions.”

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 238,521,354 ordinary shares issued and outstanding as of the date of this annual report.

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)	143,500,000	60.2%
Hongyi Zhou (3)	46,750,000	19.6%
Tian Jin	*	*
Lori Wheeler Naess	*	*
Trond Riiber Knudsen	*	*
James Liu	*	*
Frøde Jacobsen	*	*
Lin Song	*	*
<b>All directors and executive officers as a group</b>		
<b>Principal Shareholders:</b>		
Kunlun Tech Limited (4)	104,500,000	43.8%
Keeneyes Future Holding Inc. (5)	39,000,000	16.4%
Qifei International Development Co., Ltd (6)	46,750,000	19.6%



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\* 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 6 days after the date of this annual report, by the sum of (i) 238,521,354 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 238,521,354 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) 104,500,000 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 22.9% of the equity interests, and (ii) 39,000,000 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 104,500,000 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 22.9% 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 39,000,000 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 share 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.



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### **Transactions with Other Related Parties**

Powerbets Holdings Limited, or Powerbets, is our equity investee, in which we have a 50.1% of ownership interest. On October 4, 2018, we provided a revolving line of credit of US\$6.0 million to Powerbets. The principal, together with all accrued and unpaid interest, shall be repaid on the date set by Powerbets' board of directors, which effectively requires the consent of the other investor in Powerbets. As of December 31, 2019, a total of US\$3.0 million was drawn under the credit facility. No repayment date has been set. This loan is accounted for as part of our long-term interest in Powerbets. Effective from January 1, 2018, we and Powerbets entered into a software development and consultancy agreement. We have also provided advertising services to Powerbets. A total of US\$2.2 million was recognized as revenue from Powerbets in 2019. As of December 31, 2019, the total outstanding balance on trade receivable was US\$6.6 million, compared to US\$4.4 million as of year-end 2018.

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 April 16, 2019, we sold 1,242,322 shares in OPay to Wisdom Connection III Holding Inc. for a consideration of US\$0.5 million, in parallel with OPay's other founder selling an equal portion of its shares at the same valuation. These transactions were carried out to facilitate an equity pool for OPay's employees ahead of new investor funding of the company. On May 27, 2019, we acquired 3,210,617 preference shares in OPay for US\$7.5 million by converting loan to equity. Moreover, on May 29, 2019, we acquired an additional 1,230,736 preference 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. In addition, on December 18, 2019, we entered into a sales agreement with OPay to sell an inventory of mobile phones for US\$6.27 million, which was based on the prevailing market price. The transaction closed in 2020. Furthermore, on July 5, 2019, Blue Ridge Microfinance Bank Limited, or Blue Bridge, our Nigerian subsidiary, entered into a service agreement with Paycom Nigeria Limited, a subsidiary of OPay, to facilitate OPay's launch of a savings product to its users. Under the service agreement, deposits from customers of OPay were transferred to Blue Ridge, which invested the funds in financial instruments, including microloans offered in Nigeria. Blue Ridge paid a fixed interest rate on deposits from Paycom. We also provided development and key management personnel services to OPay, which has been invoiced based on time used and with a 5-8% markup dependent of the type of service. In 2019, we recorded revenue relating to development and personnel services of US\$22.2 million from OPay.

Mobimagic Digital Technology Ltd (formerly known as 360 Mobile Security) and its associated companies, or Mobimagic, is a company controlled by our chairman and chief executive officer, Mr. Yahui Zhou. In mid-2019, we entered into service agreements with Mobimagic, under which Mobimagic provides app, systems and platform maintenance, and data processing services as well as managerial oversight to PC Financial Services Private Limited, our Indian subsidiary offering microloans. Under the agreement, we will pay a combination of fixed fees and a variable fee that is calculated based on revenue less credit losses and indirect taxes, recorded as a cost of revenue amounting to US\$25.6 million in 2019. In addition, we also received professional services of US\$0.3 million related to distribution and promotion of our advertising services worldwide from Mobimagic. As of December 31, 2019, we had provided prepayments to Mobimagic for distribution and promotion services as part of an agreement where Mobimagic accepts financial risk related to the retention of acquired new users. The prepayments had a carrying amount of US\$15.5 million as of December 31, 2019, compared to US\$10.4 million as of December 31, 2018.

Putu Novi Financing Corporation, or Putu, is a company indirectly controlled by our chairman and chief executive officer, Mr. Yahui Zhou. On December 18, 2019, we entered into an agreement with Putu, under which, we provided a revolving credit facility for 18 months in exchange of interest and net revenue sharing from the Putu's operations. As of December 31, 2019, no loans had been provided under this credit facility.

### **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.



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### **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 asserts violations of Sections 11 and 15 of the Securities Act of 1933, Section 10(b) and 20(a) of the Securities and Exchange Act of 1934, and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934. The complaint alleges that the Company made material misstatements and/or omissions during the period from July 27, 2018 through January 15, 2020. The allegations relate to statements regarding the Company's sustainable growth and market opportunity for its browser applications and the alleged business practices of certain loan service applications owned or controlled by the Company. The complaint seeks unspecified damages on behalf of all persons and entities who purchased or acquired the Company's (a) American depositary shares ("ADSs") pursuant and/or traceable to the Company's initial public offering commenced on or about July 27, 2018 (the "IPO" or "Offering"); and/or (b) Opera securities between July 27, 2018 and January 15, 2020, both dates inclusive. Several individuals have sought to be appointed as the lead plaintiff to represent the putative class, but no lead plaintiff has been appointed yet. As the case remains in its preliminary stages, we express no opinion on the likelihood of any unfavorable outcome or any estimate of the amount or range of any potential loss. The Company intends to vigorously defend itself against these claims.

Apart from the class action, 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 remaining from the initial public offering of our securities, 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.



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### 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.



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### **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 2019 for limited liability companies (and certain similar entities) is 22%, and will be 22% for 2020.

### **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 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;



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- brokers or dealers in stocks and securities, or currencies;
- persons who 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 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.

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 the 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 (or other entity treated as a corporation for United States federal income tax purposes) 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.



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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 the ADSs or Our 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 the 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 the ordinary shares, or by the depositary, if you own 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 depository 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 depository 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 (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 or if the 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 the ADSs or ordinary shares, as well as the effect of any change in applicable law after the date of this annual report.



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Any non-United States withholding taxes imposed on dividends paid to you with respect to the ADSs or ordinary shares generally will be treated as foreign taxes eligible for credit against your United States federal income tax liability, subject to the various limitations and disallowance rules that apply to foreign tax credits generally. For purposes of calculating the foreign tax credit limitation, dividends paid to you with respect to the ADSs or ordinary shares will be treated as income from sources outside the United States and generally will constitute passive 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 the ADSs or Our Ordinary Shares***

You will recognize gain or loss on a sale or exchange of the 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 the 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 the 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 the 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 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, 2019, 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. Accordingly, we cannot assure you that we will not be treated as a PFIC for our taxable year ended December 31, 2019, the current taxable year or any future taxable year, or that the IRS will not take a contrary position to any determination we make.

We will be treated as 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:

- at least 75% of its gross income for such year is passive income; or
- at least 50% of the value of its 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 composition of our income and assets would change and we may be more likely to be treated as a PFIC.

Changes in the composition of our income or composition of our assets, including as a result of our investment in new businesses, products, services and technologies, 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 unbooked intangibles not reflected on our balance sheet (which may depend upon the market value of the 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 unbooked 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 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 unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2019, the current taxable year or one or more future taxable years.



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If we are a PFIC for any taxable year during which you hold 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 ADSs or ordinary shares, unless we were to cease to be a PFIC and you make a “deemed sale” election with respect to the 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, the 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 an actual sale or other disposition of the 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 which you hold ADSs or ordinary shares, then, unless you make a “mark-to-market” election (as discussed below), you generally will be subject to special 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 which you hold ADSs or ordinary shares and any of our non-United States subsidiaries that are corporations (or other corporations in which we 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 which you hold 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, if our ADSs remain listed on the Nasdaq Global Select Market and are regularly traded, and you are a holder of ADSs, we expect that the mark-to-market election would be available to you if we became 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 the mark-to-market election 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.



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In certain circumstances, a shareholder 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 the 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 the 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 the 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 the ADSs or ordinary shares as is necessary to identify the class or issue of which the 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



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The SEC also maintains a web site at [www.sec.gov](http://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 depository 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 depository 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 depository 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.

In 2019, we obtained a credit facility from a financial institution. Loans under the credit facility, denominated in Indian Rupee, were used to fund the microlending business in India. As of December 31, 2019, the total amount of loans under the credit facility was US\$42,247 thousand. The resulting positive impact to our financing cash flow was offset by us transferring US\$52,878 thousand into an U.S. Dollar denominated escrow account as collateral for these loans; which has been classified as a receivable and as such, as a cash outflow under investing activities in the Statement of Cash Flows. The interest rate on these loans is based on the bank's 6-month marginal cost of funds-based lending rate plus 0.3%. As of year-end 2019, that rate was 8.85%. Except for the above, our exposure to interest risk is immaterial. Financial liabilities other than loans under the credit facility 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.



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### *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 Krone, Indian Rupee, Kenyan Shilling, Nigerian Naira and the Euro. Additionally, we are exposed to foreign currency risk due to monetary items recognized in the balance sheet being denominated in currencies other than the functional currency, which for most of our entities is the U.S. Dollar. Management is closely monitoring our exposure to foreign currency risk and seeks to minimize its exposure to such risk. We were not exposed to material foreign currency risk in 2018 and 2019.

### *Equity price risk*

We are exposed to equity price risk related to its limited holding of publicly traded equity securities. Such holdings are susceptible to market price risk arising from uncertainties about future values of such securities.

Our holding of publicly traded securities is overseen by our CEO and conducted within a US\$70 million capital allocation.

As of December 31, 2019, the fair value of such holdings was US\$42,146 thousand.

The net gain from publicly traded securities in 2019 was US\$8,477 thousand (2018: net loss of US\$1,485 thousand). We did not invest in publicly traded equity securities in 2017.

### *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. We are not exposed to material liquidity risk given its significant cash position and low debt-to-equity ratio as of December 31, 2019. See Note 17 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 loans to customers and 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 28 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 and Powerbets, settlement is agreed to exceed 90 days. Details of outstanding trade receivable are disclosed in Notes 21 and 28 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.

### *Credit risk for loans to customers*

We are continuously monitoring its credit risk relating to microlending. Under the credit risk policies, the exposure is subject to regular reviews of risk tolerance levels. All operating decisions in terms of exposure and geographic profile are made in accordance with applicable risk management policies. Furthermore, we review the occurrence, progress and status of all credit risks, and take appropriate actions to mitigate any adverse effects. Credit risk is measured by a variety of methods, including total outstanding loan balance, delinquency rates by aging, credit scorecards and by way of collection models. The objectives and policies to credit risk have not changed relative to 2018, though the processes and methods to measure and manage credit risk has been continuously evolving.

Management of risk concentration is conducted by using a variety of systems to monitor and track concentration. This enables quantification and analyzing of risks relating to concentration on a real-time basis. Measurement of expected credit losses is calculated from analysis of the outstanding loans, including loan tenure and historical delinquency rates. When considering whether the credit risk has increased significantly, metrics including first payment delinquency and delinquency by aging are evaluated, directly affecting our credit loss provisions.

When considering whether loans are credit impaired, management considers market and borrower indicators. The disappearance of an active market for the financial asset is an indicator of the need for credit-impairment, as is transactions of comparable financial assets at steep discounts that reflect incurred credit losses. Borrower indicators of credit-impaired financial assets include observing that a borrower has significant financial difficulties, breaches the loan agreement or enters into, or the likely entrance into, a form of reorganization (such as bankruptcy). We find that these indicators reduce the likelihood of receiving payment of the outstanding loan balance. We do not incorporate forward-looking information into the determination of expected credit losses, as reliable data supporting credit impairment is deemed not to be available in the markets in which we offer microloans.



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### 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

For details of description of our ADSs, see Exhibit 2.4 filed with this annual report.

Our ADS holders are required to pay the following service fees to the depository 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):

#### 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 depository to ADS holders

US\$0.05 (or less) per ADS per calendar year

Depository services

Registration or transfer fees

Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares

Expenses of the depository

Cable and facsimile transmissions (when expressly provided in the deposit agreement)  
Converting foreign currency to U.S. Dollars

Taxes and other governmental charges the depository 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 depository or its agents for servicing the deposited securities

As necessary

The depository 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 depository 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 depository may collect its annual fee for depository 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 depository 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 depository may generally refuse to provide fee-attracting services until its fees for those services are paid.



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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 (i) the registration statement on Form F-1 (File No. 333-226017), as amended, including the prospectus contained therein, which registered 19,200,000 ordinary shares represented by ADSs and was declared effective by the SEC on July 27, 2018, for our initial public offering, which closed in July 27, 2018, and the underwriters' exercise of their option to purchase from us an additional 334,672 ADSs representing 669,344 ordinary shares, or the optional offering, which closed in August 9, 2018 at an initial offering price of US\$12.00 per ADS, and (ii) 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, 2020, 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 an aggregated net proceeds of approximately US\$110.8 million from our initial public offering and the optional offering. In addition, we received an additional US\$57.0 million from three contemporaneous private placements, net of underwriting commissions paid. Our expenses incurred and paid to others in connection with the issuance and distribution of the ADSs in our initial public offering and the optional offering totaled US\$3.4 million, which included US\$0.4 million deducted directly from equity and US\$3.0 million for other expenses. The additional material items upon which we have used the proceeds of our initial public offering and the optional offering include (i) US\$16.1 million in our share repurchase programs in 2018, 2019 and 2020, (ii) an investment of US\$30 million in acquiring 19.35% equity interest of StarMaker Inc., (iii) US\$9.5 million for the purchase of TenSpot Pesa Limited and its microfinance business (OKash), and (iv) the funding of our microlending business which ended 2019 with a net loan book of US\$93.1 million.



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We received net proceeds of approximately US\$82.6 million from our follow-on offering. These proceeds are currently held in cash and marketable securities.

Other than reimbursement of officer and director travel expenses to attend our listing ceremony in New York, certain limited bonuses paid to our chief financial officer and chief operating officer, and the annual board fees paid to our two independent directors, none of the net proceeds from any of our public offerings 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 material weaknesses in internal control over financial reporting described below, as of December 31, 2019, 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 weaknesses*

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, 2019 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 material weaknesses in our Internal Control over Financial Reporting as of December 31, 2019:

1. 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. The Company has introduced appropriately qualified accounting personnel however there was insufficient time to allow them to appropriately identify and implement robust controls prior December 31, 2019.
2. The Company did not design and maintain effective internal control, specifically the Company did not perform an appropriate risk assessment in identifying specific risks with microlending businesses across several countries being operated, and thereafter designing and implementing controls including the monitoring of these controls in terms of oversight. Our process to evaluate the competence and expertise necessary to support the growth and complexity of the business, its financial reporting, and response to address shortcomings was not sufficiently implemented during 2019. As a result, we did not have a sufficient number of adequately trained personnel within the organization with assigned responsibility and accountability for the design, effective operation, and documentation of internal control over financial reporting.

To our knowledge, these control deficiencies did not result in a material misstatement to the consolidated financial statements. However, the deficiencies created a possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis, and accordingly a remediation plan has been undertaken.

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.



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### *Remediation plan*

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

- We have hired employees with IFRS, external financial reporting and internal controls expertise to finalize policies and procedures that will ensure transactions are sufficiently analyzed and assessed against the requirements of IFRS and our corporate governance standards, and that contemporaneous documentation is prepared and reviewed.
- In 2019, we engaged external consultants to assist us in designing and implementing a formalized framework for internal control, based on the “Internal Control - Integrated Framework (2013)” issued by COSO. Our internal controls are being designed to ensure that all financial statement assertions are maintained in our consolidated financial statements. We intend to finalize the internal control framework in 2020, including the implementation and monitoring of effectiveness of internal controls related to risk assessment, compliance and oversight of the Company's legacy and developing microlending businesses.
- In 2020, management will evaluate the need to engage external consultants to support testing the design and operating effectiveness of the internal controls as of December 31, 2020.
- We have hired additional employees at the group level to strengthen our management oversight and compliance structures over our legacy and developing microlending businesses, as well as obtained additional expertise in enterprise risk management.
- We have established a policy clarifying 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 long-term 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.

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 2020. 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 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 one of the material weaknesses disclosed above also was identified when preparing the consolidated financial statements for 2018, 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.

## **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](http://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.



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**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,	
	2018	2019
	(US\$ in thousands)	
Audit fees (1)	1,505	1,970
Audit-related fees (2)	225	53
Tax fees (3)	10	44
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
<b>Total</b>	<b>1,500,000</b>	<b>7.08</b>	<b>1,500,000</b>	<b>0</b>

On January 17, 2020 we announced that our board of directors had approved an additional share repurchase program, which authorized us to execute the repurchase of up to US\$50 million of ADSs by January 17, 2021, in any form that management may deem appropriate. As of the date of this report, we have purchased 773,486 ADSs under this program, at a total cost of US\$5.48 million.



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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, 2019	662,822	6.93	773,486	\$ 44,523,100

## 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.



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### 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 depository 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	<u>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)</u>
4.14*	<u>Service Agreement, dated April 1, 2019, by and between PC Financial Services Private Limited and Mobimagic Co., Ltd.</u>
4.15*	<u>Software License Agreement, dated October 1, 2019, by and between Hong Kong Fintango Limited and PC Financial Services Private Limited.</u>
8.1*	<u>Significant Subsidiaries and Consolidated Affiliated Entities of the Registrant</u>
11.1	<u>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)</u>
12.1*	<u>Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1**	<u>Certification by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2**	<u>Certification by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
15.1*	<u>Consents of KPMG, Independent Registered Public Accounting Firm</u>
101.INS**	<u>XBRL Instance</u>
101.SCH**	<u>XBRL Taxonomy Extension Schema</u>
101.CAL**	<u>XBRL Taxonomy Extension Calculation</u>
101.DEF**	<u>XBRL Taxonomy Extension Definition</u>
101.LAB**	<u>XBRL Taxonomy Extension Labels</u>
101.PRE**	<u>XBRL Taxonomy Extension Presentation</u>

\* 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.



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**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: April 30, 2020

[Signature Page to 20-F]

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors  
Opera Limited

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated statement of financial position of Opera Limited and subsidiaries (the Company) as of December 31, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

*Change in Accounting Principle*

As discussed in Note 3 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 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 auditor since 2000.

Oslo, Norway  
April 30, 2020



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## CONSOLIDATED STATEMENT OF OPERATIONS

[US\$ thousands, except per share and ADS amounts]	Notes	Year Ended December 31,		
		2017	2018	2019
Revenue	4, 5	128,893	172,276	334,855
Other income	4	5,460	-	-
<b>Operating expenses</b>				
Cost of revenue (1)	7	(3,969)	(20,009)	(73,991)
Personnel expenses including share-based remuneration	6	(42,134)	(34,683)	(61,029)
Marketing and distribution expenses	4	(30,971)	(31,381)	(73,150)
Credit loss expense	4, 21	(1,837)	678	(577)
Other changes in fair value of loans to customers	4, 5, 21	-	(528)	(54,302)
Depreciation and amortization	9, 10	(16,604)	(12,694)	(18,933)
Other expenses	8	(25,359)	(28,359)	(32,210)
Restructuring costs		(3,240)	-	-
<b>Total operating expenses</b>		<b>(124,114)</b>	<b>(126,975)</b>	<b>(314,192)</b>
<b>Operating profit</b>		<b>10,239</b>	<b>45,301</b>	<b>20,662</b>
Share of net income (loss) of associates and joint ventures	27	(1,670)	(3,248)	(3,818)
Change in fair value of preferred shares in associates	16, 27	-	-	37,900
<b>Net finance income (expense)</b>				
Finance income	23	1,054	1,637	10,530
Finance expense	23	(238)	(1,695)	(1,505)
Net foreign exchange gain (loss)	23	(1,881)	(354)	(269)
<b>Net finance income (expense)</b>		<b>(1,065)</b>	<b>(412)</b>	<b>8,756</b>
<b>Net income before income taxes</b>		<b>7,504</b>	<b>41,641</b>	<b>63,500</b>
Income tax expense	25	(1,440)	(6,481)	(5,602)
<b>Net income</b>		<b>6,064</b>	<b>35,160</b>	<b>57,899</b>
<b>Net income attributable to:</b>				
Equity holders of the parent		6,064	35,160	57,899
Non-controlling interests		-	-	-
<b>Total net income attributed</b>		<b>6,064</b>	<b>35,160</b>	<b>57,899</b>
<b>Net income per ordinary share</b>				
Basic, US\$	29	0.03	0.17	0.26
Diluted, US\$	29	0.03	0.17	0.25
<b>Net income per ADS</b>				
Basic, US\$	29	0.06	0.35	0.52
Diluted, US\$	29	0.06	0.34	0.51

(1) Certain expenses in the comparative periods have been reclassified as Cost of revenue. See Note 7 for more details.

