



## Opera Reports Fourth Quarter Ahead of Expectations, Concluding a Year of Strong Growth and Margin Expansion

February 29, 2024 at 7:00 AM EST

*Fourth quarter revenue of \$113.0 million, +17% YoY growth and at the top of \$110-113 million guidance range*

*Fourth quarter adjusted EBITDA at \$27.8 million, a 25% margin and exceeding the \$22-24 million guidance range*

*2023 expectations lifted quarter by quarter, full-year revenue concluded at \$397 million or 20% annual growth, with adjusted EBITDA at \$94 million or 38% annual growth following margin expansion of 300 basis points to 23.6%*

*Company guides revenue of \$450-465 million and a 24% adjusted EBITDA margin at the midpoint for 2024*

*Opera repurchased 1.15 million ADSs for \$13 million in the fourth quarter, concluding its third repurchase program*

OSLO, Norway, Feb. 29, 2024 /PRNewswire/ -- Opera Limited (NASDAQ: OPRA), one of the world's major browser developers and a leading internet consumer brand, announced its unaudited financial results for the quarter and year ended December 31, 2023.



### **Fourth Quarter and Twelve Months 2023 Financial Highlights**

| (In thousands, except percentages and per share amounts, unaudited) | Three Months Ended<br>December 31, |            | Year-over-<br>year<br>% change | Twelve Months Ended<br>December 31, |            | Year-over-<br>year<br>% change |
|---|------------------------------------|------------|--------------------------------|-------------------------------------|------------|--------------------------------|
|   | 2022                               | 2023       |                                | 2022                                | 2023       |                                |
| Revenue   | \$ 96,272                          | \$ 113,004 | 17 %                           | \$ 331,037                          | \$ 396,827 | 20 %                           |
| Net income  | \$ 20,922                          | \$ 123,558 | 491 %                          | \$ 15,035                           | \$ 169,408 | 1,027 %                        |
| Margin  | 21.7 %                             | 109.3 %    |                                | 4.5 %                               | 42.7 %     |                                |
| Adjusted EBITDA <sup>(1)</sup>                                      | \$ 22,784                          | \$ 27,764  | 22 %                           | \$ 68,084                           | \$ 93,719  | 38 %                           |
| Margin  | 23.7 %                             | 24.6 %     |                                | 20.6 %                              | 23.6 %     |                                |
| Diluted earnings per ADS <sup>(2)</sup>                             | \$ 0.22                            | \$ 1.38    | 529 %                          | \$ 0.14                             | \$ 1.86    | 1,231 %                        |
| Free cash flow from operations <sup>(1)</sup>                       | \$ 20,282                          | \$ 22,499  | 11 %                           | \$ 42,849                           | \$ 72,451  | 69 %                           |

(1) See "Non-IFRS Financial Measures" and "Reconciliations of Non-IFRS Financial Measures" sections below for explanations and reconciliations of non-IFRS financial measures.

(2) Opera Limited has American depositary shares (ADSs) listed on the Nasdaq Global Select Market, each representing two ordinary shares in the company.

"I am proud to report yet another strong quarter, wrapping up a year of overperformance following the strength in our product lineup and successful strategy to grow high-ARPU users and expand our advertising ecosystem. A year ago, we guided 2023 revenue at \$370-390 million, with adjusted EBITDA of \$71-81 million. Since then, our growth strategy materialized well above our expectations, and equally encouraging, with significantly less marketing spend than anticipated, coming in below our marketing spend in 2022, driven by continuous product and marketing innovation. In combination, this led to revenue growth of 20% accompanied by outsized adjusted EBITDA growth of 38% in the year," said co-CEO Lin Song.

"We believe Opera is in a great position to continue executing against our objectives in 2024. Our high-ARPU user growth trajectory remains strong, fueled by our unique browser offering. In addition, we are experiencing increased interest from monetization partners as our Western user base continues to scale, and we are excited about new engagement and monetization opportunities around browser AI," continued Mr. Song.

### **Fourth Quarter and Recent Business Highlights**

- Advertising revenue grew 20% year-over-year, and 12% versus the third quarter. Advertising constituted 60% of total

revenue in the fourth quarter of 2023. This revenue category benefits from both our browser monetization trajectory, as well as the expansion of our Opera Ads platform.

- Search revenue grew 15% year-over-year, and 10% versus the third quarter. The growth in search revenue continues to be driven by our focus on users in Western markets with the highest monetization potential.
- Opera had 313 million monthly active users (MAUs) in the fourth quarter of 2023, representing a slight increase versus 311 million MAUs in the third quarter. Our user growth continues to be driven by high-ARPU users in North America, Europe and Latin America, and was partially offset by smaller declines of low-ARPU users in emerging markets.
- In the fourth quarter of 2023, annualized ARPU was \$1.44, an increase of 22% versus the fourth quarter of 2022.
- The Opera GX gaming browser had 27.8 million MAUs across PC and mobile in the quarter, up 7% from 26.1 million in the third quarter.
- We repurchased 1.15 million ADSs at a cost of \$13.0 million during the fourth quarter, completing the \$50 million buyback authorization from January 2022.
- In early February 2024, the company announced its first dedicated AI cluster to support ongoing AI initiatives across products. The data center infrastructure is located in Iceland where it benefits from clean energy and natural cooling, and its associated capital expenditure is approximately \$19 million, paid in cash in the first quarter of 2024.
- Opera updated the fair value assessment of its current 9.44% stake in OPay to \$269 million, resulting in a non-cash accounting gain of \$106 million in the quarter. OPay quadrupled its user base through 2023 and grew revenue by over 60% on a constant currency basis.
- Opera increased its cash position by \$10.3 million in the quarter to \$93.9 million at year-end, supported by a strong operating cash flow of \$25.3 million, partially offset, in particular, by the \$13 million spent to repurchase shares. In total, our balance sheet remains strong, and at year-end also included a remaining \$32.8 million receivable due from the sale of our prior stake in Star X, and our stake in OPay with an estimated value of \$269.4 million.
- Our semi-annual dividend of \$0.40 per ADS translated to a total of \$35.0 million at the January record date, with 87,518,284 ADS equivalents outstanding net of our fourth quarter repurchases. The dividend cash expense was \$9.9 million, while the remainder \$25.1 million was offset against our receivable from the sale of Star X.

## **Business Outlook**

"We are pleased to report that our fourth quarter growth materialized at the high end of our significantly lifted expectations as captured in our most recent guidance. The underlying trajectory of our business is further demonstrated by the overachievement in adjusted EBITDA, where in particular marketing spend came in below expectations for both the quarter and the year as a whole. For the full year, our marketing expenses were \$109.9 million or 28% of revenue, a reduction from \$114.9 million or 35% of revenue in 2022," said Frode Jacobsen, CFO.

"As part of a healthy business, we focus on the conversion of profitability to cash flow. For 2023, our operating cash flow was \$82.8 million, or 88% of adjusted EBITDA, and our free cash flow from operations was \$72.5 million, or 77% of adjusted EBITDA. We ensure that our shareholders directly benefit from our underlying cash generation and our healthy balance sheet. For 2023 as a whole, dividends amounted to \$1.20 per ADS, inclusive of our special dividend at the start of the year, and our buy-back totaled 2.77 million ADSs," continued Mr. Jacobsen.

For the full year of 2024, Opera guides revenue to be \$450-465 million, an increase of 15% over 2023 at the midpoint. We guide adjusted EBITDA to be \$106-110 million, or a 24% margin at the midpoints.

For the first quarter, we guide revenue of \$99-101 million or 15% year-over-year growth at the midpoint. Adjusted EBITDA is guided to be \$22.5-24.5 million, or a 24% margin at the midpoint.

## **Fourth Quarter 2023 Financial Results**

All comparisons in this section are relative to the fourth quarter of 2022 unless otherwise stated.

**Revenue** increased by 17% to \$113.0 million.

- Advertising revenue increased by 20% to \$67.8 million.
- Search revenue increased by 15% to \$44.7 million.
- Technology licensing and other revenue was \$0.5 million.