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



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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[US\$ thousands]	Notes	Year Ended December 31,		
		2017	2018	2019
<b>Net income</b>		<b>6,064</b>	<b>35,160</b>	<b>57,899</b>
<b>Other comprehensive income that may be reclassified to the Statement of Operations in subsequent periods (net of tax)</b>				
Exchange differences on translation of foreign operations		2,235	(1,245)	(1,790)
Reclassification of exchange differences on loss of control		-	(138)	7
Share of other comprehensive income (loss) of associates and joint ventures	27	-	94	(41)
<b>Net other comprehensive income (loss) that may be reclassified to the Statement of Operations in subsequent periods</b>		<b>2,235</b>	<b>(1,289)</b>	<b>(1,824)</b>
<b>Total comprehensive income</b>		<b>8,299</b>	<b>33,871</b>	<b>56,075</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent		8,299	33,871	56,075
Non-controlling interests		-	-	-
<b>Total comprehensive income attributed</b>		<b>8,299</b>	<b>33,871</b>	<b>56,075</b>

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

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[US\$ thousands]	Notes	As of December 31,	
		2018	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture, fixtures and equipment	9	12,162	26,053
Intangible assets	10	115,444	110,807
Goodwill	10	421,578	421,578
Investments in associates and joint ventures	16, 27	35,060	76,300
Non-current financial assets	16	2,025	1,351
Deferred tax assets	25	944	6,204
<b>Total non-current assets</b>		<b>587,213</b>	<b>642,293</b>
<b>Current assets</b>			
Trade receivables	21	37,468	49,371
Loans to customers	5, 16	3,092	93,115
Other receivables	21	4,031	59,112
Prepayments	21	14,372	25,809
Inventories	11	-	7,752
Other current financial assets	16	89	1,535
Marketable securities	16	1,165	42,146
Cash and cash equivalents	20	177,873	139,487
Total cash, cash equivalents, and marketable securities		179,038	181,633
<b>Total current assets</b>		<b>238,090</b>	<b>418,327</b>
<b>TOTAL ASSETS</b>		<b>825,303</b>	<b>1,060,620</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	29	22	24
Other paid in capital		738,690	814,177
Retained earnings		36,432	99,513
Foreign currency translation reserve		316	(1,508)
<b>Equity attributed to equity holders of the parent</b>		<b>775,460</b>	<b>912,206</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>775,460</b>	<b>912,206</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities and other loans	12, 13	2,271	9,181
Deferred tax liabilities	25	13,358	10,526
Other non-current liabilities	16	212	137
<b>Total non-current liabilities</b>		<b>15,841</b>	<b>19,844</b>
<b>Current liabilities</b>			
Trade and other payables	22	17,957	57,125
Current lease liabilities and other loans	12, 13	2,490	47,793
Income tax payable	25	1,920	7,803
Deferred revenue		1,932	708
Other current liabilities	15, 16	9,701	15,142
<b>Total current liabilities</b>		<b>34,002</b>	<b>128,570</b>
<b>Total liabilities</b>		<b>49,843</b>	<b>148,414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>825,303</b>	<b>1,060,620</b>

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



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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2017

[US\$ thousand]	Share capital (1)	Other paid in capital (1)	Retained earnings	Foreign currency translation reserve	Total equity
<b>As of January 1, 2017</b>	<b>19</b>	<b>576,512</b>	<b>(7,704)</b>	<b>(630)</b>	<b>568,197</b>
Net income	-	-	6,064	-	6,064
Other comprehensive income (loss)	-	-	-	2,235	2,235
<b>Total comprehensive income</b>	-	-	<b>6,064</b>	<b>2,235</b>	<b>8,299</b>
Share-based payments (Note 6)	-	-	7,006	-	7,006
<b>As of December 31, 2017</b>	<b>19</b>	<b>576,512</b>	<b>5,366</b>	<b>1,605</b>	<b>583,503</b>

for the year ended December 31, 2018

[US\$ thousands]	Share capital (1)	Other paid in capital (1)	Retained earnings	Foreign currency translation reserve	Total equity
<b>As of December 31, 2017, as previously reported</b>	<b>19</b>	<b>576,512</b>	<b>5,366</b>	<b>1,605</b>	<b>583,503</b>
Impact of implementing IFRS 9 and IFRS 15	-	-	(629)	-	(629)
<b>As of January 1, 2018, restated</b>	<b>19</b>	<b>576,512</b>	<b>4,737</b>	<b>1,605</b>	<b>582,874</b>
Net income	-	-	35,160	-	35,160
Other comprehensive income (loss)	-	-	-	(1,289)	(1,289)
<b>Total comprehensive income</b>	-	-	<b>35,160</b>	<b>(1,289)</b>	<b>33,871</b>
Business combination with entity under common control (Note 26)	-	-	(9,904)	-	(9,904)
Acquisition of treasury shares (Note 19)	-	(4,875)	-	-	(4,875)
Contribution of equity, net of transaction costs	3	167,053	-	-	167,056
Share-based remuneration expense (Note 6)	-	-	6,439	-	6,439
<b>As of December 31, 2018</b>	<b>22</b>	<b>738,690</b>	<b>36,432</b>	<b>316</b>	<b>775,460</b>

for the year ended December 31, 2019

[US\$ thousands]	Share capital (1)	Other paid in capital (1)	Retained earnings	Foreign currency translation reserve	Total equity
<b>As of December 31, 2018</b>	<b>22</b>	<b>738,690</b>	<b>36,432</b>	<b>316</b>	<b>775,460</b>
Impact of implementing IFRS 16	-	-	64	-	64
<b>As of January 1, 2019, restated</b>	<b>22</b>	<b>738,690</b>	<b>36,496</b>	<b>316</b>	<b>775,524</b>
Net income	-	-	57,899	-	57,899
Other comprehensive income (loss)	-	-	-	(1,824)	(1,824)
<b>Total comprehensive income</b>	-	-	<b>57,899</b>	<b>(1,824)</b>	<b>56,075</b>
Contribution of equity, net of transaction costs (Note 19)	2	81,267	-	-	81,269
Acquisition of treasury shares (Note 19)	-	(5,780)	-	-	(5,780)
Share-based remuneration expense (Note 6)	-	-	5,118	-	5,118
<b>As of December 31, 2019</b>	<b>24</b>	<b>814,177</b>	<b>99,513</b>	<b>(1,508)</b>	<b>912,206</b>

(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, as if the share capital was contributed in 2016. In 2019, the amounts of share capital and other paid in capital have been amended by reclassifying amounts between the two equity components.

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



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## CONSOLIDATED STATEMENT OF CASH FLOWS

[US\$ thousands]	Notes	Year ended December 31,		
		2017	2018	2019
<b>Cash flow from operating activities</b>				
Net income before income taxes		7,504	41,640	63,500
Income taxes paid		(3,202)	(4,381)	(9,870)
Gain on disposal of equipment and intangible assets	4	(5,460)	-	-
Depreciation and amortization	9, 10	16,604	12,694	18,934
Share of net loss (income) of associates and joint ventures	27	1,670	3,248	3,818
Change in fair value of preferred shares in associates	16, 27	-	-	(37,900)
Share-based payment expense	6	7,006	6,439	5,118
Net finance income (expense)	23	1,065	412	(8,756)
Change in inventories	11	-	-	(7,752)
Change in trade and other receivables	21	(235)	(6,543)	(14,206)
Change in loans to customers	5	-	(3,092)	(90,023)
Change in trade and other payables	22	(8,509)	(5,635)	39,168
Change in deferred revenue		(2,106)	460	(1,224)
Change in prepayments	21	(136)	(12,205)	(11,437)
Change in other liabilities		(1,402)	1,507	5,441
Other		(1,146)	(715)	726
<b>Net cash flow from (used in) operating activities</b>		<b>11,653</b>	<b>33,828</b>	<b>(44,464)</b>
<b>Cash flow from investment activities</b>				
Proceeds from sales of equipment and intangible assets	4	5,716	-	6
Purchase of equipment	9	(3,523)	(2,616)	(8,868)
Settlement of earnout obligation		-	(600)	-
Receipt of contingent consideration		-	2,945	-
Acquisition of subsidiary, net of cash acquired		-	(7,901)	-
Release of escrow account		5,402	2,508	-
Disbursement of short-term loans		(500)	(2,400)	-
Investment in, and loans to associates and joint ventures	27	(6,896)	(32,867)	(6,550)
Repayment of loans to associates and joint ventures		-	-	726
Deposit of collateral for subsidiaries' loan facility	19	-	-	(52,878)
Net purchase of listed equity instruments	16, 19	-	(2,188)	(35,250)
Development expenditure	10	(3,503)	(4,132)	(4,173)
<b>Net cash flow from (used in) investing activities</b>		<b>(3,305)</b>	<b>(47,250)</b>	<b>(106,987)</b>
<b>Cash flow from financing activities</b>				
Proceeds from issues of equity instruments	19	-	170,871	82,630
Transaction costs on issue of equity instruments	19	-	(2,992)	(1,364)
Acquisition of treasury shares	19	-	(4,875)	(5,780)
Proceeds from loans and borrowings	13, 19	-	-	43,163
Payment of interests on loans and borrowings	23, 24	-	-	(1,184)
Repayment of loans and borrowings	13	(4,372)	(1,765)	(1,509)
Payment of lease liabilities	12	(5,659)	(2,293)	(2,755)
<b>Net cash flow from (used in) financing activities</b>		<b>(10,031)</b>	<b>158,946</b>	<b>113,200</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,683)</b>	<b>145,524</b>	<b>(38,248)</b>
Cash and cash equivalents at beginning of period	20	34,181	33,207	177,873
Net foreign exchange difference		709	(857)	(137)
<b>Cash and cash equivalents at end of period</b>	20	<b>33,207</b>	<b>177,873</b>	<b>139,487</b>

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



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**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 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”) has become a leading global internet brand with an engaged and growing base. Building on over 20 years of innovation, starting with its browser products, the Group is increasingly leveraging its brand as well as its user base in order to expand its offerings and its business. Today, the Group offers users across Europe, Africa and Asia a range of products and services that include PC and mobile browsers as well as AI-powered news reader Opera News and app-based microfinance solutions. Information on the Group’s structure is provided in Notes 4 and 26. Information on other related party relationships of the Group is provided in Note 28.

The consolidated financial statements of the Group for the year ended December 31, 2019 were authorized for issue in accordance with a resolution of the directors on April 30, 2020.

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### 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 (the "IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for debt instruments, including loans to customers and preferred shares, 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. The subtotals and totals in some of the tables in the notes may not equal the sum of the amounts shown in the primary financial statements due to rounding.

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, 2018. Certain amounts in the comparable years have been restated to conform to current year presentation. In 2019, the Group reclassified items in the Statement of Financial Position, specifically Loans to customers, Inventories and Marketable securities. These items were not presented separately in the consolidated financial statements for the year ended December 31, 2018. The Group has not presented a third Statement of Financial Position as of January 1, 2018 due to the reclassifications not having material effects on the information in the statement at that date.

Expenses in the Statement of Operations are classified by nature, except for Cost of revenue, which includes expenses directly attributable to revenue. The combination of presentation by nature and function is made based on historical and industry factors, and the nature of the Group. See section for Cost of revenue below and Note 7 for more information on the nature of expenses included in Cost of revenue.

#### **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. 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. Generally, there is a presumption that a majority of voting rights results in control. 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.

#### **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.



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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.

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. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

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).



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### **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. Due to growth and expansion into new businesses in 2019, including microlending, management organized the Group into four operating segments effective from 2019: Browser and News, Fintech, Retail and Other. The goodwill and the trademark that previously was allocated to the Consumer business CGU was reallocated to the Browser and News CGU.

Business combinations under common control are accounted for using predecessor accounting. Under this method, assets and liabilities of the acquired entity are stated at predecessor carrying values; they are not measured at acquisition date fair values. No new goodwill is recognized. Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings. The acquired entity's results from operations, assets and liabilities are incorporated prospectively from the date on which the business combination between entities under common control occurred.

### **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 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 intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected 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.



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For goodwill and 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;
- 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, are capitalized as development costs 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 (formerly Opera Software AS) in 2016 are amortized over 5 years.

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 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; and
- Amounts expected to be paid under residual value guarantees.
- 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 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.



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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.

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Prior to the implementation of IFRS 16 *Leases* as of January 1, 2019, details of which are provided in Note 3, 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 an operating expense 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, loans to customers, other receivables, preferred shares 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 financial assets 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.



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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.

The microloans are held within a business model whose objective is to hold the assets and collect the contractual cash flows over the life of the instruments. There is no pattern of selling the loans, and the performance of the business is not measured at fair value for internal purposes. However, the Group has established a contractual obligation based on its business practices and external communication to limit the total amount of interest in the form of late fees to the amount of the principal and origination fee. This means that for overdue loans that are repaid after having reached such limit, the contractual cash flows are not payments of principal and interest on the principal amount outstanding. This is due to the interest amounts not being consideration for the time value of money. Consequently, the microloans are measured at fair value through profit or loss. In the Statement of Financial Position, the microloans are presented as Loans to customers.

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 loans to customers, listed equity instruments held for trading and preferred shares in OPay and StarMaker. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

While microloans are measured at fair value through profit or loss, changes in fair value are disaggregated in the Statement of Operations into interest income (presented as revenue) and other changes in fair value (primarily driven by realized and expected cash shortfalls, i.e. credit losses). See section below on Revenue for information about accounting policies related to measurement of interest income from microloans. The net of interest income and other changes in fair value of loans to customers represents the change in fair value.

### *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



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### **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.

Prior to the implementation of IFRS 9 as of January 1, 2018, the Group assessed, at each reporting date, whether there was objective evidence that a financial asset or a group of financial assets was impaired. An impairment existed if one or more events that had occurred since the initial recognition of the asset (an incurred "loss event"), had an impact on the estimated future cash flows of the financial asset or the group of financial assets that could be reliably estimated. The amount of impairment losses identified was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that had not yet been incurred).



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### *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 10 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 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 Notes 5 and 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.



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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.

A provision for restructuring costs is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced.

### **Inventories**

Inventories in the form of handsets and airtime are valued at the lower of cost and net realizable value. The costs of individual items of inventory are determined using weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **Revenue**

The Group has the following primary sources of revenue:

- i. Search
- ii. Advertising
- iii. Origination fees and interest (Fintech)
- iv. Airtime and handsets (Retail)
- v. Technology licensing and other revenue

All categories of revenue are within the scope of IFRS 15 *Revenue from contracts with customers*, except for origination fees and interest, which represent components of changes in fair value of microloans to customers.

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).

Prior to the implementation of IFRS 15 as of January 1, 2018, the Group recognized revenue to the extent that it was probable that the economic benefits would flow to the Group and the revenue could be reliably measured, regardless of when the payment was received. Revenue was measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The sections below describe the accounting principles for revenue recognition in 2018 and 2019.



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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. Origination fees and interest*

The Group provides instant app-based microloans to customers in exchange for an origination fee that remains fixed regardless of any early repayment. The origination fee is compensation for the credit risk and time value of money. Additional fees in the form of interest accrues only if and after a loan is not repaid by its due date.

While loans to customers are classified as financial assets measured at fair value through profit or loss, the Group disaggregates changes in fair value into interest income and credit losses in the Statement of Operation. Interest income, classified as revenue, is recognized when the interest is 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.

### *iv. Airtime and handsets*

The Retail segment includes sale of handsets, prepaid airtime and data to consumers and wholesalers. Revenue is recognized when the contracted good or service is transferred to the customer, after which the Group does not have any remaining obligations, except for a potential obligation to provide refunds customers in some arrangements if certain criteria are met. This right of refund creates variability in the transaction price. The amount of revenue recognized includes variable consideration to which we expect to be entitled. In 2019, customers' right of refund did not materially impact the amount of revenue recognized. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has concluded that it is a principal for all its existing arrangements with customers classified as retail, based on the factors discussed above for Advertising revenue. Although other parties are involved in the supply of the contracted good or service to the customer, Opera controls the contracted good or service before it is transferred.

### *v. 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.



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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 are 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 defined 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 scales 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. In 2017, other income included net gain from sale of certain fixed and intangible assets.

### **Cost of revenue**

Cost of revenue comprises the fintech cost categories of transaction and communication platform expenses, as well as third party credit scoring, data and risk control costs, as well as the cost of handsets and airtime sold to customers. It also includes revenue shares to content creators on our Opera News platform, and payments to publishers and monetization partners, including the costs of any platform or collection service used to facilitate subscription services where the Group is the principal of the transaction. Payments to publishers and monetization partners typically consist of fees based upon a percentage of relevant revenues, such as publishers providing content in which the Group delivers mobile ads or operators facilitating payments of Opera branded services. Cost of revenue also includes expenses directly attributable to revenue recognized in the period, such as employee benefits for individuals who provided maintenance, support, and managerial services to customers for which revenue was recognized. The Group recognizes such costs at the same time it recognizes the associated revenue.



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### **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 benefit. Expenses related to certain outsourced services, primarily sales, debt collection and customer support, are classified as personnel expenses if the nature of the arrangement is that the Group is functioning as the employer. 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.

### **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.

### **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.



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

### **Control over Opera Limited**

In 2018, in connection with the Group's acquisition of TenSpot Pesa Limited, the Group concluded that Opera Limited was controlled by its Chairman and CEO. Since the Group's Chairman and CEO also controlled TenSpot Pesa Limited, the business combination occurred under common control. The determination that Opera Limited was controlled by its Chairman and CEO was based on significant judgment. The Chairman and CEO's ownership interest and voting rights were established by his control of Keeneyes Future Holding Inc and Kunlun Tech Limited, a subsidiary of Beijing Kunlun Tech Co. Ltd. Although the Chairman and CEO did not hold a majority of the shares and voting rights in the latter, the Group concluded that he had de facto control over that entity based on his practical ability to direct the relevant activities unilaterally. This was based on him being the largest holder of voting rights in Beijing Kunlun Tech Co. Ltd, effectively controlling 33.77% of the voting rights directly. The history of voting in general meetings for Beijing Kunlun Tech Co. Ltd demonstrated that the Group's Chairman and CEO controlled significantly more than 50% of the shares registered to vote. The remaining shares in Beijing Kunlun Tech Co. Ltd were widely dispersed among a large number of other shareholders.

### **Significant influence over OPay and basis for accounting of 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 did 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.

In 2019, the Group acquired preferred shares in OPay, as disclosed in Notes 16 and 27. 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, 2019 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 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.

### **Fair value of microloans**

Microloans are measured at fair value through profit or loss. Fair value is estimated by discounting projected future cash flows to their present value using the credit-adjusted effective interest rate, determined as at the date loans were granted. This method is deemed appropriate for estimating fair value due to the short duration of the loans and the amounts of origination fees and interest reflecting market rates at the point in time when the loans were granted. The credit-adjusted effective interest rate reflects the risk of defaulted payment. The total cash flows (both principal, origination fees and interest) expected to be collected are regularly reviewed. The impact of changes in expected cash flows is adjusted in the carrying amount of Loans to customers and is, together with the difference between the realized and expected cash flow of the period, recognized in the Statement of Operations as Revenue or Other changes in fair value of loans to customers. The underlying estimates for future cash flows, which form the basis for revenue recognition, depends on variables such as the ability to contact the debtor and reach an agreement, timing of cash flows, general economic environment, and statutory regulations. Events or changes in assumptions and management's judgment will affect the recognition of revenue in the period.

### **Provision for expected credit losses**

For trade receivables and other financial assets measured at amortized cost, a loss allowance is recognized based on lifetime expected credit losses.

For trade receivables, the Group makes specific loss provisions at the level of specific customer 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 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. See Note 21 for more information.

### **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.

In 2019, the Group recognized US\$2,210 thousand of revenue from contracts with Powerbets (2018: US\$4,369 thousand and 2017: US\$0). As of December 31, 2019, the total amount of outstanding trade receivables due from Powerbets was US\$6,579 thousand, compared to US\$4,369 thousand as of December 31, 2018.

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. See Notes 21, 27 and 28 for more information.

As of December 31, 2019, the Group estimated the lifetime expected credit losses on the receivables due from Powerbets for the purpose of recognizing a loss allowance. 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.

### **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. The Group tested the Browser and News CGU, which includes goodwill and the Opera brand ("Trademark"), for impairment as of December 31, 2019, based on an estimate of its value in use. 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 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 10.





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### ***Share-based payments***

The Group has established an employee equity plan to provide long-term incentives for its employees.

Estimating fair value for share-based awards requires an assessment of an appropriate valuation model, which depends on the terms and conditions of the grant. The estimate also requires an assessment of the most appropriate inputs to the valuation model including grant date fair value of the underlying equity, the expected life of the grant, volatility and dividend yield. Assumptions and models used for current grants are disclosed in Note 6.

When applicable, employer social security costs are accrued over the vesting period of each award, based on the award's intrinsic value of the underlying equity interest as of the reporting date.

Both periodic equity costs and social security cost accruals are adjusted for estimated forfeitures.

### ***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 10 for more information.



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### NOTE 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### 3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted 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, 2018, except for the adoption of IFRS 16 *Leases*, as outlined below, and a change in accounting policy for expenditure related to software as a service ("SaaS") cloud computing arrangement. Prior to 2019, the Group capitalized expenditure related to implementation of SaaS arrangement, while under the amended policy, such expenditure is expensed when incurred. The change in accounting policy for SaaS arrangement had an immaterial impact on the Group's consolidated financial statements. Several other amendments and interpretations apply for the first time in 2019 but did not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted standards, interpretations or amendments that have been issued but is not yet effective. See Note 2 for information about the Group's accounting policies.

#### **IFRS 16 Leases**

The Group adopted IFRS 16 *Leases* retrospectively as of January 1, 2019 with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of Retained earnings at that date. Comparative information has not been restated.

For leases which had previously been classified as operating leases under the principles of IAS 17, the lease liability upon adoption of IFRS 16 was measured as the present value of the remaining lease payments, discounted using the lessee's estimated incremental borrowing rate as of January 1, 2019. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group used a single discount rate to a portfolio of leases with reasonably similar characteristics. The incremental borrowing rate was estimated based on yields for government bonds denominated in the same currency as the lease payments and a credit risk premium. The discount rates were in the range 2.15% to 12.3%, where the variance is primarily explained by the currencies in which the lease payments are denominated in. The right-of-use asset was recognized at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Statement of Financial Position immediately before the date of initial application.

For leases that were classified as finance leases applying IAS 17, the carrying amounts of the right-of-use asset and the lease liability at January 1, 2019 were the carrying amounts of the lease asset and lease liability immediately before that date measured applying IAS 17.