**Operating expenses** increased by 10% to \$93.2 million.

- Combined technology and platform fees, content cost and cost of inventory sold were \$28.5 million, or 25% of revenue.
- Personnel expenses, including share-based remuneration, were \$20.6 million. This expense consists of cash-based compensation expense of \$16.1 million, a 6% decrease year-over-year, and share-based remuneration expense of \$4.5 million. Share-based remuneration includes grants made by Opera's majority shareholder, which represents an expense in the P&L even though Opera has no obligation in connection with these grants, and they do not represent dilution for Opera's shareholders.
- Marketing and distribution expenses were \$30.2 million, an increase of 2%.
- Depreciation and amortization expenses were \$3.2 million, an 8% decrease.
- All other operating expenses were \$10.6 million, a 7% decrease. While the total decreased, we saw an increase related to professional services fees in connection with our strengthening of internal controls over financial reporting.

**Operating profit** was \$20.3 million, representing a 18% margin, compared to an operating profit of \$11.8 million and a margin of 12% in the fourth quarter of 2022.

**Net finance loss** was \$0.7 million, consisting of foreign exchange loss partially offset by interest income and time-value changes of our Star X receivable.

**Income tax expense** was \$2.1 million, corresponding to 7% of adjusted EBITDA and benefiting from favorable local exchange rate conversion against USD in the quarter.

**Net income** was \$123.6 million, consisting of \$17.6 million underlying profit as well as the \$105.9 million gain following the updated valuation of our OPay investment.

**Basic earnings per ADS** was \$1.41 in the fourth quarter of 2023, of which \$1.21 related to OPay and \$0.20 to our underlying profit. The weighted average number of ordinary shares outstanding was 175.4 million in the quarter, corresponding to 87.7 million ADSs.

**Adjusted EBITDA** was \$27.8 million, representing a 24.6% margin, compared to adjusted EBITDA of \$22.8 million, representing a 23.7% margin, in the fourth quarter of 2022.

**Operating cash flow** was \$25.3 million, or 91% of adjusted EBITDA, and **free cash flow from operations** was \$22.5 million, or 81% of adjusted EBITDA.

We have posted Opera's unaudited financial results by quarter since 2019 at <https://investor.opera.com/financial-information/quarterly-results>.

### **Conference Call**

Opera's management will host a conference call to discuss the fourth quarter 2023 financial results on Thursday, February 29th at 8:00 am Eastern Time (EDT). Listeners may access the call by dialing the following numbers:

United States: +1 877-888-4294

Norway: +47 80-01-3780

China: +10-800-714-1507 or +10-800-140-1382

Hong Kong: +80-090-1494

United Kingdom: +44 0-808-101-1183

International: +1 785-424-1881

Confirmation Code: OPRAQ423

A live webcast of the conference call will be posted at <https://investor.opera.com>.

### **Non-IFRS Financial Measures**

We collect and analyze operating and financial data to evaluate the health of our business and assess our performance. In addition to revenue, net income (loss), net cash flow from operating activities and other financial measures under IFRS, we use adjusted EBITDA and, starting from 2023, free cash flow from operations, which are described below, to evaluate our business. We use these non-IFRS financial measures for financial and operational decision-making and as means to evaluate period-to-period comparisons. While these non-IFRS financial measures should not be considered substitutes for, or superior to, the financial information prepared and presented in accordance with IFRS, we believe that adjusted EBITDA provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of recurring core business operating results, and that free cash flow from operations provides useful information regarding how cash provided by operating activities compares to the investments required to maintain and grow our business.

We believe these non-IFRS financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business. Accordingly, we believe that these non-IFRS financial measures provide useful information to investors and others in understanding and evaluating our operating results and liquidity in the same manner as our management team and Board of Directors. Our calculation of these non-IFRS financial measures may differ from similarly-titled non-IFRS measures, if any, reported by our peers. In addition, our non-IFRS financial measures may be limited in their usefulness because they do not present the full economic effect of expenses and cash flows mentioned below. We compensate for these limitations by providing a reconciliation of our non-IFRS financial measures to the most closely related IFRS financial measures. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view adjusted EBITDA and free cash flow from operations in conjunction with net income (loss) and net cash flow from operating activities.

We define adjusted EBITDA as net income (loss) excluding (i) profit (loss) from discontinued operations, (ii) income tax (expense) benefit, (iii) net finance income (expense), (iv) share of net income (loss) of equity-accounted investees, (v) impairment of equity-accounted investees, (vi) fair value gain (loss) on investments, (vii) depreciation and amortization, (viii) impairment of non-financial assets, (ix) share-based remuneration, including related social security costs, (x) non-recurring expenses, and (xi) other operating income.

We define free cash flow from operations as net cash flows from (used in) operating activities less (i) purchases of fixed and intangible assets, (ii) development expenditure and (iii) payment of lease liabilities.

### **Safe Harbor Statement**

This press release contains statements of a forward-looking nature. These statements, including statements relating to the Company's future financial and operating results, are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will," "may," "expect," "believe," "anticipate," "intend," "aim," "estimate," "seek," "plan," "potential," "continue," "ongoing," "target," "guidance," "is/are likely to," "future" and similar statements. Among other things, management's quotations and the Business outlook section contain forward-looking statements. The Company may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the "SEC"), in press releases and other written materials and in oral statements made by its officers,

directors or employees to third parties. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about the Company and the industry in which it operates. Potential risks and uncertainties include, but are not limited to, those relating to: the duration and development of international conflicts, such as the war in Ukraine, and related economic sanctions, as well as resulting changes in consumer behaviors; the outcome of regulatory processes or litigation; the Company and its goals and strategies; expected development and launch, and market acceptance, of products and services; Company's expectations regarding demand for and market acceptance of its brands, platforms and services; Company's expectations regarding growth in its user base, user retention and level of engagement; changes in consumer behavior, for example from increased adoption of AI powered services; Company's ability to attract, retain and monetize users; Company's ability to continue to develop new technologies, products and services and/or upgrade its existing technologies, products and services; quarterly variations in Company's operating results caused by factors beyond its control; and global macroeconomic conditions and their potential impact in the markets in which the Company has business. All information provided in this press release is as of the date hereof and is based on assumptions that the Company believes to be reasonable as of this date, and it undertakes no obligation to update any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that its expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results. Further information regarding risks and uncertainties faced by Opera is included in the Company's filings with the SEC, including its annual reports on Form 20-F.

### About Opera

Opera is a user-centric and innovative software company focused on enabling the best possible internet browsing experience across all devices. Hundreds of millions use the Opera web browsers for their unique and secure features on their mobile phones and desktop computers. Founded in 1995, and headquartered in Oslo, Norway, Opera is a public company listed on the Nasdaq stock exchange under the ticker symbol "OPRA". Download the Opera web browser and access other Opera products from [opera.com](http://opera.com). Learn more about Opera at [investor.opera.com](http://investor.opera.com).

### Opera Limited Consolidated Statement of Operations

(In thousands, except number of shares which are reflected in millions and per share amounts, unaudited)