[US\$ thousands]	As of January 1, 2019
<b>Measurement of lease liabilities</b>	
Operating lease commitments disclosed as of December 31, 2018	7,790
Discounted using the lessee's incremental borrowing rate (4%) of at the date of initial application	7,202
Add: adjustments as a result of a different treatment of extension and termination options	7,533
Add: finance lease liabilities recognized as of December 31, 2018	234
<b>Lease liability recognized as of January 1, 2019</b>	<b>14,969</b>

The Group elected to apply the recognition exemptions for short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option), and leases for which the underlying asset is of low value. These exemptions are applied to short-term office leases, and leases of office equipment, including printers and photocopying machines. Non-lease components, such as maintenance and supply of utilities, are accounted for separately from lease components.

The Statement of Financial Position increase (decrease) as of January 1, 2019:

[US\$ thousands]	As of January 1, 2019
<b>Assets</b>	
Furniture, fixtures and equipment	14,969
<b>Liabilities</b>	
Non-current lease liabilities and other loans	10,709
Current lease liabilities and other loans	4,260
Other current liabilities	(64)
<b>Net impact on equity</b>	<b>64</b>

The net impact on the Group's equity as of January 1, 2019 was due to the derecognition of an accrued liability related to a period of free rent of an office space, which was accounted for as a lease incentive under IAS 17 and SIC 15.



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### **3.2 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, 2019, are not expected to have a material impact on the consolidated financial statements upon adoption. As of January 1, 2020, the amendments disclosed below became effective. These could impact the Group's consolidated financial statements for future periods.

#### ***Amendments to IFRS 3: Definition of a Business***

The IASB has issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. The Group adopted the amendments on January 1, 2020.

#### ***Amendments to IAS 1 and IAS 8: Definition of Material***

IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* have been amended by the IASB to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The Group adopted the amendments prospectively on January 1, 2020.



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**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 four reportable segments, as follows:

- Browser and News
- Fintech
- Retail
- Other

In prior periods, the Group had one operating segment. The change in 2019 follows the Group's expansion and growth into new businesses including microlending, and related changes to how financial information is reviewed by the Group's chief operating decision maker (the "CODM").

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 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) cost of revenue, (ii) marketing and distribution expense, and (iii) 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, which have similar characteristics and are often closely bundled, generate search and advertising revenue for the Group. The Fintech segment relates to app-based microfinance services that offer instant credit to approved borrowers. The retail segment includes sale of handsets, prepaid airtime, and data to consumers and wholesalers. The segment Other includes licensing of the Group's proprietary technology to third parties, including related maintenance, support and hosting services, providing professional services, and providing customized browser configurations to mobile operators.

[US\$ thousands]

Segments	Year ended December 31, 2017				
	Browser and News	Fintech	Retail	Other	Total
<b>Revenue</b>					
Revenue from contracts with customers	109,239	-	-	19,653	128,892
<b>Total revenue</b>	<b>109,239</b>	<b>-</b>	<b>-</b>	<b>19,653</b>	<b>128,892</b>
Cost of revenue	(1,303)	-	-	(2,666)	(3,969)
Marketing and distribution expenses	(30,971)	-	-	-	(30,971)
Credit loss expense (1)	(1,837)	-	-	-	(1,837)
<b>Direct expenses</b>	<b>(34,111)</b>	<b>-</b>	<b>-</b>	<b>(2,666)</b>	<b>(36,777)</b>
<b>Contribution by segment</b>	<b>75,128</b>	<b>-</b>	<b>-</b>	<b>16,987</b>	<b>92,115</b>

[US\$ thousands]

Segments	Year ended December 31, 2018				
	Browser and News	Fintech	Retail	Other	Total
<b>Revenue</b>					
Revenue from contracts with customers	138,444	-	9,287	22,890	170,621
Other revenue	-	1,655	-	-	1,655
<b>Total revenue</b>	<b>138,444</b>	<b>1,655</b>	<b>9,287</b>	<b>22,890</b>	<b>172,276</b>
Cost of revenue	(3,637)	(428)	(9,096)	(6,848)	(20,009)
Marketing and distribution expenses	(31,336)	(45)	-	-	(31,381)
Credit loss expense (1)	678	(528)	-	-	150
<b>Direct expenses</b>	<b>(34,295)</b>	<b>(1,001)</b>	<b>(9,096)</b>	<b>(6,848)</b>	<b>(51,240)</b>
<b>Contribution by segment</b>	<b>104,149</b>	<b>654</b>	<b>191</b>	<b>16,042</b>	<b>121,036</b>

[US\$ thousands]

Segments	Year ended December 31, 2019				
	Browser and News	Fintech	Retail	Other	Total
<b>Revenue</b>					
Revenue from contracts with customers	154,968	-	29,802	21,712	206,482
Other revenue	-	128,373	-	-	128,373
<b>Total revenue</b>	<b>154,968</b>	<b>128,373</b>	<b>29,802</b>	<b>21,712</b>	<b>334,855</b>
Cost of revenue	(2,642)	(29,759)	(29,836)	(11,754)	(73,991)
Marketing and distribution expenses	(64,685)	(8,464)	-	-	(73,150)
Credit loss expense (1)	(577)	(54,302)	-	-	(54,879)
<b>Direct expenses</b>	<b>(67,904)</b>	<b>(92,525)</b>	<b>(29,836)</b>	<b>(11,754)</b>	<b>(202,019)</b>
<b>Contribution by segment</b>	<b>87,064</b>	<b>35,848</b>	<b>(34)</b>	<b>9,958</b>	<b>132,835</b>

(1) For the Browser and News segment, Credit loss expense in the segment reporting is consistent with Credit loss expense in the Statement of Operations, while for the Fintech segment, Credit loss expense is consistent with Other changes in fair value of loans to customers in the Statement of Operations.



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Other income, personnel expenses, depreciation and amortization, share of net income (loss) of associates and joint ventures, change in fair value of preferred shares in associates, finance income and expense, net foreign exchange gain (loss), income tax expense and other expenses are not allocated to those segments as they are managed and monitored on a group basis.

[US\$ thousands] Reconciliation	Year ended December 31,		
	2017	2018	2019
<b>Contribution by segment</b>	<b>92,115</b>	<b>121,036</b>	<b>132,835</b>
Other income	5,460	-	-
Personnel expenses including share-based remuneration	(42,134)	(34,683)	(61,029)
Depreciation and amortization	(16,604)	(12,694)	(18,933)
Other expenses	(25,359)	(28,359)	(32,210)
Restructuring costs	(3,240)	-	-
Share of net income (loss) of associates and joint ventures	(1,670)	(3,248)	(3,818)
Change in fair value of preferred shares in associates	-	-	37,900
Finance income	1,054	1,637	10,530
Finance expense	(238)	(1,695)	(1,505)
Net foreign exchange gains (losses)	(1,881)	(354)	(269)
<b>Net income (loss) before income taxes</b>	<b>7,504</b>	<b>41,641</b>	<b>63,500</b>

## Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers. Origination fees and late interest from loans to customers are also presented as revenue in the Statement of Operations.

[US\$ thousands] Segments	Year ended December 31, 2017				
	Browser and News	Fintech	Retail	Other	Total
<b>Type of goods or service</b>					
Search	68,192	-	-	-	68,192
Advertising	41,047	-	-	-	41,047
Airtime and handsets	-	-	-	-	-
Technology licensing and other revenue (1)	-	-	-	19,653	19,653
<b>Total revenue from contracts with customers</b>	<b>109,239</b>	-	-	<b>19,653</b>	<b>128,892</b>
Origination fees and late interest	-	-	-	-	-
<b>Total revenue</b>	<b>109,239</b>	-	-	<b>19,653</b>	<b>128,892</b>

[US\$ thousands] Segments	Year ended December 31, 2018				
	Browser and News	Fintech	Retail	Other	Total
<b>Type of goods or service</b>					
Search	80,204	-	-	-	80,204
Advertising	58,240	-	-	-	58,240
Airtime and handsets	-	-	9,287	-	9,287
Technology licensing and other revenue (1)	-	-	-	22,890	22,890
<b>Total revenue from contracts with customers</b>	<b>138,444</b>	-	<b>9,287</b>	<b>22,890</b>	<b>170,621</b>
Origination fees and late interest	-	1,655	-	-	1,655
<b>Total revenue</b>	<b>138,444</b>	<b>1,655</b>	<b>9,287</b>	<b>22,890</b>	<b>172,276</b>

[US\$ thousands] Segments	Year ended December 31, 2019				
	Browser and News	Fintech	Retail	Other	Total
<b>Type of goods or service</b>					
Search	86,155	-	-	-	86,155
Advertising	68,813	-	-	-	68,813
Airtime and handsets	-	-	29,802	-	29,802
Technology licensing and other revenue (1)	-	-	-	21,712	21,712
<b>Total revenue from contracts with customers</b>	<b>154,968</b>	-	<b>29,802</b>	<b>21,712</b>	<b>206,482</b>
Origination fees and late interest	-	128,373	-	-	128,373
<b>Total revenue</b>	<b>154,968</b>	<b>128,373</b>	<b>29,802</b>	<b>21,712</b>	<b>334,855</b>

(1) Technology licensing and other revenue in 2019 include US\$18,632 thousand related to professional services provided to associates and other related parties of the Group (2018: US\$18,319 thousand and 2017: US\$3,216 thousand).



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The table below presents the revenue by customer location.

[US\$ thousands] Revenue by customer location	Year ended December 31,		
	2017	2018	2019
Ireland	63,152	76,791	81,637
Russia	18,251	17,356	17,265
India	-	1,549	98,504
Kenya	-	3,426	35,086
Other (1)	47,490	73,154	102,363
<b>Total</b>	<b>128,893</b>	<b>172,276</b>	<b>334,855</b>

(1) No other individual country exceeded 10% of total revenue.

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] Customer groups	Year ended December 31,		
	2017	2018	2019
Customer group 1	55,685	67,882	74,572
Customer group 2	16,604	17,017	17,758

Revenue from Customer group 1 includes both search and advertising services, while revenue from Customer group 2 includes only search services.

## Other income

During 2017, the Group entered into a set of agreements with one customer that included a sale of intellectual property, which had embedded technology licensed from Otello Corporation ASA, and certain time-restricted hosting services. The sale of intellectual property (IP), net of associated costs and the book value of the divested IP, and the costs of external technology required to enable the intellectual property to be transferred, is presented net as Other Income. Revenue related to the licensing of the Group's own IP and the revenues from hosting services are included in the Technology Licensing and other category

[US\$ thousands] Other income	Year ended December 31,		
	2017	2018	2019
Proceeds allocated to divestment of IP	7,800	-	-
Cost of technology license obtained from Otello Corporation ASA	(2,000)	-	-
Book value of associated capitalized development costs	(256)	-	-
Legal fees related to the divestment process	(84)	-	-
<b>Total</b>	<b>5,460</b>	<b>-</b>	<b>-</b>



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**NOTE 5. LOANS TO CUSTOMERS**

The Group engages in microlending in several developing countries, including Kenya and India. In 2019, the Group provided loans to customers with a relatively short duration, up to 365 days, in exchange for an origination fee that remained fixed regardless of any early repayment. The average duration for microloans provided in 2019 was 15 days. Additional fees in the form of interest, limited to the sum of the principal and origination fee, is accrued only if and after a loan was not repaid by its due date.

The fair value of microloans is presented in the Statement of Financial Position as Loans to customers. In the Statement of Operations, changes in fair value are disaggregated into Revenue and Other changes in fair value of loans to customers. While fair value of loans to customers is estimated as the present value of expected cash flows discounted by the credit-adjusted effective interest rate, the amount of revenue recognized related to origination fees and interest is measured based on the effective interest rate method. The amount of Other changes in fair value of loans to customers, presented as credit loss expense in the segment reporting in Note 4, is the difference between the fair value at inception or the beginning of the period and the fair value at the end of the period, less cash flows received in the period and interest revenue. Other changes in fair value of loans to customers consist primarily of changes in fair value of expected cash flows.

See Note 18 for information on the Group's exposure to credit risk and its policies for managing that risk.

The following tables present detailed financial information related to the microloans to customers:

[US\$ thousands]	Loans to customers not yet overdue	Loans to customers overdue 1-30 days	Loans to customers overdue 31-90 days	Loans to customers overdue >90 days	Total
<b>Statement of Financial Position as of December 31, 2018</b>					
Disbursed amounts	1,520	503	235	310	2,568
Accumulated interest revenue	247	223	276	400	1,146
Accumulated credit loss expense (1)	-	(91)	(99)	(337)	(528)
Accumulated partial repayments	(6)	(37)	(34)	(18)	(95)
<b>Net loans to customers</b>	<b>1,762</b>	<b>598</b>	<b>378</b>	<b>355</b>	<b>3,092</b>

[US\$ thousands]	Loans to customers not yet overdue	Loans to customers overdue 1-30 days	Loans to customers overdue 31-90 days	Loans to customers overdue >90 days	Total
<b>Statement of Financial Position as of December 31, 2019</b>					
Disbursed amounts	88,271	10,350	13,462	20,335	132,418
Accumulated interest revenue	5,101	2,017	3,390	6,830	17,338
Accumulated credit loss expense (1)	(4,754)	(8,629)	(15,950)	(24,969)	(54,302)
Accumulated partial repayments	(30)	(137)	(300)	(1,375)	(1,843)
<b>Net loans to customers</b>	<b>88,588</b>	<b>3,601</b>	<b>602</b>	<b>325</b>	<b>93,115</b>

(1) Accumulated credit loss expense is part of Other changes in fair value of loans to customers in the Statement of Operations.

[US\$ thousands]	Year ended December 31,		
Statement of Operations	2017	2018	2019
Origination fees and late interest	-	1,655	128,373
Other changes in fair value of loans to customers	-	(528)	(54,431)
<b>Net change in fair value of loans to customers</b>	<b>-</b>	<b>1,127</b>	<b>74,071</b>



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[US\$ thousands]

Reconciliation of fair value measurement of loans to customers	Year-ended December 31,	
	2018	2019
<b>As of January 1</b>	-	<b>3,092</b>
Disbursements	9,728	856,883
Interest revenue	1,655	128,373
Other changes in fair value	(528)	(54,302)
Repayments	(8,840)	(840,003)
Other movements	1,077	(928)
<b>As of December 31</b>	<b>3,092</b>	<b>93,115</b>

### Fair value measurement

The fair value of microloans is estimated as the present value of expected cash flows discounted by the credit-adjusted effective interest rate. The fair value is a level 3 measurement. Future expected cash flows are estimated based on historic data and management overlay when necessary to reflect current expectations.

In the Group's fair value model, each individual loan is designated into groups of loans where each group of loans has a corresponding recovery curve. The recovery curve reflects the expected cash flows for that group of loans and is constructed based on the observed historic data for loans with similar characteristics (e.g., to a first-time borrower or a returning borrower, disbursed amounts, loan term (maturity) and actual repayments). As the loan progresses and the Group obtains payment data (behavior data) on the customer, the contract remains in its current loan group or switch to the loan group whose recovery curve is most aligned with the observed payment history for that specific contract. Based on accumulated data, Opera has no reasonable expectation of receiving cash flows subsequent to 180 days after maturity, and consequently do not include any expected cash flow after 180 days past due in the estimation of fair value.

A basic premise applied for the initial and subsequent measurement of fair value is that each loan is issued without the creation of a gain or loss on issue. Thus, at initial recognition, the fair value of the loan, being the net present value of expected future cash flows, equals the cash flows disbursed when issuing the loan. Due to the short duration of the loan, the credit adjusted effective interest rate, that resulted in no gain or loss at inception, is kept constant when measuring the fair value of the loan for the remaining of the duration of the loan.

Due to the short duration of the microloans, the most significant factor when evaluating the loans is the estimation of future expected cash flows (the recovery curve). The estimate of fair value is also sensitive to the discount rate.

A 10% increase in the expected future cash flows would result in the fair value of the loans to customers being US\$101,641 thousand, while a 10% decrease would result in the fair value being US\$84,589 thousand. If the annualized discount rate was 100 percentage points higher, the fair value would be US\$92,933 thousand, and if the annualized discount rate was 100 percentage points lower, the fair value would be US\$93,348 thousand.

See Note 16 for additional details.



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**NOTE 6. PERSONNEL EXPENSES INCLUDING SHARE-BASED REMUNERATION**

The table below specifies the amounts of personnel expenses including share-based remuneration. The amount of personnel expenses presented as cost of revenue is specified in Note 7.

[US\$ thousands] Personnel expenses including share-based remuneration	Year ended December 31,		
	2017	2018	2019
Salaries incl. bonuses	23,714	20,412	34,186
Social security cost, excluding amounts related to share-based remuneration	4,235	3,428	3,777
External temporary hires	686	1,687	8,159
Defined-contribution pension cost	2,068	2,066	3,616
Other personnel related expenses	1,935	2,244	5,364
Personnel expenses excluding share-based remuneration	<b>32,638</b>	<b>29,836</b>	<b>55,101</b>
Share-based remuneration, including related social security costs	9,496	4,846	5,928
<b>Total</b>	<b>42,134</b>	<b>34,683</b>	<b>61,029</b>

The amount of expensed versus capitalized development cost is detailed in the following table:

[US\$ thousands] Research and development expenditure	Year ended December 31,		
	2017	2018	2019
Total research and development expenditure	23,386	26,418	34,143
Less: Capitalized development expenditure excluded from personnel expenses	3,503	4,545	4,056
Net expensed research and development expenditure	<b>19,883</b>	<b>21,873</b>	<b>30,087</b>

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,		
	2017	2018	2019
Short-term employee benefits	946	843	2,121
Post-employment and medical benefits	47	57	59
Share-based payment transactions	-	621	536
<b>Total</b>	<b>993</b>	<b>1,521</b>	<b>2,716</b>

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 2019 was \$536 thousand, compared to US\$621 thousand in 2018. No equity grants vested in 2017. 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.

The program was established with an assumption that there would be 500 million shares in the ultimate issuer entity. Opera Limited was set up with 200 million shares, resulting in a conversion ratio of 0.4 from the count of RSUs granted to the ultimate shares to be delivered. As each traded ADS represents two shares, the reported grants have been further adjusted by a factor of 0.5.

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 2019, grants were made in the months of March, June, September, November and December. The average vesting schedule for the majority of 2019 grants were 16%, 22%, 28%, 34% on January 1 in each of the years 2020-2023.

The equity unit value applied for the 2019 grants was determined based on the market value of the Company on the date of each grant. The fair value for RSUs granted was determined by Monte Carlo simulation, while the fair value of options was determined based on the Black-Scholes model, 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, 2019, social security cost was accrued based on the period-end market value of the Company, and corresponded to US\$1,050 thousand. The full amount of social security payable on grants outstanding at period end, assuming all grants become exercisable at the current period-end market value of the Company, amounts to US\$1,442 thousand.



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The expense recognized for the employee services received is shown in the following table:

[US\$ thousands]	Year ended December 31,		
	2017	2018	2019
<b>Expense from share-based payment transactions</b>			
Expense arising from equity-settled share-based payment transactions (1)	9,496	4,846	5,928
Expense arising from cash-settled share-based payment transactions	-	-	-
<b>Total</b>	<b>9,496</b>	<b>4,846</b>	<b>5,928</b>

(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,	
	2018	2019
<b>Outstanding at period start</b>	3,882,600	4,244,132
Granted during the period	516,000	1,019,000
Forfeited during the period	(154,468)	(550,700)
Exercised during the period	-	(1,728,492)
Expired during the period	-	-
<b>Outstanding at period end</b>	<b>4,244,132</b>	<b>2,983,940</b>

Options	Year ended December 31,	
	2018	2019
<b>Outstanding at period start</b>	-	-
Granted during the period	-	150,000
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
<b>Outstanding at period end</b>	<b>-</b>	<b>150,000</b>

The weighted average remaining vesting period for the equity instruments outstanding as of December 31, 2019 was 0.95 years (December 31, 2018: 0.97 years). On January 1, 2020, 1,130,000 RSUs and 30,000 options became exercisable, with no exercise price for the RSUs and \$7.42 exercise price for the options.

Fair value measurement per awarded equity unit as converted to ADS equivalent:

	2018 RSU grants: RSU valuation input	2019 RSU grants: RSU valuation input	2019 RSU grants: Option valuation input
Equity unit price valuation (\$)	7.75	9.09 <sup>(3)</sup>	7.42
Model Used	Monte Carlo	Monte Carlo	Black-Scholes
Expected Volatility (%) (1), (2)	35.28%	40.00%	40%
Risk free interest rate (%) (1)	2.43%	1.70%	2.43%
Dividend Yield (%)	0%	0%	0%
Duration of initial simulation period (years to longstop date)	4.73	3.16	4.81
Duration of second simulation period with postponed exercise (years)	3.00	3.00	N/A
Fair value at the measurement date (\$)	7.12	8.92	2.36

(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 2019.



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**NOTE 7. COST OF REVENUE**

The table below specifies the nature of expenses presented as Cost of revenue.

[US\$ thousands] <b>Cost of revenue</b>	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Payouts to publishers and monetization partners	1,303	1,227	2,096
Cost of prepaid airtime and handsets sold	-	9,096	29,836
Microlending service fee (1)	-	428	29,759
Cost of professional services (2)	2,181	6,693	11,754
Other expenses	485	2,565	546
<b>Total</b>	<b>3,969</b>	<b>20,009</b>	<b>73,991</b>

(1) Includes accrued fee for provision of app, systems and platform maintenance, and data processing services as well as managerial oversight to P C Financial Services, the subsidiary of the Group offering microloans in India. See Note 28 for more details.

(2) The Group provided development and managerial services to equity-accounted investees. Related to this, the Group incurred expenses, predominantly personnel expenses. In 2019, the Group reclassified personnel and other operating expenses in prior periods as cost of revenue. In 2018, the Group reclassified personnel expenses of US\$6,285 thousand as cost of revenue, compared to US\$2,181 thousand in 2017. Other operating expenses reclassified as cost of revenue was US\$408 thousand in 2018 and US\$485 thousand in 2017.