|  | Three Months Ended<br>December 31, |                   | Twelve Months Ended<br>December 31, |                   |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
|  | 2022                               | 2023              | 2022                                | 2023              |
| Revenue  | \$ 96,272                          | \$ 113,004        | \$ 331,037                          | \$ 396,827        |
| Other operating income                                 | 148                                | 478               | 469                                 | 666               |
| <b>Operating expenses:</b>                             |                                    |                   |                                     |                   |
| Technology and platform fees                           | (784)                              | (454)             | (4,104)                             | (3,145)           |
| Content cost   | (891)                              | (1,133)           | (3,834)                             | (4,297)           |
| Cost of inventory sold                                 | (17,277)                           | (26,953)          | (46,650)                            | (85,808)          |
| Personnel expenses including share-based remuneration  | (21,095)                           | (20,617)          | (74,588)                            | (82,750)          |
| Marketing and distribution expenses                    | (29,558)                           | (30,148)          | (114,988)                           | (109,947)         |
| Credit loss expense                                    | (977)                              | (1,329)           | (1,387)                             | (3,967)           |
| Depreciation and amortization                          | (3,490)                            | (3,225)           | (13,939)                            | (13,165)          |
| Impairment of non-financial assets                     | (3,194)                            | (116)             | (3,194)                             | (681)             |
| Non-recurring expenses                                 | (310)                              | (9)               | (1,517)                             | (698)             |
| Other operating expenses                               | (7,002)                            | (9,169)           | (26,705)                            | (30,143)          |
| <b>Total operating expenses</b>                        | <u>(84,577)</u>                    | <u>(93,154)</u>   | <u>(290,906)</u>                    | <u>(334,603)</u>  |
| <b>Operating profit</b>                                | <u>11,842</u>                      | <u>20,327</u>     | <u>40,600</u>                       | <u>62,890</u>     |
| Share of net loss of equity-accounted investees        | -                                  | -                 | (6)                                 | -                 |
| Fair value gain on investments                         | 1,500                              | 105,945           | 1,500                               | 105,945           |
| <b>Net finance income (expense):</b>                   |                                    |                   |                                     |                   |
| Finance income   | 43,606                             | 999               | 21,454                              | 8,876             |
| Finance expense  | (35,620)                           | (99)              | (38,521)                            | (644)             |
| Net foreign exchange gain (loss)                       | (1,087)                            | (1,553)           | (1,157)                             | (963)             |
| <b>Net finance income (expense)</b>                    | <u>6,898</u>                       | <u>(653)</u>      | <u>(18,224)</u>                     | <u>7,269</u>      |
| <b>Income before income taxes</b>                      | <u>20,241</u>                      | <u>125,620</u>    | <u>23,870</u>                       | <u>176,105</u>    |
| Income tax (expense) benefit                           | 681                                | (2,062)           | (8,835)                             | (6,697)           |
| <b>Net income attributable to owners of the parent</b> | <u>\$ 20,922</u>                   | <u>\$ 123,558</u> | <u>\$ 15,035</u>                    | <u>\$ 169,408</u> |
| <b>Weighted-average number of shares outstanding:</b>  |                                    |                   |                                     |                   |
| Basic, ADS equivalent                                  | 93.87                              | 87.71             | 109.48                              | 89.26             |
| Diluted, ADS equivalent                                | 94.62                              | 89.28             | 110.34                              | 90.92             |
| Basic, ordinary shares                                 | 187.73                             | 175.42            | 218.96                              | 178.51            |
| Diluted, ordinary shares                               | 189.23                             | 178.56            | 220.67                              | 181.84            |
| <b>Earnings per ADS and per ordinary share:</b>        |                                    |                   |                                     |                   |
| Basic earnings per ADS                                 | \$ 0.22                            | \$ 1.41           | \$ 0.14                             | \$ 1.90           |

|                                     |    |      |    |      |    |      |    |      |
|-------------------------------------|----|------|----|------|----|------|----|------|
| Diluted earnings per ADS            | \$ | 0.22 | \$ | 1.38 | \$ | 0.14 | \$ | 1.86 |
| Basic earnings per ordinary share   | \$ | 0.11 | \$ | 0.70 | \$ | 0.07 | \$ | 0.95 |
| Diluted earnings per ordinary share | \$ | 0.11 | \$ | 0.69 | \$ | 0.07 | \$ | 0.93 |

**Opera Limited**  
**Consolidated Statement of Comprehensive Income**  
(In thousands, unaudited)

|  | <u>Three Months Ended</u><br><u>December 31,</u> |                   | <u>Twelve Months Ended</u><br><u>December 31,</u> |                   |
|--|--|-------------------|---|-------------------|
|  | <u>2022</u>                                      | <u>2023</u>       | <u>2022</u>                                       | <u>2023</u>       |
| <b>Net income</b>  | \$ 20,922  | \$ 123,558        | \$ 15,035   | \$ 169,408        |
| <b>Other comprehensive income (loss):</b>  |  |                   |   |                   |
| <i>Items that may be reclassified to the statement of operations in subsequent periods (net of tax):</i> |  |                   |   |                   |
| Exchange differences on translation of foreign operations  | 1,775  | 1,387             | (3,477)   | (742)             |
| Reclassification of exchange differences on loss of control  | (96)   | -                 | (96)  | -                 |
| Reclassification of share of other comprehensive income (loss) of equity-accounted investees             | -  | -                 | 708   | -                 |
| <b>Other comprehensive income (loss)</b>   | <u>1,679</u>                                     | <u>1,387</u>      | <u>(2,865)</u>                                    | <u>(742)</u>      |
| <b>Total comprehensive income attributable to owners of the parent</b>                                   | <u>\$ 22,601</u>                                 | <u>\$ 124,945</u> | <u>\$ 12,170</u>                                  | <u>\$ 168,666</u> |

**Opera Limited**  
**Consolidated Statement of Financial Position**  
(In thousands, unaudited)

|  | <u>As of December 31,</u> |                     |
|--|---------------------------|---------------------|
|  | <u>2022</u>               | <u>2023</u>         |
| <b>Assets:</b>   |                           |                     |
| Property and equipment   | \$ 14,623                 | \$ 16,074           |
| Goodwill   | 429,445                   | 429,856             |
| Intangible assets  | 99,983                    | 99,070              |
| Investment in OPay   | -                         | 269,407             |
| Other non-current investments and financial assets             | 2,643                     | 3,049               |
| Non-current receivables from sale of investments               | 76,305                    | -                   |
| Deferred tax assets  | 1,473                     | 1,133               |
| <b>Total non-current assets</b>                                | <u>624,473</u>            | <u>818,589</u>      |
| Trade receivables  | 57,923                    | 69,382              |
| Current receivables from sale of investments                   | 56,347                    | 32,797              |
| Other current receivables                                      | 17,247                    | 7,760               |
| Prepayments  | 3,932                     | 4,660               |
| Marketable securities  | 66,250                    | -                   |
| Cash and cash equivalents                                      | 52,414                    | 93,863              |
| <b>Total cash, cash equivalents, and marketable securities</b> | <u>118,664</u>            | <u>93,863</u>       |
| Assets held for sale   | 86,100                    | -                   |
| <b>Total current assets</b>                                    | <u>340,213</u>            | <u>208,461</u>      |
| <b>Total assets</b>  | <u>\$ 964,686</u>         | <u>\$ 1,027,050</u> |
| <b>Equity:</b>   |                           |                     |
| Share capital  | \$ 18                     | \$ 18               |
| Other paid in capital  | 824,832                   | 717,610             |
| Treasury shares  | (206,514)                 | (238,815)           |
| Retained earnings  | 273,262                   | 461,271             |
| Foreign currency translation reserve                           | (3,385)                   | (4,127)             |
| <b>Total equity attributable to owners of the parent</b>       | <u>888,213</u>            | <u>935,957</u>      |
| <b>Liabilities:</b>  |                           |                     |

|   |                   |                     |
|---|-------------------|---------------------|
| Non-current lease liabilities and other loans | 4,723             | 6,776               |
| Deferred tax liabilities                      | 7,352             | 2,813               |
| Other non-current liabilities                 | 68                | 94                  |
| <b>Total non-current liabilities</b>          | <b>12,143</b>     | <b>9,682</b>        |
| Trade and other payables                      | 46,937            | 52,247              |
| Deferred revenue                              | 995               | 10,272              |
| Current lease liabilities and other loans     | 3,112             | 3,770               |
| Income tax payable                            | 1,133             | 1,838               |
| Other current liabilities                     | 12,152            | 13,285              |
| <b>Total current liabilities</b>              | <b>64,330</b>     | <b>81,411</b>       |
| <b>Total liabilities</b>                      | <b>76,472</b>     | <b>91,093</b>       |
| <b>Total equity and liabilities</b>           | <b>\$ 964,686</b> | <b>\$ 1,027,050</b> |