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**NOTE 8. OTHER EXPENSES**

The table below specifies the nature of other expenses.

[US\$ thousands] <b>Other expenses</b>	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Hosting	12,105	10,146	6,941
Audit, legal and other advisory services	3,529	8,306	8,533
Software license fees	1,346	1,799	2,566
Rent and other office expenses	4,304	4,573	5,379
Travel	1,775	2,057	3,990
Other	2,300	1,477	4,801
<b>Total</b>	<b>25,359</b>	<b>28,359</b>	<b>32,210</b>

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**NOTE 9. FURNITURE, FIXTURES AND EQUIPMENT**

[US\$ thousands]	<b>Office properties</b>	<b>Furniture and fixtures</b>	<b>Equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost</b>					
Cost as of January 1, 2018	-	478	20,685	1,692	22,855
Additions	-	149	4,201	139	4,489
Disposals	-	-	-	-	-
Exchange rate differences	-	4	(312)	(93)	(401)
<b>As of December 31, 2018</b>	-	<b>629</b>	<b>24,574</b>	<b>1,738</b>	<b>26,942</b>
Adjustment for change in accounting policy (1)	6,739	-	8,230	-	14,969
<b>Restated cost as of January 1, 2019</b>	<b>6,739</b>	<b>629</b>	<b>32,804</b>	<b>1,738</b>	<b>41,911</b>
Additions	1,228	243	9,197	78	10,746
Disposals	-	-	(13,672)	-	(13,672)
Exchange rate differences	-	5	(321)	(69)	(384)
<b>As of December 31, 2019</b>	<b>7,967</b>	<b>878</b>	<b>28,008</b>	<b>1,747</b>	<b>38,601</b>
<b>Depreciation and impairment</b>					
As of January 1, 2018	-	186	8,802	406	9,394
Depreciation for the year	-	116	5,001	243	5,360
Disposals	-	-	-	-	-
Exchange rate differences	-	21	28	(22)	26
<b>As of December 31, 2018</b>	-	<b>324</b>	<b>13,831</b>	<b>628</b>	<b>14,780</b>
Depreciation for the year	1,766	139	8,585	258	10,748
Disposals	-	-	(12,994)	-	(12,994)
Exchange rate differences	-	1	24	(17)	8
<b>As of December 31, 2019</b>	<b>1,766</b>	<b>464</b>	<b>9,446</b>	<b>869</b>	<b>12,543</b>
<b>Net book value as of December 31, 2018</b>	-	<b>306</b>	<b>10,742</b>	<b>1,109</b>	<b>12,162</b>
<b>Net book value as of December 31, 2019</b>	<b>6,201</b>	<b>415</b>	<b>18,562</b>	<b>878</b>	<b>26,053</b>
	<b>Office properties</b>	<b>Fixture and fittings</b>	<b>Equipment</b>	<b>Leasehold improvements</b>	
Useful life	Up to 6 years	Up to 5 years	Up to 10 years, or term of lease contract	Up to 6 years, or term of lease contract	
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line	

(1) See Note 3 for information about change in accounting policy related to implementation of IFRS 16.



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**NOTE 10. INTANGIBLE ASSETS**

[US\$ thousands]	Goodwill	Customer relationships	Technology	Trademarks	Other intangible assets	Total
<b>Cost</b>						
Cost as of January 1, 2018	421,578	40,700	14,545	70,600	2,020	549,443
Additions (1)	-	-	4,132	-	27	4,159
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
<b>As of December 31, 2018</b>	<b>421,578</b>	<b>40,700</b>	<b>18,677</b>	<b>70,600</b>	<b>2,047</b>	<b>553,602</b>
Additions (1)	-	-	3,545	-	-	3,545
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
<b>As of December 31, 2019</b>	<b>421,578</b>	<b>40,700</b>	<b>22,222</b>	<b>70,600</b>	<b>2,047</b>	<b>557,147</b>
<b>Amortization and impairment</b>						
As of January 1, 2018	-	3,477	4,028	-	1,741	9,246
Amortization for the year	-	2,980	4,094	-	261	7,335
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-
<b>As of December 31, 2018</b>	<b>-</b>	<b>6,457</b>	<b>8,122</b>	<b>-</b>	<b>2,002</b>	<b>16,581</b>
Amortization for the year	-	2,980	5,203	-	2	8,185
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	-	(4)	(4)
<b>As of December 31, 2019</b>	<b>-</b>	<b>9,437</b>	<b>13,325</b>	<b>-</b>	<b>2,000</b>	<b>24,762</b>
<b>Net book value as of December 31, 2018</b>	<b>421,578</b>	<b>34,243</b>	<b>10,555</b>	<b>70,600</b>	<b>45</b>	<b>537,022</b>
<b>Net book value as of December 31, 2019</b>	<b>421,578</b>	<b>31,263</b>	<b>8,897</b>	<b>70,600</b>	<b>47</b>	<b>532,385</b>
	<b>Goodwill</b>	<b>Customer relationships</b>	<b>Technology</b>	<b>Trademarks</b>	<b>Other intangible assets</b>	
Useful life	Indefinite	Up to 15 year	Up to 5 year	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.

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”. Due to growth and expansion into new businesses in 2019, including microlending, management organized the Group into four operating segments effective from 2019: Browser and News, Fintech, Retail and Other. The goodwill and the trademark that previously was allocated to the Consumer business CGU was reallocated to the Browser and News CGU.

The Group performed its annual impairment test of Browser & News CGU as of December 2019 as required by IFRS.

The carrying amount of the Browser & News CGU as of December 31, 2019 was US\$577,376 thousand (December 31, 2018: US\$580,705 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.

For carrying out the annual impairment testing, a discounted cash flow model is used to determine the value in use for the cash generating unit with goodwill and intangible assets with indefinite lives. The projected cash flows are based on the most up-to-date forecast that have been approved by management and do not include cash flows arising from future enhancements. The approved forecast is for 2020 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 have identified a “steady state” set of assumptions for the cash flows based on an approach where we estimate cash flows for the years 2021 to 2023 and then using the estimated cash flows in 2023 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 2023, the cash flows are extrapolated using constant nominal growth rates.

The value-in-use calculation demonstrates that the value in use exceeded the carrying amount of the CGU, i.e. it was not impaired.



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### **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 & News CGU 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 we have sufficient and reliable data on which to base the projections. Our PC browser revenue 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 by continuous product development and the undertaking of cost-effective and efficient marketing and distribution initiatives.

Forecasted cash outflows are partly based on actual costs in 2019 and a bottom-up assessment for the relevant operating unit. Operating expenditures are expected to grow, primarily due to user acquisition initiatives by engaging more publishers and monetization partners, which is expected to increase our revenue, but also our cost of revenue 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 & 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 of 1.9% (2018: 3.0%), in 2019 based on the 10-year US Treasury Rate, and a market risk premium of 5.2% (5.68% in 2018). The estimated beta for equity was 1.4 (2018: 1.20). The equity to total capital ratio was 100% (2018: 97%). This resulted in a post-tax WACC of 13.1% (2018: 10.6%).

### **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 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 2024, broken down across regions as the basis. Based on this we estimated a long-term nominal growth rate 3% for the Browser & News CGU (2018: 2.5%).

### **Sensitivity**

We have simulated a variety of sensitivities to the key assumptions, including revenue growth rate, operating expenditure (as % of revenue), capital expenditure necessary for maintenance, long-term growth and the WACC. Since Opera is in a high-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, 2019. The following thresholds would trigger an impairment loss:

- Decrease in annual revenue growth in the projected period of 3.8 percentage points.
- Increase in operating expenditure as percent of revenue by more than 12.3 percentage points.
- Increase of WACC by more than 3.1 percentage points.

No economically reasonable changes to capital maintenance expenditure and the long-term growth rate would trigger the CGU to be impaired. For instance, there is no positive value of long-term growth that would result in impairment.



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**NOTE 11. INVENTORIES**

[US\$ thousands]

<b>Inventories</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Handsets	-	7,656
Prepaid airtime	-	96
<b>Total</b>	-	<b>7,752</b>

Inventories were measured at cost. No items of inventory were written down to net realizable value. The cost of inventory sold in the period is recognized as Cost of revenue. See Note 7 for more details.

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### NOTE 12. LEASES

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] Amounts recognized in the Statement of Financial Position	As of December 31,	
	2018 <sup>(2)</sup>	2019
<b>Right-of-use assets (1)</b>		
Office properties	0	6,178
Equipment	0	5,528
<b>Total</b>	<b>0</b>	<b>11,706</b>
<b>Lease liabilities</b>		
Current	0	4,625
Non-current	0	7,378
<b>Total</b>	<b>0</b>	<b>12,003</b>

(1) Additions to the right-of-use assets during the 2019 financial year were US\$1.2 million.

(2) In the previous year, the Group only recognized lease assets and lease liabilities in relation to leases that were classified as "finance leases" under IAS 17. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognized on adoption of IFRS 16 on 1 January 2019, please refer to Note 3

The Statement of Operations has the following amounts relating to leases:

[US\$ thousands] Amounts recognized in the Statement of Operations	Year ended December 31,	
	2018	2019
<b>Depreciation charge of right-of-use assets</b>		
Office properties	-	1,752
Equipment	-	2,739
<b>Total</b>	<b>-</b>	<b>4,491</b>
Interest expense (included in Finance expense)	-	457

The total cash outflow for leases in 2019 was US\$5,328 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 Bank International d.a.c. ("Dell") as security for all present and future lease liabilities, as disclosed in Note 14. 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 3, leases of office properties and equipment were classified as finance or operating leases. Note 12 provides information about the lease liabilities as of December 31, 2018 related what then were finance 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 were 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. To the extent the Group is reasonable certain it will exercise these extension options, they have been included in the right-of-use asset and lease liability. Extension and termination options 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.



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### NOTE 13. 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] <b>Lease liabilities and interest-bearing loans</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>As of December 31,</b>	
			<b>2018</b>	<b>2019</b>
Lease liabilities			229	12,003
Interest-bearing loans (1)	2% - 9%	January 2020 - July 2023	4,040	43,904
<b>Total</b>			<b>4,269</b>	<b>55,907</b>

(1) See Notes 18 and 19 for more information about a loan of US\$42,247 thousand as of December 31, 2019.

Total lease liabilities and other loans, non-current and current are summarized below.

[US\$ thousands] <b>Non-current lease liabilities and other loans</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Lease liabilities	33	7,378
Interest-bearing loans	2,238	736
Other loans	-	1,067
<b>Total</b>	<b>2,271</b>	<b>9,181</b>

[US\$ thousands] <b>Current lease liabilities and other loans</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Lease liabilities	196	4,625
Interest-bearing loans	1,802	43,169
Other loans	492	0
<b>Total</b>	<b>2,490</b>	<b>47,793</b>

See Note 12 for additional details regarding the Group's leases and Note 17 for a maturity analysis of the financial liabilities.



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**NOTE 14. 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\$11,382 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 independent and separate from the obligations of the Group as the lessee and is valid for 10 years from January 17, 2017.

In 2019, the Group entered into an agreement with Putu Novi Financing Corporation, a related party, under which the Group provided a revolving credit facility limited to US\$10 million and would be entitled to interest and gross profit sharing of the borrower's operations. The credit facility was provided for a period of 18 months starting on December 18, 2019. As of December 31, 2019, no loans were provided under the credit facility. See Note 28 for additional details.

In 2018, the Group provided a revolving credit facility of US\$6 million to Powerbets, a related party. As of December 31, 2019, a total of US\$3.0 million was drawn under the credit facility. The loan to Powerbets forms part of the Group's net investment in the company due to settlement neither being planned nor being likely to occur in the foreseeable future. See Note 28 for more information.

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**NOTE 15. OTHER CURRENT LIABILITIES**

[US\$ thousands] <b>Other current liabilities</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Accrued personnel expenses	6,919	10,472
Trading liability (1)	500	-
Unsettled trades (1)	335	-
Customer deposits	-	2,694
Other current liabilities	1,947	1,976
<b>Total</b>	<b>9,701</b>	<b>15,142</b>

(1) See Note 16 for additional information.



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**NOTE 16. FINANCIAL ASSETS AND LIABILITIES**

The group has the following financial instruments:

- Loans and receivables: Trade receivables, loans to customers, other receivables, preferred shares, and 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 table below shows the various financial assets and liabilities, grouped in the different categories of financial instruments.

[US\$ thousands] Financial assets	As of December 31,	
	2018	2019
<b>Financial assets at amortized cost</b>		
Non-current financial assets (1)	2,025	1,351
Trade receivables	37,468	49,371
Other short-term receivables (2)	4,031	59,112
Other current financial assets	89	1,535
<b>Total financial assets at amortized cost</b>	<b>43,612</b>	<b>111,369</b>
<b>Financial assets at fair value through profit or loss</b>		
Preferred shares in associates (3)	30,000	80,000
Loans to customers	3,092	93,115
Listed equity instruments	1,165	42,146
<b>Total financial assets at fair value through profit or loss</b>	<b>34,257</b>	<b>215,261</b>
<b>Total financial assets</b>	<b>77,869</b>	<b>326,630</b>

(1) Includes long-term deposits for office rent

(2) Includes cash of US\$52,878 thousand deposited into an escrow account as security for loans from a credit institution. See Note 19 for more information.

(3) 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 2019, the Group recognized an unrealized gain on the preferred shares of US\$37,900 thousand (2018: US\$0). See Note 27 for more information.

[US\$ thousands] Financial liabilities	As of December 31,	
	2018	2019
<b>Financial liabilities at amortized cost</b>		
Lease liabilities and other loans (1)	4,761	56,974
Trade and other payables	17,957	57,125
Other financial liabilities	9,413	15,279
<b>Total financial liabilities at amortized cost</b>	<b>32,132</b>	<b>129,378</b>
<b>Financial liabilities at fair value through profit or loss</b>		
Short position in listed equity instruments	500	-
<b>Total financial liabilities at fair value through profit or loss</b>	<b>500</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>32,632</b>	<b>129,378</b>

(1) As of December 31, 2019, US\$42,247 thousand was related to short term loans used to partially fund the microlending business in India. See Notes 13 and 19 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 2018	Realized gain (loss)	Unrealized gain (loss)	Total
Long positions	(1,353)	(169)	(1,522)
Short positions	48	(11)	38
<b>Total</b>	<b>(1,305)</b>	<b>(180)</b>	<b>(1,485)</b>
[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)
<b>Total</b>	<b>5,913</b>	<b>2,564</b>	<b>8,477</b>

Net gain from publicly traded securities in 2019 is recognized in the Statement of Operations as finance income, while net loss in 2018 was presented as a finance expense. The Group did not hold investments in listed equity instruments in 2017.



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### **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.

See Note 5 for information about fair value measurement of loans to customers.

#### *Fair value of preferred shares in OPay and StarMaker*

The fair values of preferred shares in OPay and StarMaker as of December 31, 2019 are 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 model ("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 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 5-15% was applied, while for the preferred shares in StarMaker, a DLOM in the range of 25-35% was applied. That a lower DLOM range was applied for the preferred shares in OPay reflect that there were multiple transactions in equity instruments of the company in 2019, 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 of fair value of equity as of December 31, 2019 was US\$500 million, while for StarMaker it was US\$155 million. The value of equity in OPay was observed to increase through 2019 following several transactions of equity instruments in the company during the year. The estimated fair values of OPay and StarMaker at year-end was primarily based on discounted future expected cash flows and valuation multiples, but also, for OPay, to a lesser extent indications of the value of equity as expressed in a term sheet for a capital increase in OPay signed in early 2020.

The Group determined that the rounded mid-points of the averages of estimated ranges of fair values reflect the best estimate of the price that would be received in orderly transactions if the preferred shares were sold as of December 31, 2019. Consequently, the preferred shares in OPay were measured at US\$46,000 thousand, while the preferred shares in StarMaker were measured at US\$34,000 thousand (December 31, 2018: US\$30,000 thousand). The preferred shares in OPay were acquired in 2019 for US\$12,100 thousand, while the preferred shares in StarMaker were acquired in 2018 for US\$30,000 thousand.



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A key unobservable input in all the three methods was the discount for lack of marketability. Other key unobservable input included the weighted average cost of capital for PWERM method and the value of equity for the OPM and CV methods. The table below show the sensitivities to the key unobservable inputs in the measurement of the fair value of the preferred shares in OPay.

[US\$ thousands] PWERM sensitivity - fair value of preferred shares		WACC %				
		20%	22%	24%	26%	28%
DLOM %	5%	65,529	61,957	57,991	55,572	52,715
	10%	62,080	58,696	54,939	52,647	49,941
	15%	58,631	55,435	51,887	49,722	47,166

[US\$ thousands] OPM sensitivity - fair value of preferred shares		Value of equity in the company (US\$ million)				
		400	450	500	550	600
DLOM %	5%	34,739	39,657	44,570	49,479	54,383
	10%	32,910	37,570	42,225	46,875	51,521
	15%	31,082	35,482	39,879	44,271	48,659

[US\$ thousands] CVM sensitivity - fair value of preferred shares		Value of equity in the company (US\$ million)				
		400	450	500	550	600
DLOM %	5%	33,870	38,734	43,598	48,462	53,327
	10%	32,087	36,696	41,304	45,912	50,520
	15%	30,305	34,657	39,009	43,361	47,713

The table below show the sensitivities to the key unobservable inputs in the measurement of the fair value of the preferred shares in StarMaker.

[US\$ thousands] PWERM sensitivity - fair value of preferred shares		WACC %				
		13%	15%	17%	19%	21%
DLOM %	25%	32,151	31,332	30,552	29,809	29,101
	30%	30,008	29,243	28,515	27,822	27,161
	35%	27,864	27,154	26,479	25,835	25,221

[US\$ thousands] OPM sensitivity - fair value of preferred shares		Value of equity in the company (US\$ million)				
		145	150	155	160	165
DLOM %	25%	37,011	37,787	38,558	39,327	40,092
	30%	34,544	35,268	35,988	36,705	37,419
	35%	32,076	32,749	33,417	34,083	34,746

[US\$ thousands] CVM sensitivity - fair value of preferred shares		Value of equity in the company (US\$ million)				
		145	150	155	160	165
DLOM %	25%	39,194	39,919	40,645	41,371	42,097
	30%	36,581	37,258	37,935	38,613	39,290
	35%	33,968	34,597	35,226	35,855	36,484

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

### Fair value measurement hierarchy for assets as at 31 December 2018:

[US\$ thousands]	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value</b>				
Preferred shares in associates	December 31, 2018	-	-	30,000
Loans to customers	December 31, 2018	-	-	3,092
Listed equity instruments	December 31, 2018	1,165	-	-



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**Fair value measurement hierarchy for liabilities as at 31 December 2018:**

[US\$ thousands]	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>				
Short position	December 31, 2018	500	-	-

**Fair value measurement hierarchy for assets as at 31 December 2019:**

[US\$ thousands]	Date of valuation	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value</b>				
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	-	-

For all financial liabilities recognized as of December 31, 2019, the estimates of fair values were not materially different from the carrying amounts. There were no liabilities measured at fair value as of December 31, 2019.

There were no transfers between the fair value measurement levels during 2018 and 2019.



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**NOTE 17. SCHEDULED MATURITIES OF FINANCIAL LIABILITIES**

[US\$ thousands] As of December 31, 2018	Less than 12 months	1 to 3 years	Over 3 years	Total
<b>Non-current</b>				
Lease liabilities and other loans (Notes 12 and 13) including interest	-	2,194	158	2,352
Other liabilities	-	-	212	212
<b>Current</b>				
Trade and other payables (Note 22)	17,957	-	-	17,957
Lease liabilities and other loans (Notes 12 and 13) including interest	2,591	-	-	2,591
Other liabilities (Note 15)	9,701	-	-	9,701
<b>Total financial liabilities including interest</b>	<b>30,249</b>	<b>2,194</b>	<b>370</b>	<b>32,813</b>
[US\$ thousands] As of December 31, 2019	Less than 12 months	1 to 3 years	Over 3 years	Total
<b>Non-current</b>				
Lease liabilities (Note 12)	-	7,681	1,247	8,928
Interest-bearing loans (Note 13) including interest	-	1,840	-	1,840
Other liabilities	-	-	137	137
<b>Current</b>				
Trade and other payables (Note 22)	57,125	-	-	57,125
Lease liabilities (Note 12)	4,930	-	-	4,930
Interest-bearing loans (Note 13) including interest	43,303	-	-	43,303
Other liabilities (Note 15)	15,142	-	-	15,142
<b>Total financial liabilities including interest</b>	<b>120,500</b>	<b>9,521</b>	<b>1,384</b>	<b>131,405</b>

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**NOTE 18. 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.

In 2019, the Group obtained a credit facility from a financial institution. Loans under the credit facility, denominated in Indian Rupee, were used to partially fund the microlending business in India. As of December 31, 2019, the total amount of loans under the credit facility was US\$42,247 thousand. The resulting positive impact to our financing cash flow was offset by the Group transferring US\$52,878 thousand into an U.S. Dollar denominated escrow account as collateral for these loans; which has been classified as a receivable and as such, as a cash outflow under investing activities in the Statement of Cash Flows. The interest rate on these loans is based on the bank's 6-month marginal cost of funds-based lending rate plus 0.3%. As of year-end 2019, that rate was in the range from 8.7% to 9.0%.

Except for the above, the Group's exposure to interest risk is immaterial. Financial liabilities other than loans under the credit facility 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 krone, Indian rupee, Kenyan shilling, Nigerian naira and the Euro. Additionally, the Group is exposed to foreign currency risk due to monetary items recognized in 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 was not exposed to material foreign currency risk in 2018 and 2019.

**Equity price risk**

The Group is exposed to equity price risk related to its holding of publicly traded equity securities. Such holdings are susceptible to market price risk arising from uncertainties about future values of such securities.

Our investment in publicly traded securities is overseen by the Group's CEO and conducted within a US\$70 million capital allocation.



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As of December 31, 2019, the fair value of such holdings was US\$42,146 thousand (2018: US\$667 thousand).

The net gain from publicly traded securities in 2019 was US\$8,477 thousand (2018: net loss of US\$1,485 thousand). The Group did not invest in publicly traded equity securities in 2017.

The primary objective is to preserve capital while generating long-term capital growth by achieving the highest possible return on invested capital relative to the risk taken. The company 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 is not exposed to material liquidity risk given its significant cash position and low debt-to-equity ratio as of December 31, 2019. See Note 17 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 loans to customers and 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 Notes 27 and 28). 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 and Powerbets, settlement is agreed to extend beyond 90 days. Details of outstanding accounts receivable are disclosed in Notes 21 and 28. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

#### *Credit risk for loans to customers*

The Group is continuously monitoring its credit risk relating to microlending. Under the credit risk policies, the exposure is subject to regular reviews of risk tolerance levels. All operating decisions in terms of exposure and geographic profile are made in accordance with applicable risk management policies. Furthermore, the Group reviews the occurrence, progress and status of all credit risks, and takes appropriate actions to mitigate any adverse effects. Credit risk is measured by a variety of methods, including total outstanding loan balance, delinquency rates by aging, credit scorecards and by way of collection models. The objectives and policies to credit risk have not changed relative to 2018, though the processes and methods to measure and manage credit risk have been continuously evolving.

Management of risk concentration is conducted by using a variety of systems to monitor and track concentration. This enables quantification and analyzing of risks relating to concentration on a real-time basis.

Measurement of expected credit losses is calculated from analysis of the outstanding loans, including loan tenure and historical delinquency rates. When considering whether the credit risk has increased significantly, metrics including first payment delinquency and delinquency by aging are evaluated.

When considering whether loans are credit impaired, management considers market and borrower indicators. The disappearance of an active market for the financial asset is an indicator of the need for credit-impairment, as is transactions of comparable financial assets at steep discounts that reflect incurred credit losses. Borrower indicators of credit-impaired financial assets include observing that a borrower has significant financial difficulties, breaches the loan agreement or enters into, or the likely entrance into, a form of reorganization (such as bankruptcy). The Group finds that these indicators reduce the likelihood of receiving payment of the outstanding loan balance. Forward-looking information is not incorporated by the Group into the determination of expected credit losses, as reliable data supporting credit impairment is deemed not to be available in the markets the Group offers microloans.

For loans to customers that are more than 180 days past due, the Group has no reasonable expectations of recovering the assets. These loans are written off.



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**NOTE 19. CAPITAL MANAGEMENT**

The Group's capital management policy is 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.

In 2019, the Group observed significant growth for its microlending businesses in multiple countries, as disclosed in Notes 4 and 5. The microlending businesses are capital intensive by nature. As of December 31, 2019, the Group had loans due from customers with a carrying amount of US\$93,115 thousand. The Group effectively used its balance of cash and cash equivalents to finance the microlending business, either directly or via local credit institutions. As of December 31, 2019, short-term loans denominated in Indian Rupee from the credit institution used to partially fund the microlending business totaled US\$42,247 thousand. The loans from the credit institution are provided under a credit facility, which requires that the Group transfers cash representing at least 111% of the credit facility amount into a restricted U.S. Dollar escrow account as collateral for the credit institution. As of December 31, 2019, the Group had transferred US\$52,878 thousand into the escrow account. The balance in the escrow account is classified as a receivable in the Statement of Financial Position due to it not being available to meet the Group's short-term commitments. The balance in the escrow account is restricted for the duration of the credit facility term, which is one year, with an option to extend the term. Management of the Group is continuously monitoring and evaluating the capital needs of the microlending businesses and seeks to achieve a capital allocation that maximizes the expected return while minimizing the credit and foreign exchange risks. See Note 18 for information on the Group's financial risk management.

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 CEO is managing and overseeing this investment activity. The primary objective of investing in publicly traded securities is to preserve capital while generating long term capital growth by achieving the highest possible return on invested capital relative to acceptable risk. In accordance with the board instructions, the Group may enter short positions in publicly traded securities, which was done to a limited extent in 2019. Total net loss from short positions was US\$365 thousand in 2019, compared to a net gain of US\$38 thousand in 2018. As of December 31, 2019, the Group had investments in publicly traded equity instruments with a fair value of US\$42,146 thousand, an increase from US\$667 thousand as of year-end 2018. The Group did not have any open short positions as of year-end 2019. The net gain in 2019 on investments in publicly traded securities was US\$8,477 thousand (2018: net loss of US\$1,485 thousand).

In February 2019, the Group completed the share repurchase program which was announced in November 2018. A total of 1.5 million ADSs were repurchased for a total cost of US\$5,780 thousand. The treasury shares were transferred to employees in February 2019 under the share-based remuneration scheme.

In September and October 2019, the Group raised additional equity of US\$81,269 thousand, net of underwriting discounts, commissions, and other transaction costs, through the successful completion of a follow-on offering of 8,625,000 ADSs at a public offering price of US\$10.00 per ADS. Underwriting discounts, commission and other transaction costs totaled US\$4,981 thousand. At the point in time of the follow-on offering, the Group intended to use the net proceeds for general corporate purposes.

As of December 31, 2019, the Group had an equity ratio of 86% and working capital, as expressed by total current assets less total current liabilities, of US\$289,757 thousand. Total amount of cash, cash equivalents, and marketable securities was US\$181,633 thousand.

See Note 17 for a schedule of maturities for financial liabilities.



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**NOTE 20. CASH AND CASH EQUIVALENTS**

[US\$ thousands]

**Cash and cash equivalents**

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Restricted cash	229	216
Cash and cash equivalents	177,643	139,271
<b>Total</b>	<b>177,873</b>	<b>139,487</b>

**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.

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**NOTE 21. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS**

[US\$ thousands] <b>Trade receivables</b>	As of December 31,	
	2018	2019
Trade receivables	24,594	39,981
Unbilled receivables	12,874	9,390
<b>Total</b>	<b>37,468</b>	<b>49,371</b>

[US\$ thousands] <b>Other receivables</b>	As of December 31,	
	2018	2019
VAT	754	1,232
Receivable from Otello Corporation ASA	1,267	924
Deposit in restricted escrow account <sup>(1)</sup>	-	52,878
Other	5,102	4,078
<b>Total</b>	<b>7,123</b>	<b>59,112</b>

(1) As of December 31, 2019, the Group had transferred US\$52,878 thousand into the escrow account as collateral for a credit facility. See Note 19 for more information.

[US\$ thousands] <b>Prepayments</b>	As of December 31,	
	2018	2019
Prepaid expenses <sup>(1)</sup>	14,372	25,809
<b>Total</b>	<b>14,372</b>	<b>25,809</b>

(1) See Note 28 for specification of amount of prepaid expenses with Mobimagic Digital Technology Ltd (formerly known as 360 Mobile Security).

[US\$ thousands] <b>Allowance for impairment of trade receivables</b>	As of December 31,	
	2018	2019
As of period start, as previously reported	1,837	1,619
Impact of IFRS 9	100	-
As of period start, restated	1,937	1,619
Change in the period <sup>(1)</sup>	(318)	(173)
<b>As of period end</b>	<b>1,619</b>	<b>1,446</b>

(1) The change in loss allowance in the periods is recognized in the Statement of Operations.

As of period end, the aging of trade receivables was as follows.

[US\$ thousands] <b>Aging analysis of trade receivables</b>	Total	Neither past due nor impaired	Past due			
			<30 days	31-60 days	61-90 days	>90 days <sup>(1)</sup>
As of December 31, 2018	24,594	15,603	3,252	2,588	690	2,460
As of December 31, 2019	39,981	22,125	8,761	657	341	8,097

(1) As of year-end 2019, the total amount of trade receivables due from Powerbets, a joint venture, that were more than 90 days past due was US\$5,946 thousand (December 31, 2018: US\$0).

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 at December 31, 2019, the loss allowance totaled US\$1,446 thousand, corresponding to 2.9% of trade receivables (December 31, 2018: US\$1,619 thousand, corresponding to 4.3% of trade receivables).

For details regarding the Group's procedures on managing credit risk, please refer to Note 18.



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**NOTE 22. TRADE AND OTHER PAYABLES**

[US\$ thousands]

<b>Trade and other payables</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Trade payables due to related parties (1)	624	28,864
Other trade payables	14,290	19,813
Sales tax payables	9	-
Employee withholding tax	24	325
VAT	809	7,361
Payroll tax (2)	2,200	761
<b>Total</b>	<b>17,957</b>	<b>57,125</b>

(1) See Note 28 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 17.

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## NOTE 23. FINANCE INCOME AND EXPENSE

[US\$ thousands] <b>Finance income</b>	Year ended December 31,		
	2017	2018	2019
Interest income	54	1,386	2,045
Other finance income	1,000	251	8
Net fair value gain related to listed equity instruments (1)	-	-	8,477
<b>Total</b>	<b>1,054</b>	<b>1,637</b>	<b>10,530</b>

[US\$ thousands] <b>Finance expense</b>	Year ended December 31,		
	2017	2018	2019
Interest expense	238	184	1,242
Other financial cost	-	27	263
Net fair value loss related to listed equity instruments (1)	-	1,485	-
<b>Total</b>	<b>238</b>	<b>1,695</b>	<b>1,505</b>

(1) The increase in fair value of listed equity instruments is the net gain from our investments of listed equity instruments in 2019. 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] <b>Foreign exchange gain (loss)</b>	Year ended December 31,		
	2017	2018	2019
Unrealized foreign exchange gain (loss)	(1,172)	(1,091)	194
Realized foreign exchange gain (loss)	(709)	736	(463)
<b>Total</b>	<b>(1,881)</b>	<b>(354)</b>	<b>(269)</b>

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## NOTE 24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

### Changes in liabilities arising from financing activities in 2018

[US\$ thousands]	As of January 1, 2018	Impact of adopting IFRS 16(1)	Cash flows	Foreign exchange movement	Other (1)	As of December 31, 2018
Interest-bearing loans and liabilities, non-current	3,767	-	-	-	(1,529)	2,238
Lease liabilities, non-current	265	-	-	-	(232)	33
Interest bearing loans and liabilities, current	-	-	(1,739)	-	1,935	196
Lease liabilities, current	2,073	-	(2,042)	-	1,771	1,802
Other loans	-	-	-	-	492	492
<b>Total liabilities from financing activities</b>	<b>6,106</b>	<b>-</b>	<b>(3,781)</b>	<b>-</b>	<b>2,437</b>	<b>4,761</b>

(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.

### Changes in liabilities arising from financing activities in 2019

[US\$ thousands]	As of January 1, 2019	Impact of adopting IFRS 16(1)	Cash flows	Foreign exchange movement	Other (2)	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
<b>Total liabilities from financing activities</b>	<b>4,761</b>	<b>14,905</b>	<b>38,899</b>	<b>(33)</b>	<b>(1,557)</b>	<b>56,975</b>

(1) See Note 3 for information about the implementation of IFRS 16.

(2) 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 "Lease liabilities and other loans" in the Statement of Financial Position.



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**NOTE 25. INCOME TAX**

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

[US\$ thousands]	Year ended December 31,		
	2017	2018	2019
<b>Income tax (expense) benefit</b>			
Current income taxes	(5,449)	(4,322)	(5,112)
Currency effect on income tax (expense) benefit and adjustments recognized in the period for current tax of prior periods (1)	-	(615)	(322)
Deferred taxes	4,009	(1,544)	(168)
<b>Income tax (expense) benefit</b>	<b>(1,440)</b>	<b>(6,481)</b>	<b>(5,602)</b>

(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 consequently based on the applicable tax rate in Norway, which was 22% in 2019 (2018: 23% and 2017: 24%). The tax rate in Norway will remain 22% in 2020.

[US\$ thousands]	Year ended December 31,		
	2017	2018	2019
<b>Reconciliation of tax (expense) benefit to Norwegian nominal statutory tax rate</b>			
Net income (loss) before income taxes	7,504	41,641	63,500
Tax (expense) benefit at applicable tax rate in Norway	(1,801)	(9,577)	(13,970)
Effect of different tax rates applied by subsidiaries	1,120	(167)	(2,118)
<b>Permanent differences</b>			
Tax effect of translation differences exempted for tax	(1,287)	218	1,155
Tax effect of financial items exempted from tax	1,614	1,726	1,917
Tax effects of losses in associates and joint ventures which are non-deductible	(401)	(744)	383
Withholding taxes paid	-	-	(232)
Net other permanent differences (not) tax deductible	2,289	(617)	4,269
<b>Other effects</b>			
Change to previously recognized deferred tax assets	(1,812)	1,589	27
Currency effect on income tax (expense) benefit and adjustments recognized in the period for current tax of prior periods	-	(615)	3,162
Change in unrecognized deferred tax assets	(1,554)	1,144	(314)
Change in tax rate	392	561	119
<b>Income tax (expense) benefit for the year</b>	<b>(1,440)</b>	<b>(6,481)</b>	<b>(5,602)</b>
Effective tax rate	19.2%	15.6%	8.8%

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

[US\$ thousands]	As of December 31,	
	2018	2019
<b>Deferred tax asset and deferred tax liability</b>		
Furniture, fixtures and equipment, and intangible assets	22,201	22,703
Loans to customers	-	(7,744)
Other	(445)	(735)
Trade receivables	(133)	(121)
Intercompany interest costs subject to limitations	(5,243)	(7,714)
Withholding tax expected to be credited (credit method)	(3,849)	(1,065)
Tax losses carried forward	(117)	(1,003)
<b>Net deferred tax liability (asset) recognized</b>	<b>12,414</b>	<b>4,322</b>



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The following summarizes the Group's changes in deferred taxes during the periods.

[US\$ thousands]	As of December 31,	
	2018	2019
<b>Change in net deferred tax liability (asset)</b>		
Net deferred tax liability (asset) as of January 1	10,870	12,414
Expense (benefit) in Statement of Operations	1,544	(8,092)
<b>Net deferred tax liability (asset)</b>	<b>12,414</b>	<b>4,322</b>

[US\$ thousands]	As of December 31,	
	2018	2019
<b>Deferred tax assets and liabilities</b>		
Deferred tax assets	944	6,204
Deferred tax liabilities	13,358	10,526
<b>Net deferred tax liability (1)</b>	<b>12,414</b>	<b>4,322</b>

(1) Deferred tax assets / liabilities are netted within each tax jurisdiction within the group.

### *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 the Consumer business 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.



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**NOTE 26. GROUP INFORMATION**

The following subsidiaries are included in the Group's consolidated financial statements.

<u>Parent company</u>	<u>Registered office</u>	<u>Domicile</u>	
Opera Limited	George Town	Cayman Islands	
<u>Group entities</u>	<u>Registered office</u>	<u>Domicile</u>	<u>Ownership interest and voting rights</u>
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 Americas 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.	Wroclaw	Poland	100%
Opera Software Technology (Beijing) Co. Ltd.	Beijing	China	100%
Beijing Aopula Software Co. Ltd. (1)	Beijing	China	100%
Opera Unite HK Limited (1)	Hong Kong	Hong Kong	100%
Opera Unite Pte. Ltd. (1)	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%
Phoneservice Technologies Co. Ltd. (2)	Nairobi	Kenya	80%
O-Play Zambia Limited	Lusaka	Zambia	100%
PT Inpesa Digital Teknologi (3)	Jakarta	Indonesia	100%
Opera Lifestyle (1)	George Town	Cayman Islands	100%
Opera Lifestyle Nigeria Ltd. (1)	Lagos	Nigeria	100%
TenSpot Pesa Limited	Hong Kong	Hong Kong	100%
LLC "Microcredit Company O-Pay Finance"	St. Petersburg	Russia	100%
Neofin Malelane (Pty) Ltd.	Johannesburg	South Africa	100%
Opay Finance India Pvt. Ltd.	Mumbai	India	100%
Blue Ridge Micro Finance Bank Ltd.	Lagos	Nigeria	100%
Oplay Digital Services S.A. De C.V.	Mexico City	Mexico	100%
TenSpot Kenya Limited	Nairobi	Kenya	100%
P C Financial Services Pvt. Ltd.	Delhi	India	100%
PT Opay Finance Services	Jakarta	Indonesia	100%
App de Préstamos, S.A. de C.V. (1)	Mexico City	Mexico	100%
Opera Financial Technologies Limited (1)	London	United Kingdom	100%
Beijing Yuega Software Tech. Srvc. Co. Ltd. (3)	Beijing	China	100%

(1) Entities were incorporated in 2019

(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 2019. There were no material non-controlling interests in the Group's subsidiaries.



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### **Acquisition of TenSpot Pesa Limited in 2018**

On December 19, 2018, the Group acquired 100% of the shares and voting rights in TenSpot Pesa Limited (with subsidiaries, the "TenSpot Group"). The TenSpot Group is the owner of a microfinance business, which was active in Kenya in 2018, and which in 2019 was launched by the Group in India and Nigeria. A net cash consideration of US\$9.5 million was transferred to Opay Digital Services Limited ("OPay"), the seller of TenSpot Pesa Limited. OPay, in which the Group had a 19.9% ownership share in 2018, which was reduced to 13.1% as of December 31, 2019, is an associate of the Group (see Note 27 for more information).

The Group determined that the combined businesses ultimately were controlled by the Group's Chairman and CEO, both before and after the transaction. As such, it was a business combination under common control. The determination that Opera Limited is controlled by its Chairman and CEO was based on significant judgment, as disclosed in Note 2. IFRS does not prescribe how to account for business combinations under common control. In the absence of specific guidance in IFRS, management used judgment in developing and applying an accounting policy that is relevant and reliable. Other standard-setting bodies have issued guidance for common control business combinations and some allow or require predecessor accounting, or historical cost accounting as it is known in some jurisdictions, in accounting for business combinations involving entities under common control. Historical cost accounting is also supported by authoritative accounting literature. Based on this, the Group decided to adopt historical cost accounting in accounting for the acquisition of TenSpot Pesa Limited.

Under the predecessor method of accounting, as adopted by the Group, the assets and liabilities of the TenSpot Group were recognized at their carrying amounts as they were in the consolidated financial statements for TenSpot Pesa Limited. No adjustments were made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. Moreover, no adjustments were necessary to align accounting policies of TenSpot Pesa Limited with those adopted by the Group.

In addition to the net cash consideration transferred to OPay, the Group had receivables due from TenSpot Pesa Limited with a carrying amount of US\$2.0 million, which was effectively settled in the acquisition. The acquired companies had no material assets or liabilities except for cash and cash equivalents with a carrying amount of US\$1.6 million. The difference between the consideration transferred, including the effective settlement of receivables, and the net assets acquired, was recognized as a reduction of retained earnings (US\$9.9 million).

The Group decided not to re-present its comparatives and adjust its current reporting period before the date of the acquisition as if the business combination had occurred before the start of the earliest period presented. Consequently, the impact of transactions between the Group and the TenSpot Group prior to December 19, 2018 have not been eliminated.



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**NOTE 27. 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.

**OPay Limited**

OPay is an associate in which the Group had a 13.10% ownership interest, of which 10.24% is held in preferred shares and 2.86% in ordinary shares as of December 31, 2019. 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 to customers in Nigeria, a market characterized by a large un-banked population with low mobile money penetration. In 2019, OPay launched multiple new initiatives in Nigeria, most notably the ridesharing service ORide and the food-delivery service OFood. ORide achieved in excess of 150,000 daily orders already from its first three months of operations, and more than 27,000 riders contributed to the platform model. Other new initiatives launched in 2019 include lending through OCredit and point of sale solutions for merchants through OPos. OPay's goal is to become a one-stop mobile-based platform for financial and social inclusion.

In 2018, OPay also launched a microlending business in Kenya with Opera as its partner, branded OKash. On December 19, 2018, the Group paid US\$9.5 million to OPay to acquire 100% of the shares in TenSpot Pesa Limited ("TenSpot"), the then owner of the OKash business. TenSpot had previously been established as an entity held directly by Mr. Yahui Zhou with the sole purpose of obtaining microlending licenses in select markets for OPay, while OPay had the option to acquire all the shares in TenSpot for US\$1 (one dollar). By December 2018, TenSpot had subsidiaries, or had entered into agreements to acquire subsidiaries, with either licenses or pending license applications in several countries including India and Nigeria. Prior to OPay's sale of the microlending business to Opera, OPay exercised its option to acquire TenSpot for \$1, and assigned all intellectual property rights in OKash to TenSpot.

OPay recognized revenue of US\$16.7 million in 2019, versus US\$0.8 million in 2018. Establishing OPay as the leading provider of both mobile wallet and other services in Nigeria was given priority over near-term conversion of transaction value to revenue. Net loss for OPay during 2019 was US\$71.5 million. Cost of revenue was US\$41.1 million, of which US\$36.0 million related to the launch and scaling of ORide to become the dominant ride-hailing service in Lagos, including incentives to attract drivers in this initial period of operations. Operating expenses were US\$47.6 million, driven by, and supporting, the substantial growth that OPay saw across its business lines. These 2019 operating expenses included expenses incurred to expand the user base and business operations of OPay, such as marketing expenses of US\$6.6 million, compensation to personnel of US\$15.5 million and depreciation and amortization of US\$5.9 million.

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 June 14, 2019, the Group acquired 3,210,617 Series Seed+ preferred shares in OPay for US\$7.5 million by converting loans to equity. On the same date, the Group also 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\$5.0 million was classified as part of the net investment in prior periods. In 2019, the Group recognized an unrealized gain on the preferred shares of US\$33.9 million. See Note 16 for more details.