**Opera Limited**  
**Consolidated Statement of Changes in Equity**  
(In thousands, except number of shares, unaudited)

|  | Number of shares<br>outstanding |                   | Equity attributable to owners of the parent |                             |                     |                      |   | Total equity      |
|--|---------------------------------|-------------------|---|-----------------------------|---------------------|----------------------|---|-------------------|
|  | Ordinary<br>shares              | ADS<br>equivalent | Share<br>capital                            | Other paid<br>in<br>capital | Treasury<br>shares  | Retained<br>earnings | Foreign<br>currency<br>translation<br>reserve |                   |
| <b>As of January 1,<br/>2022</b>                           | 230,291,732                     | 115,145,866       | \$ 24                                       | \$ 824,832                  | \$ (60,453)         | \$ 249,155           | \$ (520)                                      | \$ 1,013,039      |
| Net income   | -                               | -                 | -   | -                           | -                   | 15,035               | -   | 15,035            |
| Other<br>comprehensive loss                                | -                               | -                 | -   | -                           | -                   | -                    | (2,865)                                       | (2,865)           |
| Share-based<br>remuneration                                | -                               | -                 | -   | -                           | -                   | 9,073                | -   | 9,073             |
| Issuance of shares<br>upon exercise of<br>RSUs and options | 1,597,500                       | 798,750           | -   | -                           | -                   | -                    | -   | -                 |
| Acquisition of<br>treasury shares                          | (53,458,990)                    | (26,729,495)      | (6)   | -                           | (146,063)           | -                    | -   | (146,068)         |
| <b>As of December 31,<br/>2022</b>                         | <b>178,430,242</b>              | <b>89,215,121</b> | <b>18</b>                                   | <b>824,832</b>              | <b>(206,514)</b>    | <b>273,262</b>       | <b>(3,385)</b>                                | <b>888,213</b>    |
| Net income   | -                               | -                 | -   | -                           | -                   | 169,408              | -   | 169,408           |
| Other<br>comprehensive loss                                | -                               | -                 | -   | -                           | -                   | -                    | (742)   | (742)             |
| Share-based<br>remuneration, net of<br>tax                 | -                               | -                 | -   | -                           | -                   | 18,600               | -   | 18,600            |
| Issuance of shares<br>upon exercise of<br>RSUs and options | 2,137,018                       | 1,068,509         | -   | -                           | 394                 | -                    | -   | 394               |
| Dividends  | -                               | -                 | -   | (107,222)                   | -                   | -                    | -   | (107,222)         |
| Acquisition of<br>treasury shares                          | (5,530,692)                     | (2,765,346)       | -   | -                           | (32,695)            | -                    | -   | (32,695)          |
| <b>As of December 31,<br/>2023</b>                         | <b>175,036,568</b>              | <b>87,518,284</b> | <b>\$ 18</b>                                | <b>\$ 717,610</b>           | <b>\$ (238,815)</b> | <b>\$ 461,271</b>    | <b>\$ (4,127)</b>                             | <b>\$ 935,957</b> |

**Opera Limited**  
**Consolidated Statement of Cash Flows**  
(In thousands, unaudited)

|  |   |
|--|---|
| <b>Three Months Ended<br/>December 31,</b> | <b>Twelve Months Ended<br/>December 31,</b> |
|--|---|