**Summary information regarding OPay:**

[US\$ thousands]	Year ended December 31,		
	2017 <sup>(1)</sup>	2018	2019
<b>The Group's interest</b>	<b>19.9%</b>	<b>19.9%</b>	<b>13.1%<sup>(2)</sup></b>
Revenue	-	848	16,687
Other income	-	9,500	339
Cost of revenue	-	(255)	(41,117)
Personnel expenses including share-based remuneration	(2,331)	(5,738)	(15,490)
Marketing and distribution expenses	-	(162)	(6,623)
Depreciation and amortization	-	(260)	(5,858)
Other expenses	(500)	(4,293)	(19,616)
<b>Operating profit (loss)</b>	<b>(2,831)</b>	<b>(359)</b>	<b>(71,678)</b>
Finance income	-	1	736
Finance expense	-	(25)	(417)
Income tax (expense) benefit	-	-	(114)
<b>Net income (loss)</b>	<b>(2,831)</b>	<b>(384)</b>	<b>(71,474)</b>
Other comprehensive income that may be reclassified to net income	-	-	-
<b>Total comprehensive income</b>	<b>(2,831)</b>	<b>(384)</b>	<b>(71,474)</b>
<b>Group's share of net income (loss)</b>	<b>(563)</b>	<b>(76)</b>	<b>(2,938)</b>
Gain on partial disposal <sup>(3)</sup>	-	-	1,174
<b>Total share of net income (loss)</b>	<b>(563)</b>	<b>(76)</b>	<b>(1,764)</b>
Current assets	5,600	4,302	99,238
Non-current assets	55	4,918	24,656
Current liabilities	8,431	12,043	28,870
Non-current liabilities <sup>(4)</sup>	-	453	170,015
Equity	(2,776)	(3,276)	(74,992)

(1) Period from November 1 to December 31, 2017.

(2) Reflects the total ownership interest in OPay as of December 31, 2019, 10.24% of which is held in preferred shares and 2.86% in ordinary shares. The ownership interest reduced during 2019. 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.

(3) In 2019, the Group sold some of its ordinary shares in OPay for the purpose of an employee equity program in the company. The gain on partial disposal is included in Share of net income (loss) of associates and joint ventures in the Statement of Operations. See Note 28 for more information.

(4) Preferred shares issued by OPay are classified as financial liabilities in the financial statements of the company.

**StarMaker Inc.**

StarMaker is an associate in which the Group had preferred shares representing a 19.35% ownership interest as of December 31, 2019. The preferred shares, accounted for as long-term interests and measured at fair value through profit or loss, have dividend and liquidation preference. In 2019, the Group recognized an unrealized gain on the preferred shares of US\$4.0 million. The Group has an option to increase its ownership to 51% in the second half of the year 2020. The option, if exercised, will entail the Group acquiring the shares at either fair value, or at a proxy of fair value. Accordingly, the fair value of the option is immaterial as at December 31, 2019. 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.

**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.

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**Powerbets Holdings Limited**

Powerbets is a joint venture in which the Group has a 50.1% ownership interest. It is a joint venture with a group related to Supabets HL Limited. The joint venture was established on August 1, 2017. It provides a platform for sports betting, virtual sports betting, and gaming services throughout Africa. Having one of the largest gaming footprints in Africa, Powerbets is licensed in nine African markets and operational in eight.

**2017 summary information regarding nHorizon and Powerbets:**

[US\$ thousands]	Year ended December 31, 2017		Period from August 1 to December 31, 2017
	nHorizon		Powerbets
The Group's interest	29.09%		50.10%
Revenue	42,298		7,562
Operating profit (loss)	(2,219)		(505)
Net income (loss)	(2,710)		(529)
Group's share of net income (loss), before adjustment	(788)		(265)
Adjustments related to amortization of intangible assets	-		(54)
<b>Group's share of net income (loss)</b>	<b>(788)</b>		<b>(318)</b>
Assets	19,302		2,672
Short-term liabilities	15,720		5,649
Equity	3,583		(2,977)

**2018 summary information regarding nHorizon, Powerbets and StarMaker:**

[US\$ thousands]	Year ended December 31, 2018		
	nHorizon	Powerbets	StarMaker
The Group's interest	29.09%	50.10%	19.35% <sup>(1)</sup>
Revenue	48,992	4,498	12,332
Operating profit (loss)	(1,568)	(4,528)	(9,639)
Net income (loss)	(2,056)	(4,735)	(8,602)
Other comprehensive income that may be reclassified to net income	-	188	-
Total comprehensive income	(2,056)	(4,547)	(8,602)
<b>Group's share of net income (loss)</b>	<b>(598)</b>	<b>(2,372)</b>	<b>N/A</b>
Current assets	9,761	2,751	21,366
Non-current assets	1,065	2,851	11,245
Current liabilities	3,818	7,818	30,163
Non-current liabilities	5,469	5,114	-
Equity	1,539	(7,331)	2,448

**2019 summary information regarding nHorizon, Powerbets and StarMaker:**

[US\$ thousands]	Year ended December 31, 2019		
	nHorizon	Powerbets	StarMaker
The Group's interest	29.09%	50.10%	19.35% <sup>(1)</sup>
Revenue	43,335	4,990	29,035
Operating profit (loss)	1,821	(3,016)	(8,485)
Net income (loss)	1,780	(5,134)	(8,485)
Other comprehensive income that may be reclassified to net income	-	-	-
Total comprehensive income	1,780	(5,134)	(8,485)
<b>Group's share of net income (loss)</b>	<b>518</b>	<b>(2,572)</b>	<b>N/A</b>
Current assets	8,225	4,447	13,869
Non-current assets	695	1,560	11,377
Current liabilities	5,875	13,074	29,870
Non-current liabilities	-	5,754	-
Equity	3,045	(12,822)	(4,624)

(1) The Group ownership interest in StarMaker is held through preferred shares, which are measured at fair value through profit or loss.



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The following tables specify the carrying amounts for investments in associates and joint ventures.

[US\$ thousands]	Year ended December 31, 2018			
	nHorizon	Powerbets	OPay	StarMaker
Carrying amount as of January 1, 2018	1,110	-	4,406	-
Investment during the year	-	2,567	-	30,000
FX adjustment	(69)	-	-	-
Share of net income (loss)	(598)	(2,372)	(76)	-
Share of other comprehensive income	-	94	-	-
<b>Carrying amount as of December 31, 2018</b>	<b>443</b>	<b>289</b>	<b>4,330</b>	<b>30,000</b>
Groups share in %	29.09%	50.10%	19.90%	19.35%
Groups share in equity	448	(3,673)	(652)	N/A
Unrecognized intangible assets	-	1,492	-	N/A
Equity method adjustments	(5)	2,469	4,982	N/A
<b>Carrying amount as of December 31, 2018</b>	<b>443</b>	<b>289</b>	<b>4,330</b>	<b>30,000</b>
[US\$ thousands]	Year ended December 31, 2019			
	nHorizon	Powerbets	OPay	StarMaker
Carrying amount as of January 1, 2019	443	289	4,330	30,000
Investment during the year	-	366	7,131	-
Change in fair value of preferred shares (1)	-	-	33,900	4,000
FX adjustment	3	-	-	-
Other adjustments	-	157	673	-
Share of net income (loss)	518	(2,572)	(2,938)	N/A
Share of other comprehensive income	-	-	-	N/A
<b>Carrying amount as of December 31, 2019</b>	<b>963</b>	<b>(1,760)</b>	<b>43,096</b>	<b>34,000</b>
Groups share in %	29.09%	50.10%	13.1%	19.35%
Groups share in equity	886	(6,424)	(2,145)	N/A
Unrecognized intangible assets	-	566	-	N/A
Equity method adjustments	77	4,097	(759)	N/A
Fair value of preferred shares (1)	-	-	46,000	34,000
<b>Carrying amount as of December 31, 2019</b>	<b>963</b>	<b>(1,760)</b>	<b>43,096</b>	<b>34,000</b>

(1) The carrying amount of the preferred shares form part of the net investment in the associates.

In the Statement of Financial Position, the amount of Investments in associates and joint ventures includes both the carrying amount determined using the equity method and the fair value of the preferred shares.



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### NOTE 28. 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 Tech, OPay, Starmaker Interactive, Mobimagic Digital Technology Ltd (formerly known as 360 Mobile Security) and Balder Investment Inc., either directly or through other investments.

The Group has significant influence over OPay and Starmaker through ownership interests in those entities. Moreover, the Group has joint control over Powerbets and nHorizon by having contractually agreed the sharing of control.

In 2018, the Group provided a revolving line of credit of US\$6.0 million to Powerbets. The principal, together with all accrued and unpaid interest, shall be repaid on the date set by Powerbets' board of directors, which effectively requires the consent of the other investor in Powerbets. As of December 31, 2019, a total of US\$3.0 million was drawn under the credit facility (December 31, 2018: US\$2.6 million). No repayment date has been set. No interest has been accrued. The long-term loan is accounted for as part of the Group's long-term interest in Powerbets.

The Group and Powerbets entered into a software development and consultancy agreement in 2018. The Group has also provided advertising services to Powerbets. A total of US\$2.2 million was recognized as revenue from Powerbets in 2019 (2018: US\$4.4 million). As of December 31, 2019, the total outstanding balance on trade receivable was US\$6.6 million, compared to US\$4.4 million as of year-end 2018. We expect Powerbets to start repaying the receivables in 2020.

On April 16, 2019, the Group sold 1,242,322 shares in OPay to Wisdom Connection III Holding Inc., a company controlled by Han Fang, a Director of the Group at the time, for a consideration of US\$0.5 million, in parallel with OPay's other founder, Balder Investment Inc., selling an equal portion of its shares at the same valuation. These transactions were carried out to establish an equity pool for OPay's employees within Wisdom Connection III Holding Inc. ahead of new investor funding of OPay. On June 14, 2019, the Group acquired 3,210,617 Series Seed+ preferred shares in OPay for US\$7.5 million by converting loan to equity. On the same date, the Group also 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 to the company. By the end of 2019, the accumulated investment made in OPay was US\$12.1 million.

In mid-2019, the Group entered into service agreements with 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, the subsidiary of the Group offering microloans in India. Under the agreements, the Group will pay a combination of fixed fees and a variable fee that is calculated based on revenue less credit losses and indirect taxes.

On July 5, 2019, Blue Ridge Microfinance Bank Limited and Paycom Nigeria Limited, a subsidiary of OPay, entered a partnership to facilitate OPay's launch of a savings product to its users. Under the agreement, deposits from customers of OPay were transferred to Blue Ridge, which invested the funds in financial instruments, including microloans offered in Nigeria. Blue Ridge paid a fixed interest rate on deposits from Paycom.

On December 18, 2019, the Group entered into a sales agreement with OPay to sell inventory representing mobile phones for US\$6.27 million. The transaction closed in 2020.

On December 18, 2019 the Group entered into an agreement with Putu Novi Financing Corporation, a company indirectly controlled by Opera's Chairman and CEO, under which the Group provided a revolving credit facility for 18 months in exchange of interest and net revenue sharing from the company's operations. As of December 31, 2019, no loans had been provided under the credit facility.

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 has been invoiced based on time used and with a 5-8% markup dependent of the type of service.

Services received from Mobimagic Digital Technology Ltd (formerly known as 360 Mobile Security) are related to distribution and promotion of the Group's products worldwide. Mobimagic Digital Technology 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 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. At December 31, 2019, the Group had provided prepayments to Mobimagic Digital Technology for distribution and promotion services as part of an agreement where Mobimagic Digital Technology accepts financial risk related to the retention of acquired new users. The prepayments had a carrying amount of US\$15.5 million as of December 31, 2019, compared to US\$10.4 million as of December 31, 2018. The growth of transactions and balances related to this distribution partnership relates to Opera's announced growth strategy for 2019, including increased investments in marketing and distribution.

Additional information about transactions with associates and joint ventures is included in Note 27.



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Outstanding balances as of December 31, 2018 and 2019 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] Balances with related parties	Category of related party	Type of balance	As of December 31, 2018	
			2018	2019
Mobimagic Digital Technology Ltd	Key management personnel	Accounts receivable	770	-
Mobimagic Digital Technology Ltd	Key management personnel	Distribution prepayment	10,420	15,527
Mobimagic Digital Technology Ltd	Key management personnel	Trade and other payables	-	(2,760)
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Other payables	(169)	(177)
Kunlun Group Limited	Key management personnel	Trade payable	-	(436)
Mobi Magic (Beijing) Info. Tech. Co., Ltd / Hong Kong Fintango Limited	Key management personnel	Trade and other payables	-	(25,598)
Mobi Magic (Beijing) Information Technology Co., Ltd.	Key management personnel	Trade receivable	-	303
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Revenue share liability	-	(23)
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Trade receivable	-	146
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Professional service payable	(979)	(543)
OPay Digital Services Limited (HK)	Associate / Key management personnel	Loans receivable	1,779	-
OPay Digital Services Limited (HK)	Associate / Key management personnel	Trade receivable	4,271	17,450
OPay Digital Services Limited (HK)	Associate / Key management personnel	Trade payable	(455)	-
OPay Digital Services Limited (HK)	Associate / Key management personnel	Contract liability	-	(6,274)
Paycom Nigeria Limited	Key management personnel	Trade receivable	-	1,466
Paycom Nigeria Limited	Key management personnel	Trade and other payables	-	(26)
Powerbets Holding Limited	Joint venture	Loans receivable	2,567	3,039
Powerbets Holding Limited	Joint venture	Trade receivable	4,369	6,579
StarMaker Entertainment Technology India Pvt., Ltd.	Associate / Key management personnel	Trade receivable	-	22
Wisdom Connection III Holding Inc.	Key management personnel	Other receivables	-	500

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[US\$ thousands] Transactions with related parties	Category of related party	Type of transaction	Year ended December 31,		
			2017	2018	2019
Mobimagic Digital Technology Ltd	Key management personnel	Technology licensing, advertising and other revenue	-	3,069	-
Mobimagic Digital Technology Ltd	Key management personnel	Marketing and distribution	(8,416)	(7,522)	(25,767)
Mobimagic Digital Technology Ltd	Key management personnel	Software license fees	-	-	(500)
Beijing Kunlun Tech Co., Ltd.	Key management personnel	Office facilities	(1,425)	(1,072)	(1,545)
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)
Kunlun Group Limited	Key management personnel	Professional investment advisory services	-	-	(436)
Beijing Kunlun Lexiang Network Technology Co., Ltd.	Key management personnel	Professional services	-	-	(79)
Beijing Kunlun Online Network Tech Co., Ltd	Key management personnel	Professional services	-	-	(125)
Beijing Xianlahuyu Network Tech Co., Ltd	Key management personnel	Professional services	-	-	(39)
KUNLUN GLOBAL INTERNATIONAL SDN. BHD.	Key management personnel	Advertising revenue	-	68	2
Mobi Magic (Beijing) Information Technology Co., Ltd.	Key management personnel	Technology licensing and other revenue	-	-	303
Mobi Magic (Beijing) Info.Tech. Co., Ltd / Hong Kong Fintango Limited	Key management personnel	Cost of revenue	-	-	(25,598)
Mobi Magic (Beijing) Information Technology Co., Ltd	Key management personnel	Professional services	-	-	(325)
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Technology licensing and other revenue	387	(18)	146
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Investment	(770)	-	-
nHorizon Innovation (Beijing) Software Ltd.	Joint venture	Cost of revenue	(72)	(45)	(38)
nHorizon Infinite (Beijing) Software Ltd.	Joint venture	Professional services	(513)	(941)	(156)
OPay Digital Services Limited (HK)	Associate / Key management personnel	Acquisition of business	-	(9,500)	-
OPay Digital Services Limited (HK)	Associate / Key management personnel	Investment (Note 27)	(4,969)	-	(7,131)
OPay Digital Services Limited (HK)	Associate / Key management personnel	License fee (cost of revenue)	-	(455)	-
OPay Digital Services Limited (HK)	Associate / Key management personnel	Technology licensing and other revenue	2,829	10,899	15,960
OPay Digital Services Limited (HK)	Associate / Key management personnel	Interest income	-	-	323
Paycom Nigeria Limited	Associate / Key management personnel	Advertising revenue	-	-	1,565
Powerbets Holdings Limited	Joint venture	Technology licensing, advertising and other revenue	-	4,369	2,210
Powerbets Holdings Limited	Joint venture	Investment	(310)	-	-
StarMaker Interactive Inc.	Associate / Key management personnel	Investment	-	(30,000)	-
StarMaker Interactive Inc.	Associate / Key management personnel	Professional services	16	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

Following the acquisition of Opera Norway AS, the Group and Otello Corporation ASA entered into a time-restricted Transitional Service Agreement whereby individuals from each party provided support to one another in line with historical activity. These activities were tracked and invoiced based on actual cost, which have resulted in only minimal net payments. As of December 31, 2019, the net of receivables and payables was immaterial.



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**NOTE 29. 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, 2019, the total number of shares outstanding for Opera Limited was 237,826,326, 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]	Year ended December 31,		
	2017	2018	2019
<b>Basic net income per share</b>			
Net income attributable to the owners of the parent	6,064	35,160	57,899
Issued ordinary shares at beginning of period	190,250,000	190,250,000	220,119,343
Effect of shares issued	-	12,504,070	7,422,487
Effect of treasury shares held	-	(133,681)	(2,913,330)
<b>Basic weighted-average number of ordinary shares in the period</b>	<b>190,250,000</b>	<b>202,620,388</b>	<b>224,628,500</b>
<b>Basic net income per share, US\$</b>	<b>0.03</b>	<b>0.17</b>	<b>0.26</b>
[Net income in US\$ thousands]			
<b>Diluted net income per share</b>			
Net income attributable to the owners of the parent	6,064	35,160	57,899
Basic weighted-average number of ordinary shares	190,250,000	202,620,388	224,628,500
Effect of employee equity grants	2,449,186	6,107,813	4,437,167
<b>Diluted weighted-average number of ordinary shares in the period</b>	<b>192,699,186</b>	<b>208,728,202</b>	<b>229,065,667</b>
<b>Diluted net income per share, US\$</b>	<b>0.03</b>	<b>0.17</b>	<b>0.25</b>

Opera Limited, the parent, has American Depository 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]	Year ended December 31,		
	2017	2018	2019
<b>Net income per ADS, basic and diluted</b>			
Net income attributable to the owners of the parent	6,064	35,160	57,899
ADS equivalent of basic weighted-average number of ordinary shares	95,125,000	101,310,194	112,314,250
ADS equivalent of diluted weighted-average number of ordinary shares	96,349,593	104,364,101	114,532,833
<b>Basic net income per ADS, US\$</b>	<b>0.06</b>	<b>0.35</b>	<b>0.52</b>
<b>Diluted net income per ADS, US\$</b>	<b>0.06</b>	<b>0.34</b>	<b>0.51</b>

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### NOTE 30. EVENTS AFTER THE REPORTING PERIOD

In the period from early 2020 until the date these consolidated financial statements were authorized for issue, the coronavirus (COVID-19) was classified as a global pandemic. The coronavirus did not have any impact on the consolidated financial statements for 2019. The Group continues to monitor developments closely as the COVID-19 pandemic develops and beginning in March the COVID-19 pandemic began to impact the Group's business. This includes increased user traffic which has been offset by declines in user monetization and meaningfully reduced microlending volumes due to COVID-19 related lockdowns in our key markets. If the situation deteriorates or persists for an extended period in key geographies, the risk of a significant adverse impact to the Group's business will increase. The impact of the COVID-19 pandemic to the Group's business will depend on a range of factors which the Group is not able to accurately predict, including the duration and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity and the nature and severity of measures adopted by governments. These factors include, but are not limited to:

- Reductions or volatility in consumer demand for one or more of the Group's products due to illness, quarantine or other travel restrictions, economic hardship, which may impact the Group's market share.
- The deterioration of socio-economic conditions and disruptions to the Group's operations, such as advertising sales, value of monetization partnerships, distribution partnerships, ability to collect outstanding loans and ability to launch new products.

All of these factors may have material adverse effects on the Group's results of operations and financial condition.

On January 17, 2020, the Group announced that its board of directors had approved a share repurchase program, which authorized the Company's management to execute the repurchase of up to US\$50 million of its American Depositary Shares by January 17, 2021, in any form that management may deem fit. The Company's management launched the repurchase in February 2020 and as of March 31, 2020, a total of 773,486 ADSs had been repurchased for US\$5,490 thousand. Additional repurchases will be made from time to time in an opportunistic manner and depending on market conditions.

On January 24, 2020, Opera Limited 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 asserts violations of Sections 11 and 15 of the Securities Act of 1933, Section 10(b) and 20(a) of the Securities and Exchange Act of 1934, and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934. The complaint alleges that the Company made material misstatements and/or omissions during the period from July 27, 2018 through January 15, 2020. The allegations relate to statements regarding the Company's sustainable growth and market opportunity for its browser applications and the alleged business practices of certain loan service applications owned or controlled by the Company. The complaint seeks unspecified damages on behalf of all person and entities who purchased or acquired the Company's (i) American depository shares ("ADSs") pursuant and/or traceable to the Company's initial public offering commenced on or about July 27, 2018 (the "IPO" or "Offering"); and/or (ii) Opera securities between July 27, 2018 and January 15, 2020, both dates inclusive. Several individuals have sought to be appointed as the lead plaintiff to represent the putative class, but no lead plaintiff has been appointed yet. As the case remains in its preliminary stages, the Group is not able to express an opinion on the likelihood of any unfavorable outcome or any estimate of the amount or range of any potential loss. The Company intends to vigorously defend itself against these claims.

On January 27, 2020, the Group announced the completion of the acquisition of the Estonian-based company Pocosys, as well as an agreement to acquire Pocopay, its sister company, which holds a payment institution license and provides financial services in the European Union. Until the acquisition of Pocopay is completed, Opera has a commercial relationship with Pocopay. Based on a preliminary allocation of the purchase price of US\$5.0 million, goodwill was measured at US\$3.8 million. The Group did not assume material liabilities in the business combination.

Subsequent to February 25, 2020, the second exercise period of the Group's equity program took place, including RSUs that had vested on January 1, 2020. A total of 1,121,000 RSUs were exchanged for an equivalent number of ADSs in Opera Limited.

On March 17, 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 the Group's subsidiary Blue Ridge Microfinance Bank Ltd. The consideration was US\$5.0 million, subject to certain price adjustment clauses. Completion of the transaction is pending change of control approval by the Central Bank of Nigeria.



**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 Law (2020 Revision) of the Cayman Islands (the "Companies Law") 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, 2019 is provided on the cover of the annual report on Form 20-F filed on April 29, 2020 (the "2019 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 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, 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 Law 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 Law 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 following listing, 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.

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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.

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## *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 Law, and under the Companies Law, 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 Law, 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 Law 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). 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 Law, 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.

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#### ***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 Law 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 Law and the current Companies Act of England. In addition, the Companies Law 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 Law applicable to us and the laws applicable to Delaware corporations and their shareholders.

#### ***Mergers and Similar Arrangements***

The Companies Law 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.

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Separate from the statutory provisions relating to mergers and consolidations, the Companies Law 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 Law.

The Companies Law 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.

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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 Law 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.

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## *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 Law, 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 Law, 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 Law, 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. 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.

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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.

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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:**

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

### **For:**

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.

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## **Amendment and Termination**

### *How may the deposit agreement be amended?*

We may agree with the depository 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 depository 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 depository 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 depository will initiate termination of the deposit agreement if we instruct it to do so. The depository may initiate termination of the deposit agreement if:

- 60 days have passed since the depository told us it wants to resign but a successor depository 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 depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository 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 depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository 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 depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository 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 Depository; Limits on Liability to Holders of ADSs*

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository 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 depository 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 depository agree to indemnify each other under certain circumstances.

#### **Requirements for Depository Actions**

Before the depository will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depository 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 depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository 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 depository 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 depository 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 depository 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 depository 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 depository's reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

#### **Shareholder Communications; Inspection of Register of Holders of ADSs**

The depository 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 depository 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 depository 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 depository 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 depository's compliance with the Securities Act of 1933 or the rules and regulations promulgated thereunder.



Amendment No. 4

This Amendment No. 4, effective April 1, 2019 (“**Amendment 4 Effective Date**”), shall serve to amend the Professional Service Agreement (SF #5979) entered into effective June 1, 2016 as amended (the “**Agreement**”) by and between:

**Party A: 360 Mobile Security Limited**

a company registered under the laws of Hong Kong with its registered address of UNIT 806 TOWER 2 8/F, CHENG SHA WAN PLAZA, 833 CHEUNG SHA WAN ROAD, KL, Hong Kong.

**Party B: Opera Software AS**

a company registered under the laws of Norway with its registered address of Gjerdrums vei 19, NO-0484 Oslo, Norway.

Party A and Party B are collectively referred to herein as the “Parties”, and each individually as a “Party”.

WHEREAS in the original Agreement Party B appointed Party A to conduct marketing campaigns to acquire new users of Party B’s software applications;

WHEREAS the Parties later amended the terms of Agreement to, inter alia, recognize and compensate Party A for user retention as well as acquisition; and

WHEREAS the Parties now wish to specify the manner in which Party B will authorize additional campaigns and prepayments;

NOW, THEREFORE, the Parties mutually agree as follows:

**1. PREPAYMENT PROCEDURE**

- 1.1. Pursuant to Amendment 3 to the Agreement, Party B agreed to prepay Party A for Days of Use achieved as a result of Party A’s marketing efforts. The Parties now wish to authorize additional prepayments subject to similar terms (each a “**Prepayment**”). The purpose of this Addendum 4 is to more clearly define how additional Prepayments shall be made.
- 1.2. On a quarterly basis, Party B may issue a Purchase Order to Party A. The Purchase Order will specify the Days of Use ordered, the Days of Use rate or rates (as applicable), the amount of the Prepayment, targeting, and other parameters.
- 1.3. Party A shall sign the Purchase Order and then invoice Party B in accordance with the Purchase Order. Party B will then disburse the Prepayment to Party A. Issuance of an invoice shall constitute acceptance of the Purchase Order notwithstanding a failure to sign the Purchase Order. A template Purchase Order is attached hereto as Exhibit A.
- 1.4. If the actual Days of Use (as measured by Party B) ends up lower than the budget specified in the Purchase Order, Party B shall receive a credit from Party A for the shortfall, either as a reduction to a then-current Prepayment to be made by Party B or as a cash refund (at Party B’s option).
- 1.5. If the actual Days of Use (as measured by Party B) ends up higher than the budget specified in the Purchase Order, Party B shall make an additional payment to Party A equivalent to the corresponding incremental value.



1.6. As noted in Amendment No. 2 and No. 3, the Agreement may be terminated by either Party on 30 days advanced written notice to the other Party. In the event that either party terminates the Agreement early, Party B will continue to monitor actual Days of Use achieved by all new users acquired before the effective date of termination. Once 365 days have passed after termination, Party B will report the total number of Days of Use actually achieved. In the event that the actual Days of Use varies from the amount specified in the applicable Purchase Order, the Parties will reconcile the Prepayment in accordance with sections 1.4 and 1.5 above. Further, any amount of a Prepayment that has not been fully allocated to any campaigns shall be immediately refunded after termination from Party A to Party B.

## 2. APPLICABLE PROVISIONS.

All provisions of the Agreement shall continue in full force and effect unless modified by this Amendment No. 4. 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 Amendment No. 4, the latter shall prevail.

**Party A**                    360 Mobile Security Limited  
Date:                        April 18, 2019  
Seal:                        [Company seal is affixed]

**Party B**                    Opera Software AS  
Date:                        April 18, 2019  
Seal:                        [Company seal is affixed]





## SERVICE AGREEMENT

This Service Agreement (“**Agreement**”) is entered into on April. 1st 2019 (“**Effective Date**”) by and between:

**PC Financial Services Private** Limited, a India company with an address at Building RZ-2, Pole No.-3, G/F Kapashera, Near HDFC Bank, New Delhi (“**PC Financial**”), a registered Non-banking Financial Company (NBFC) in India; and

**Mobimagic Co., Ltd.**, a company Incorporated under the laws of the People ‘s Republic of China with its principal place of business at Room 1110-046, A District, No. 1 Building, No.18 East Road, Zhongguancun, Haidian District, Beijing City (“**Mobimagic**”).

PC Financial and Mobimagic are individually referred to herein each as a “**Party**” and collectively as the “**Parties.**”

In consideration of their mutual promises, the Parties hereby agree as follows:

### 1. DEFINITIONS

- 1.1 “**Activity**” means the offering of small, unsecured loans to businesses and individuals in the Territory by PC Financial.
- 1.2 “**Business Data**” means all end user data and user account details, as well as commercial records, relating to PC Financial operation of the Activity in the Territory
- 1.3 “**Confidential Information**” means non-public information that a Party or Its affiliates (“disclosing Party”) discloses to the other Party or its affiliates (“receiving Party”) which is designated as being ‘proprietary’ or ‘confidential’ or which by its nature or the circumstances reasonably ought to be treated as confidential. Confidential Information includes the disclosing Party’s software end prototypes and information relating to the disclosing 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, 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; (c) Is independently developed by the receiving Party, 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.
- 1.4 “**Marks**” means the trademarks and brand names used by the PC Financial to operate the Activity in the Territory.
- 1.5 “**Service Period**” means April. 1st 2019 through to March 30, 2020.
- 1.6 “**Services**” means the services to be performed by Mobimagic as stated in clause 2.2 of this Agreement in terms of this Agreement during the Service Period.

### 2. THE SERVICES

- 2.1 PC Financial hereby engages Mobimagic to provide Services to PC Financial during the Service Period, and Mobimagic hereby accepts such engagement in order to gain the income from the Territory.



- 2.2 Mobimagic will provide the system / platform maintenance services and data processing services to PC Financial.
- 2.3 where required, Mobimagic may assign its employees to India for short durations to support work for facilitating the rendering of Services and the estimated presence days of those employees in any case will be less than 183 days in the aggregate in any 12 months.
- 3. WARRANTIES**
- 3.1 Each Party represents and warrants that it has, and will retain during the Service Period hereof, all right, title and authority to enter into this Agreement, and to perform all of its obligations under this Agreement.
- 3.2 Mobimagic represents and warrants that,
- (a) Mobimagic is not subject to any Agreement or duty that would be breached by Mobimagic's entering into or performing Mobimagic's obligations under this Agreement or that is otherwise inconsistent with this Agreement;
  - (b) the Services provided hereunder will not infringe any legal rights or interests of any potential customers or third parties, and will not violate any provision of laws and regulations;
  - (c) the Services will be provided in a good and workmanlike manner with at least the same degree of skill and competence normally practiced by professionals providing the same or similar services;
  - (d) Mobimagic shall not store or retain and shall not be required to store or retain any information belonging to the PC Financial (passed through the Services) pursuant to this Agreement at any time, save and except the metadata or hashed data collected in full compliance with applicable law and PC Financial's privacy policy and solely for the purpose of invoicing and billing PC Financial;
  - (e) on the Effective Date and during the Service Period of this Agreement it will conduct its business in accordance with applicable law and without violating the rights of any third party.
  - (f) It will not intend to access to the data relating to Indian operations of the PC Financial except for the data passing through Services.
  - (g) neither Mobimagic, nor any Individual holding any direct or indirect Interest in Mobimagic, is listed on the U.S. Specially Designated Nationals (SDN) List or Consolidated Sanction List (ref. <https://sanctionssearch.ofac.treas.gov>), nor is Mobimagic otherwise associated with any of the listed individuals or organizations; and
  - (h) in connection with performance of the Services in the Territory, as well as its performance of this Agreement, Mobimagic and its affiliates will not violate any provision of the US Foreign Corrupt Practices Act, the UK Bribery Act, or any anti-corruption related laws in the Territory.
- 3.3 PC Financial represents and warrants that on the Effective Date and during the Service Period of this Agreement:
- (a) it will conduct its business in Territory in accordance with applicable law and without violating the rights of any third party; and
  - (b) in connection with the conduct of its business in Territory, as well as its performance of this Agreement, PC Financial and its affiliates will not violate any provision of the US Foreign Corrupt Practices Act, the UK Bribery Act, or any anti-corruption related laws in the Territory.



- 3.4 Except as set forth in this Section 3, the Parties and their suppliers disclaim all warranties, either express or implied, statutory or otherwise, inducing without limitation warranties of functionality, merchantability, fitness for a particular purpose.
- 4. RIGHTS AND OBLIGATIONS**
- 4.1 PC Financial shall pay a monthly Fee to Mobimagic in accordance with this Agreement and within the timeline as permitted under the prevailing India regulations.
- 4.2 PC Financial shall be responsible for acquiring the technical equipment necessary for receiving the Service, and shall also in other respects bear its own costs in the carrying out of any activities relating to its own products and software applications.
- 4.3 Mobimagic warrants that the Services provided hereunder will not infringe any legal rights and interests of any potential customers and third parties, and will not violate any provision of laws and regulations. The Services it provides pursuant to the Agreement will be provided in a good and workmanlike manner with at least the same degree of skill and competence normally practiced by professionals providing the same or similar services and PC Financial has the right to continuous review and assesses the Services provided by Mobimagic and give its necessary suggestions towards the Services. Mobimagic may take necessary corrective measures of its Services according to PC Financial's requirements.
- 4.4 PC Financial shall maintain an updated privacy policy and consent driven architecture, to ensure that it has adequate approvals from the concerned persons, entities and/or authorities as required by law to access, collect, store and transmit personal data of any entity using the Services. The Parties hereby agree and confirm, and Mobimagic warrants, that Mobimagic shall not store or retain and shall not be required to store or retain any information belonging to the PC Financial (passed through the Services) pursuant to this Agreement at any time, save and except the records of transactions just for the purpose of Invoicing and billing the PC Financial. Mobimagic warrants that it will not take any action, or collect any data, which causes a breach of applicable law or PC Financial's privacy policy and consent driven architecture. Subject to the foregoing as well as Mobimagic's obligations under this Agreement, Mobimagic shall not in any manner be held or be responsible or liable for any unforeseen contingency, claims, liabilities, demands, losses, damages or expenses arising due to absence of storage or retention of any PC Financial data which shall be the sole responsibility of PC Financial.
- 4.5 According to this Agreement, the Services provided by the Mobimagic are only for PC Financial's reference, it does not constitute any recommendation or decision. Any judgments, inferences or views made by PC Financial on the basis of the Information provided by the Mobimagic do not represent the positions and opinions of the Mobimagic. PC Financial shall be responsible for data security management and confidentiality responsibilities. According to this agreement, Mobimagic shall not be responsible for the usage and consequences of the data information acquired by PC Financial.
- 4.6 PC Financial shall not, directly or Indirectly:
- (a) remove any proprietary notices or labels;
  - (b) make the Services available to any third party without the prior written consent of the Mobimagic, other than the authorized users in furtherance of the Activity;
  - (c) falsely imply any sponsorship or association with Mobimagic;
  - (d) use the Services to send unsolicited communications junk mail, spam, pyramid schemes or other forms of duplicative or unsolicited messages;
  - (e) use the Services to store or transmit any content that infringes upon any person's intellectual property rights
  - (f) use the Services to knowingly post, transmit, upload, link to, send or store any viruses, malware, Trojan horses or any other similar harmful software; or
  - (g) knowingly use the Services in violation of this Agreement.



- 4.7 Data protection. Each Party agrees to comply with all applicable data protection and privacy laws arising from its obligations, if any, under the Agreement and to reasonably co-operate with the other Party in order to allow the other Party to comply with any laws as deemed necessary from time to time. Each Party shall treat all data, information relating to Services, including but not limit to the customer personal data, as confidential. Each party warrants that it shall take appropriate technical and organizational measures against unauthorized or unlawful processing of personal data and against accidental loss or destruction of, or damage to, the personal data of the other party.
- 4.8 Both Parties acknowledge and confirm that the Reserve Bank of India (hereafter "RBI") or persons authorized by it has right to access and inspect the PC Financial's documents, records of Service transactions and other necessary information related to the Services or Activity given to, stored or processed by Mobimagic within a reasonable time.
- 5. INTELLECTUAL PROPERTY RIGHTS**
- 5.1 Nothing in this Agreement shall be construed as transferring the Intellectual Property Rights of either Party or its suppliers to the other Party. For the avoidance of doubt: (a) all Intellectual Property Rights in and to the Marks and the Business Data shall remain the property of PC Financial or its Affiliates as the case may be. Mobimagic acknowledges that it shall acquire no proprietary rights whatsoever in and to the Marks used in the Activity or the Business Data generated by the Activity, which shall remain the sole and exclusive property of PC Financial and Its Affiliates for their unlimited exploitation and all use and acquired goodwill shall inure to PC Financial and its Affiliates' sole benefit.
- 6. COMPENSATION AND EXPENSES**
- 6.1 Subject to the terms and conditions of this Agreement. PC Financial shall pay to Mobimagic a fixed service fee in the amount of 970,000 United States Dollars (USD 970,000) for each month (the "Fee") within the timeline as permitted under the prevailing India regulations. It is stipulated in this Agreement that Mobimagic will send an invoice to PC Financial on monthly basis according to the progress of the service. After PC Financial confirms that invoice contents are correct, PC Financial shall pay within 45 days after confirming thus.
- 6.2 The payment is effected by means of bank transfer to the account specified In Mobimagic's invoice.
- 6.3 The Fee provided is exclusive of Goods and Service Tax (GST) which may be levied under Reverse Charge Mechanism. Any respective taxes for each party will be the responsibility by each party. If law requires that taxes be withheld PC Financial shall (a) deduct those taxes from the Fee; (b) pay the taxes to the proper governmental body; (c) send evidence of the obligation and proof of tax payment to Mobimagic; (d) remit the Fee amount, after deductions and withholding; and (e) cooperate with Mobimagic to obtain refunds of such taxes if there Is any preferential tax treatment available.
- 6.4 The Fee may be changed by mutual agreement in writing between Mobimagic and PC Financial according to the service content, complexity of services involved or arm's length principles.



6.5 In case of any complaint about using the Services as set out in this Agreement PC Financial shall raise the problems within 20 business days after getting Mobimagic's invoice. Both Parties shall engage in reasonable efforts to negotiate and solve the problems together. If the cause of the difference remains undetermined after the aforesaid efforts of the Parties, an independent third party, (e.g., external auditors) may be employed to give an inspection. The costs arising out of the third-party inspection shall be borne by the Parties according to their respective faults.

## 7. CONFIDENTIALITY & PUBLICITY

Neither Party shall disclose the other Party's Confidential Information to any third party or use Confidential Information for any purpose other than for the proper fulfillment 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 and, in any case, with no less than reasonable care. Such obligations will survive the expiration of this Agreement for a period of five (5) years.

## 8. INDEMNIFICATION

8.1 PC Financial shall defend at its own expense and indemnify Mobimagic against any cost, loss or damage arising out of any claim, demand, suit or action ("Action") brought against Mobimagic by a third party to the extent that such Action is related to PC Financial's breach of this Agreement. Mobimagic will promptly inform PC Financial in writing of any such Action and will co-operate in the defence and/or settlement of the Action. PC Financial agrees that in negotiating any settlement, it shall act reasonably and shall obtain Mobimagic's prior, written consent which consent shall not be unreasonably withheld.

8.2 Mobimagic shall indemnify and hold harmless PC Financial and its officers, directors and Affiliates, ("PCF Indemnified Parties") against any cost, penalty, loss or damage arising out of or related to the Services, or Mobimagic's breach of this Agreement or applicable law. PC Financial will promptly inform Mobimagic in writing of any such Action and will co-operate in the defence and/or settlement of the Action. Mobimagic agrees that in negotiating any settlement, it shall act reasonably and shall obtain PC Financial's prior, written consent which consent shall not be unreasonably withheld.

8.3 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.

## 9. TERM & TERMINATION

9.1 The Agreement shall commence on the Effective Date and continue in effect for the Service Period, unless terminated earlier as provided in this Section. This Agreement is a memorialization of an earlier oral Agreement and shall be deemed to apply for the entire Service Period. The Agreement may be extended or renewed by the Parties in a writing executed by authorized representatives of each of the Parties.

9.2 This Agreement may be terminated by either Party prior to the end of the Service Period if the other Party is in material breach of any term, or condition of this Agreement and such breach is not remedied for a period of thirty (30) days after the Party in breach has been notified in writing of such breach by the other Party.

9.3 This Agreement terminates automatically, with no further act or action of either Party, if: (a) so required by applicable law or regulations; or (b) a receiver is appointed for a Party or its property, a Party makes an assignment for the benefit of its creditors, goes bankrupt or is liquidated or dissolved.



9.4 Upon termination or expiration of this Agreement

- (i) Each Party shall return to the other Party or destroy (If so authorized in writing by the other Party) any Confidential information in the Party's possession or control, and cause an officer to certify in writing to the other Party that it has done so;
- (ii) Each Party's rights to be paid and each Party's obligations to pay all amounts due hereunder, as well as Sections 3 through 10 shall survive termination of this Agreement.

**10. MISCELLANEOUS**

- 10.1 The Parties to this Agreement are independent contractors. Nothing in this Agreement is intended or should be construed to create an agency, partnership, Joint venture, or employer-employee relationship between PC Financial and Mobimagic. Either Party will represent itself to be an employee or agent of the other Party or enter into any agreement on the other Party's behalf or in the other Party's name. Each Party will retain full control over the manner and means by which it conducts its business and neither Party will be entitled to waive any entitlement to workers' compensation, disability, retirement, insurance, stock options or any other benefits afforded to its employees.
- 10.2 IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL, OR INCIDENTAL DAMAGES ARISING FROM OR RELATING TO THIS AGREEMENT. NEITHER PARTIES' TOTAL CUMULATIVE LIABILITY IN CONNECTION WITH THIS AGREEMENT, WHETHER IN AGREEMENT OR TORT OR OTHERWISE, WILL NOT EXCEED THE AGGREGATE AMOUNT OF FEES AND EXPENSES OWED BY PC FINANCIAL TO MOBIMAGIC FOR SERVICES PERFORMED UNDER THIS AGREEMENT.
- 10.3 This Agreement (and any question about its subsistence, effect or termination) is to be interpreted in accordance with the laws of India, save for that body of law which governs the conflict of laws. The courts of New Delhi shall have exclusive jurisdiction to settle any dispute between the Parties whether arising in connection with this agreement or otherwise. In the event of any dispute with respect to the construction, execution and performance of the provisions of this Agreement, such dispute shall be settled by arbitration in accordance with the Arbitration and Conciliation Act, 1996 and rules made thereunder in force as on that date. The arbitration shall be carried out in English language and the venue/seat of arbitration shall be New Delhi. The Arbitration award shall be final and binding on the parties.
- 10.4 If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.
- 10.5 This Agreement may not be assigned, delegated, or otherwise transferred, in whole or in part, by operation of law or otherwise, by a Party without the other Party's express prior written consent. Any attempted assignment, delegation, or transfer in violation of the foregoing will be null and void.
- 10.6 All waivers must be in writing and signed by the Party to be charged. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.



10.7 This Agreement is the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior or contemporaneous communications and understandings between the Parties. No modification of or amendment to this Agreement will be effective unless in writing and signed by the Party to be charged.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**PC Financial Services Private Limited**

**Mobimagic Co., Ltd.**

Signed:/s/ Mars Zhang \_\_\_\_\_  
Name: Mars Zhang \_\_\_\_\_  
Title: Chief Executive Officer \_\_\_\_\_

Signed:/s/ Jiaojiao Liu \_\_\_\_\_  
Name: Jiaojiao Liu \_\_\_\_\_  
Title: Authorized Signatory \_\_\_\_\_



## SOFTWARE LICENSE AGREEMENT

This Software License Agreement (“**Agreement**”) is made effective on Oct 1st, 2019 (“**Effective Date**”), by and between:

**Hong Kong Fintango Limited**, a company incorporated under the laws of Hong Kong with address at Room 1903, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong (“**Licensor**”) and

**PC Financial Services Pvt Ltd**, a company incorporated under the laws of India with its registered address at building RZ-2, Pole No. 3, G/F Kapashera, Near HDFC Bank New Delhi -1100037 and corporate office at 3rd Floor, Plot #96, Udyog Vihar-1, Sector-20, Gurugram, Haryana-122016 (“**Licensee**”), a registered Non-banking Financial Company (NBFC) in India.

The parties are collectively referred to herein as “**Parties**”, and each individually as a “**Party**”.

This Agreement governs Licensor’s licensing of the Software to Licensee as further specified herein.

In consideration of their mutual promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### Terms and Conditions

#### 1. DEFINITIONS

1.1 “**Affiliate**” means, (i) in relation to any Person, any other Person Owned or Controlled, directly or indirectly, by that Person, any Person that Owns or controls, directly or indirectly, that Person under common Ownership or Control with that Person, or (ii) in the case of a natural person, any Person that is Owner or Controlled by such natural person. For the purpose of this definition and as used otherwise in this Agreement:

1.1.1 “**Control**”, “**Controls**”, or “**Controlled**” means the power to (A) direct the management or policies or activities of a Person, whether alone or together with other Affiliates, and whether through the ownership of voting capital, voting equity interests or economic rights, by contract or otherwise, or (B) to appoint or remove (or direct or cause the direction of the appointment or removal of) directors (or similar position) of the relevant Person holding more than 50% (fifty per cent) of the voting rights exercisable at meetings of its board (or equivalent) on all, or substantially all, matters;

1.1.2 “**Own**”, “**Owens**” or “**Ownership**” means ownership, either alone or together with other Affiliates, (A) of more than 50% (fifty per cent) of the voting capital, voting equity interests or economic rights of the relevant Person or (B) having the ability to direct the casting of more than 50% (fifty per cent) of the votes exercisable at general meetings (or equivalent) of that Person on all, or substantially all, matters;

1.1.3 A holding company or subsidiary of any Person shall be deemed to be an Affiliate of that Person.

1.2 “**Confidential Information**” means non-public information that a Party or its Affiliates (“**disclosing Party**”) discloses to the other Party or its Affiliates (“**receiving Party**”) which is designated as being ‘proprietary’ or ‘confidential’ or which by its nature or the circumstances reasonably ought to be treated as confidential. Confidential Information includes the disclosing Party’s software and prototypes and information relating to the disclosing 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, 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; (c) is independently developed by the receiving Party, 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.



- 1.3 **“Documentation”** means technical documentation relating to the Software, including in particular application programming interface (API) documentation.
- 1.4 **“Intellectual Property Rights”** means any copyrights, trademarks, service marks, trade secrets, patents, patent applications, moral rights, contractual rights of non-disclosure or any other intellectual property or proprietary rights, however arising, throughout the world.
- 1.5 **“End User”** means a natural person that uses Licensee’s microfinance offering.
- 1.6 **“Target Platform”** means the microfinance offering provided by Licensee and/or its Affiliates in the Territory into which the Software has been integrated in accordance with this Agreement.
- 1.7 **“Services”** means the maintenance and support services Licensor provides to Licensee pursuant to this Agreement.
- 1.8 **“Software”** means the software described in Appendix A hereto and any Documentation thereto.
- 1.9 **“Term”** shall have the meaning defined in Section 4.
- 1.10 **“Territory”** means worldwide except Mainland China and Hong Kong.

## 2. SOFTWARE LICENSE

- 2.1 **License.** Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee and Licensee hereby accepts from Licensor a non-exclusive, non-transferable, royalty bearing, limited license during the Term of this Agreement and solely in the Territory to:
  - (i) reproduce and use such reasonable number of copies of the Software as is necessary for its own internal testing and evaluation purposes;
  - (ii) install, use and otherwise operate the Software as is necessary to offer the Target Platform to End Users in the Territory;
  - (iii) market, offer and distribute the Software in the Territory directly or indirectly to End Users; and
  - (iv) sublicense the foregoing rights set forth in this Section 2.1 to Licensee’s Affiliates subject to Section 2.3 of this Agreement.
- 2.2 **License Restrictions.** Licensee acknowledges that the Software and its structure, organization, and source code constitute valuable Intellectual Property Rights of Licensor. Accordingly, Licensee shall not use, modify, distribute or sublicense the Software except as specified in this Agreement. Licensee shall also not reverse-engineer, disassemble or decode the Software in order to derive any source code or modify, delete or remove any features or functionality of the entirety of, or any part of, the Software without the prior written consent of Licensor.



### 3. SUPPORT & MAINTENANCE SERVICES

- 3.1 Licensor shall provide maintenance and support Services for the Software specified in Appendix A as integrated with the Target Platform. Such Services shall include:
- (a) Customizing: Licensor is entitled to utilize and localize the Software (including making modifications necessary for localization) and translation of texts and contents incorporated or relating to the Software, quality assurance test of the localized version. Licensor may customization or modifications the Software as per the requirements of the Licensee.
  - (b) Integration support & testing: Licensor shall provide testing and support for Licensee's integration of the Software into the Target Platform and also for the integration of third party data sources.
  - (c) Technical support: Licensor shall provide assistance to Licensee in clarifying technical questions concerning the Software.
  - (d) Bug fixing: Licensor shall provide trouble shooting analysis for the Software and promptly fix defects in the Software by providing a patch or workaround, or by issuing a maintenance release.
  - (e) Consultancy service: Licensor shall provide consultancy services personal loan and risk management.
- 3.2 Licensor shall promptly deliver to Licensee all available updates and upgrades to the Software as may be developed or otherwise become available.
- 3.3 For the avoidance of doubt, the Services will be provided remotely from Licensor's own offices. During the Term of the Agreement, Licensor will not be required to and shall not be physically present in the Territory where Licensee is located. All services to be provided hereunder shall be completed from outside the Territory.

### 4. TERM AND TERMINATION

- The Agreement shall commence on the Effective Date and continue for twelve (12) months ("**Initial Term**"), unless terminated earlier as provided in this Section 4. The Agreement shall automatically renew for consecutive one (1) year periods (each an "**Additional Term**"), unless written notice of non-renewal is given to the other Party at least thirty (30) days prior to the expiration of the Initial Term or then current Additional Term. The Initial Term and any Additional Terms shall constitute the "**Term**" of this Agreement.
- 4.2 This Agreement may be terminated by either Party prior to the end of the Term if the other Party is in material breach of any term or condition of this Agreement and such breach is not remedied for a period of thirty (30) days after the Party in breach has been notified in writing of such breach by the other Party.
- 4.3 After termination or expiration of this Agreement (except for termination by Licensor pursuant to Section 4.2, Licensee may for up to a period of ninety (90) days continue to use the Software pursuant to Section 2.1 in order to continue to operate the Software in the Territory solely for purposes of ramping down use of the Software and transitioning to an alternative supplier.
- 4.4 Upon termination or expiration of this Agreement:
- (i) Each Party shall return to the other Party or destroy (if so authorized in writing by the other Party) any Confidential Information in the Party's possession or control;
  - (ii) Licensor's rights to be paid and Licensee's obligations to pay all amounts due hereunder, as well as Sections 4, 6, 7, 8 and 9 shall survive termination of this Agreement.



## 5. LICENSE FEES AND PAYMENT

5.1 Licensee agrees to pay to Licensor a fee (“**License Fee**”) calculated in two parts as following:

5.1.1 First Part of the License Fee: Licensee shall pay a one-off non-refundable, and non-recoupable license fee in the amount of one million, eight hundred thousand United States Dollars (USD1,800,000). Within 45 working days of receiving such invoice, Licensee shall remit the payment to Licensor.

5.1.2 Second Part of the License Fee: Licensee shall pay to Licensor a monthly revenue share based on the following proportion:

Net Revenue per month (USD)	Licensor's Fee
≤ 1 million	20% of the Net Revenue
1 million USD < X ≤ 4 millions	30% of the Net Revenue
> 4 millions	40% of the Net Revenue

The Net Revenue mentioned above means Net Revenue generated by Licensor from the Software within the Territory on monthly basis. The License Fee shall cover Licensee's licensing of the Software and no further or additional compensation will be due or owing to Licensor.

5.2 For purposes of this Agreement, “**Net Revenue**” shall mean all amounts received and recognized, (according to IFRS and agreed to by Opera Limited's group auditor) by Licensee from the Software, less deductions for (i) GST or other taxes imposed by the tax authorities on the Software (ii) bad debt (if any); (iii) other amounts agreed by the Parties.

5.3 The billing cycle for the agreement shall start at 0:00 on the 1st of each month and continue until the last day of the month at 23:59. Within ten (10) days of the end of each month, Licensee shall provide Licensor with a reporting setting forth total Net Revenue for the preceding month and the resulting License Fee payable to Licensor.

5.4 Licensor shall send an invoice to Licensee for the License Fee. Licensee shall pay the License Fee to Licensor within forty-five (45) days of Licensee's receipt of Licensor's true and accurate invoice. Payment shall be effected by means of bank transfer to the account specified in Licensor's invoice.

5.5 The License Fee may be changed by mutual agreement of the Parties in writing.

5.6 The License Fee provided is inclusive of any taxes applicable but exclusive of Goods and Service Tax (“GST”) which may be levied under ‘Reverse Charge Mechanism. Any respective taxes for each Party will be the responsibility by such Party. If the law requires that taxes be withheld, Licensee shall (a) deduct those taxes from the License Fee; (b) pay the taxes to the proper governmental body; (c) send evidence of the obligation and proof of tax payment to Licensor; (d) remit the License Fee amount, after deductions and withholding; and (e) cooperate with Licensor to obtain refunds of such taxes if there is any preferential tax treatment available.



## 6. WARRANTIES & INDEMNITIES

- 6.1 Each Party represents and warrants that it has, and will retain during the Term hereof, all right, title and authority to enter into this Agreement, and to perform all of its obligations under this Agreement.
- 6.2 Licensor represents and warrants that it will conduct its business and provide the Software and Services in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in the Territory and maintain policies and procedures designed to promote and achieve, in its reasonable judgment, compliance in all material respects with such laws.
- 6.3 Except as set forth in Sections 6.1 and 6.2, the Services are provided on an “as-is” basis. To the extent permitted by law, Licensor and its suppliers disclaim all warranties regarding the Services provided hereunder, either express or implied, statutory or otherwise, including without limitation warranties of functionality, merchantability, fitness for a particular purpose or non-infringement.
- 6.4 Licensor will settle and/or defend at its own expense and indemnify Licensee against any cost, loss or damage arising out of any claim, demand, suit or action (“Action”) brought against Licensee by a third party to the extent that such Action is based on a claim that the Software or Services infringe upon any Intellectual Property Rights of any third party. Licensee shall promptly inform Licensor in writing of any such Action.

## 7. RIGHTS & OBLIGATIONS

Based on the terms and conditions of this Agreement, the Parties agree the rights and obligations of the Parties as follows:

### 7.1 Rights and Obligations for Licensor:

- (i) Licensor owns the Intellectual Property Rights in the Software.
- (ii) Licensor should make sure the legitimacy of the Software and the related service that be provided, and be responsible for all the related intellectual property rights of the Software and Services that have been provided.
- (iii) Licensor agrees to make reasonable efforts to provide necessary technical support based on the Licensee's operation platform technical integration file and make sure the beta can be used for official open beta operation.
- (iv) Licensor shall provide necessary and prompt promote support to Licensee as requested by Licensee during the Term of this Agreement
- (v) Licensor should be responsible for the loss if there are some disputes for the quality of the Software, including user complaints or legal proceeding.
- (vi) Licensor agrees that the Software may be adapted, modified, processed or altered as per Licensee's requirements. Licensee has no right to modify or customize the Software without consent of the Licensor.

### 7.2 Rights and Obligations for Licensee:

- (i) Licensee or its Affiliates owns the Intellectual Property Rights in the Target Platform and CASHBEAN trademark.
- (ii) Licensee has to pay the License Fee to Licensor based on the terms of this Agreement.
- (iii) Licensee shall have the legal qualification to operate the Target Platform, with appropriate capacity, enough staffing and the ability to operate and promote the Target Platform. Licensee shall bear its own operational expenses, including but not limited to server rental fee and marketing expenses.
- (iv) Licensee shall provide End Users of the Software with high quality customer support and shall respond to customer queries and complaints relating to the Software with the assistance from Licensor.



- (v) Licensee has on the subject matter of the Agreement for the promotion of regional programs and resources to develop an obligation to ensure the effectiveness of cooperation.
- (vi) Licensee may not under any circumstances sublicense the Software to any third party without the express written approval of Licensor which may be withheld at Licensor's sole discretion.
- (vii) When operating the Software, Licensee shall apply security protection in accordance with Licensor's instructions in order to ensure the Software may not be illegally copied or transferred.

## 8. CONFIDENTIALITY AND PUBLICITY

Neither Party shall disclose the other Party's Confidential Information to any third party or use Confidential Information for any purpose other than for the proper fulfillment 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 and, in any case, with no less than reasonable care. Such obligations will survive the expiration of this Agreement for a period of five (5) years.

## 9. LIMITATION OF LIABILITY

- 9.1 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.
- 9.2 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 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; (ii) either Party's violation of the other Party's Intellectual Property Rights; (iii) liability for indemnification hereunder; and (iv) liabilities that cannot be limited by law. The Parties agree that this Section 8 reflects a reasonable allocation of risk and that each Party would not enter into this Agreement without these limitations on liability.

## 10. MISCELLANEOUS

- 10.1 Intellectual Property Rights. Nothing in this Agreement shall be deemed or construed as an assignment by a Party of any of its Intellectual Property Rights to the other Party. Licensor shall retain full and exclusive ownership of the Intellectual Property Rights embodied in the Software, subject to the rights granted by license to Licensee in this Agreement. All rights in and to the Software not expressly granted to Licensee pursuant to this Agreement are reserved by Licensor. Licensee shall retain full and exclusive ownership of the Intellectual Property Rights embodied in the CASHBEAN trademarks and Target Platform (excluding the Software). Licensor covenants and agrees that it shall not take any action to jeopardize, limit or interfere with Licensee's ownership of and rights with respect to its trademarks and Target Platform. Licensee covenants and agrees that it shall not take any action to jeopardize, limit or interfere with Licensor's ownership of and rights with respect to the Software.
- 10.2 Force majeure. Except payment obligations, neither Party shall be responsible for any failure to perform due to unforeseen circumstances or to causes beyond that Party's control, including but not limited to acts of God, war, terrorism, riot, embargoes, acts of civil or military authorities, fire, floods, accidents, strikes, or shortages of energy, labor or materials. In the event of any such circumstances, the defaulting Party shall be excused for a period equal to the time of the delay caused thereby.



- 10.3 **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, provided that consent shall not be required in connection with the reorganization or merger of a party or the transfer of such party's business or all or substantially all of its assets to a third party.
- 10.4 **Severability. Waiver.** If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force and effect. The Parties agree to replace any invalid provision with a valid provision, which most closely approximates the intent and commercial effect of the provision held to be invalid. The waiver by either Party of a breach of any provision of this Agreement will not operate or be interpreted as a waiver of any other or subsequent breach.
- 10.5 **Data protection.** Both Parties agree to comply with data protection and privacy laws applicable to their respective activities pursuant to this Agreement.
- 10.6 **Entire Agreement.** This Agreement, including the appendices, constitutes the entire agreement between the Parties hereto and supersedes all other agreements between the Parties in relation to the subject matter of this Agreement. The Agreement cannot be modified, supplemented or rescinded except in writing signed by both Parties. The Parties confirm that they have not entered into this Agreement on the basis of any representation that is not expressly incorporated into this Agreement. However, this shall not apply to any statement, representation or warranty made fraudulently or to any provision of this Agreement that was induced by fraud so that nothing in this Agreement shall affect the remedies available to the Parties in respect of any fraudulent matters.
- 10.7 **Governing Law: Arbitration.** This Agreement (and any question about its subsistence, effect or termination) is to be interpreted in accordance with the laws of India, except that body of laws controlling conflict of laws. In the event of a dispute arising out of or relating to this Agreement (including non-contractual disputes or claims), the parties shall first seek settlement of the dispute by negotiation between senior executives of the parties. If they are unable to settle the dispute within thirty (30) days, or such other period as the parties shall agree in writing, the dispute including any question regarding the subject matter of this Agreement, its existence, its validity or termination, and any non-contractual disputes or claims relating thereto shall exclusively be referred to and be settled by arbitration in accordance with the Arbitration and Conciliation Act, 1996 and rules made thereunder in force as on that date. The arbitration shall be carried out in English language and the venue/seat of arbitration shall be New Delhi. The Arbitration award shall be final and binding on the parties.
- 10.8 **Counterparts.** This Agreement may be executed in multiple counterparts (e.g., by fax or scanned PDF, TIF or other electronic format), each of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement.

[NO TEXT]



Accepted and Agreed to By:

**Hong Kong Fintango Limited**

By: /s/ Tian Jin  
Name: Tian Jin  
Title: Director  
Date: October 15, 2019

**P C Financial Services Pvt Ltd**

By: /s/ Vinay Kumar Bhatnagar  
Name: Vinay Kumar Bhatnagar  
Title: Director  
Date: October 15, 2019

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## APPENDIX A

### SOFTWARE DESCRIPTION

The Software consists of Licensor's customised software application in source code format, which is owned by Licensor.

The Software is an android mobile phone app that provides instant personal loan in India. The app is developed and customised based on Licensor's platform and tailored for digital loan business in India market, which can offer 100% online personal loan within seconds by including verification, anti-fraud, scoring system, decision engine, post-loan monitoring, recovery system and BI (business intelligent) system etc.

Verification solution can effectively verify the user identities through technologies including ID Recognition, Liveness Detection, Face Comparison, Risky Face Search, etc. to lower manual verification costs and errors, increasing the business efficiency; Anti-fraud solutions can deal with the persistently evolving problems that volatile fraudsters impose; Scoring system is tailored for unsecured online digital loan user with machine learning based; Together with rules, decision tables, decision trees and rules flow are as input to decision engine to provide efficient decision-making management services.

By scanning borrower's new risks, such as loan applications in other platforms, delinquency in other platforms etc. as post loan monitoring, it helps promptly discover problems that may be detrimental to the repayment timely and adjust collection strategies;

Payment before the maturity of loan will be reminded and overdue collection business will be conducted in an intelligent and proper way to help greatly improve the processing efficiency and reduce NPA (non-performed asset);

BI system provides visibility to all kind of data performance for monitoring and decision adjustment.

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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 Software AS	Norway
6..Opera Software Holdings LLC	United States
7..Opera Software Ireland Ltd.	Ireland
8..Opera Software International AS	Norway
9..Hern Labs AB	Sweden
10..Opera Software Americas LLC	United States
11..Beijing Aopula Software Co. Ltd.	PRC
12..Opera Software India Pvt. Ltd.	India
13..Opera Software Poland Sp.z.o.o.	Poland
14..Opera Software Tech. (Beijing) Co. Ltd.	PRC
15..Opera Software Netherlands B.V.	Netherlands
16..Opera Unite HK Limited	Hong Kong
17..Opera Unite Pte. Ltd.	Singapore
18..Beijing Yuega Software Technology Service Co. Ltd.	PRC
19..TenSpot Pesa Limited	Hong Kong
20..LLC «Microcredit Company O-Pay Finance»	Russia
21..Neofin Malelane (Pty) Ltd.	South Africa
22..Opay Finance India Pvt Ltd.	India
23..Blue Ridge Micro Finance Bank Ltd.	Nigeria
24..App de Prestamos, S.A. de C.V.	Mexico
25..Oplay Digital Service S.A. De C.V.	Mexico



26..TenSpot Kenya Limited	Kenya
27..P C Financial Services Pvt Ltd	India
28..PT Opay Finance Services	Indonesia
29..Opesa South Africa (Pty) Ltd.	South Africa
30..O-Play Kenya Limited	Kenya
31..Phoneserve Technologies Co. Ltd.	Kenya
32..O-Play Digital Services Ltd.	Nigeria
33..O-Play Zambia Limited	Zambia
34..PT Inpesa Digital Teknologi	Indonesia
35..Opera Lifestyle	Cayman
36..Opera Lifestyle Nigeria Ltd.	Nigeria
37..OList Homes Ltd.	Nigeria
38..Opera Financial Technologies Ltd.	United Kingdom
39..OU PocoSys	Estonia



**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, 2019 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: April 30, 2020

By: /s/ Yahui Zhou  
Name: Yahui Zhou  
Title: Chief Executive Officer

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**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, 2019 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: April 30, 2020

By: /s/ Frode Jacobsen  
Name: Frode Jacobsen  
Title: Chief Financial Officer

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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, 2019 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: April 30, 2020

By: /s/ Yahui Zhou

Name: Yahui Zhou

Title: Chief Executive Officer

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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, 2019 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: April 30, 2020

By: /s/ Frode Jacobsen  
Name: Frode Jacobsen  
Title: Chief Financial Officer

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Exhibit 15.1

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Opera Limited:

We consent to the incorporation by reference in the registration statement (No. 333-229285) on Form S-8 and the registration statement (No. 333-233691) on Form F-3 of Opera Limited of our report dated April 30, 2020, with respect to the consolidated statement of financial position of Opera Limited and subsidiaries as of December 31, 2019 and 2018, 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, 2019, and the related notes, which report appears in the December 31, 2019 annual report on Form 20-F of Opera Limited.

Our audit report refers to a change to the method of accounting for leases as of January 1, 2019 due to the adoption of IFRS 16 Leases.

/s/ KPMG AS

Oslo, Norway  
April 30, 2020

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