|   | <u>2022</u>      | <u>2023</u>      | <u>2022</u>      | <u>2023</u>      |
|---|------------------|------------------|------------------|------------------|
| <b>Cash flows from operating activities:</b>  |                  |                  |                  |                  |
| Income before income taxes  | \$ 20,241        | \$ 125,620       | \$ 23,870        | \$ 176,105       |
| <i>Adjustments to reconcile profit (loss) before income taxes to net cash flow:</i> |                  |                  |                  |                  |
| Share-based payment expense   | 3,846            | 3,938            | 9,073            | 14,926           |
| Depreciation and amortization   | 3,490            | 3,225            | 13,939           | 13,165           |
| Impairment of non-financial assets  | 3,194            | 116              | 3,194            | 681              |
| Share of net loss of equity-accounted investees                                     | -                | -                | 6                | -                |
| Fair value gain on investments  | (1,500)          | (105,945)        | (1,500)          | (105,945)        |
| Net finance (income) expense  | (6,898)          | 653              | 18,224           | (7,269)          |
| Other adjustments   | 1,034            | (190)            | (452)            | (255)            |
| <i>Changes in working capital:</i>  |                  |                  |                  |                  |
| Change in trade and other receivables   | (7,571)          | (14,895)         | (19,299)         | (17,956)         |
| Change in prepayments   | 3,421            | 1,194            | 4,253            | (500)            |
| Change in trade and other payables  | 5,926            | 5,412            | 8,559            | 5,310            |
| Change in deferred revenue  | (514)            | 7,084            | (97)             | 9,277            |
| Change in other liabilities   | 2,116            | 989              | 3                | 1,158            |
| Income taxes (paid) received  | (3,243)          | (1,915)          | (3,111)          | (5,937)          |
| <b>Net cash flow from operating activities</b>                                      | <u>23,542</u>    | <u>25,284</u>    | <u>56,662</u>    | <u>82,761</u>    |
| <b>Cash flows from investing activities:</b>  |                  |                  |                  |                  |
| Purchase of equipment   | (429)            | (594)            | (3,187)          | (1,873)          |
| Purchase of intangible assets   | -                | (250)            | -                | (250)            |
| Development expenditure   | (1,878)          | (977)            | (6,789)          | (4,281)          |
| Proceeds from sale of shares in former associates                                   | -                | -                | 36,879           | -                |
| Net sale (purchase) of listed equity instruments                                    | (3,057)          | -                | 16,178           | 23,414           |
| Interest income received  | 569              | 716              | 1,368            | 2,989            |
| <b>Net cash flow from (used in) investing activities</b>                            | <u>(4,795)</u>   | <u>(1,105)</u>   | <u>44,450</u>    | <u>19,999</u>    |
| <b>Cash flows from financing activities:</b>  |                  |                  |                  |                  |
| Acquisition of treasury shares  | (131,822)        | (13,001)         | (146,068)        | (32,695)         |
| Proceeds from exercise of share options   | -                | -                | -                | 394              |
| Dividends paid  | -                | -                | -                | (23,105)         |
| Interests on loans and borrowings   | (149)            | (125)            | (293)            | (369)            |
| Repayment of loans and borrowings   | (70)             | 42               | (378)            | (161)            |
| Payment of lease liabilities  | (953)            | (964)            | (3,837)          | (3,907)          |
| <b>Net cash flow used in financing activities</b>                                   | <u>(132,993)</u> | <u>(14,048)</u>  | <u>(150,578)</u> | <u>(59,843)</u>  |
| Net change in cash and cash equivalents   | (114,245)        | 10,131           | (49,465)         | 42,918           |
| Cash and cash equivalents at beginning of period                                    | 166,071          | 83,505           | 102,876          | 52,414           |
| Effect of exchange rate changes on cash and cash equivalents                        | 589              | 227              | (996)            | (1,469)          |
| <b>Cash and cash equivalents at end of period</b>                                   | <u>\$ 52,414</u> | <u>\$ 93,863</u> | <u>\$ 52,414</u> | <u>\$ 93,863</u> |

**Opera Limited**  
**Supplemental Financial Information**  
(In thousands, unaudited)

**Revenue**

The table below specifies the amounts of the different types of revenue:

|  | <u>Three Months Ended</u><br><u>December 31,</u> |                   | <u>Twelve Months Ended</u><br><u>December 31,</u> |                   |
|--|--|-------------------|---|-------------------|
|  | <u>2022</u>                                      | <u>2023</u>       | <u>2022</u>                                       | <u>2023</u>       |
| Advertising                            | \$ 56,753  | \$ 67,833         | \$ 187,434  | \$ 230,980        |
| Search                                 | 39,034   | 44,704            | 140,162   | 162,168           |
| Technology licensing and other revenue | 485  | 466               | 3,441   | 3,679             |
| <b>Total revenue</b>                   | <u>\$ 96,272</u>                                 | <u>\$ 113,004</u> | <u>\$ 331,037</u>                                 | <u>\$ 396,827</u> |

**Personnel Expenses Including Share-based Remuneration**

The table below specifies the amounts of personnel expenses including share-based remuneration:

|  | Three Months Ended |                  | Twelve Months Ended |                  |
|--|--------------------|------------------|---------------------|------------------|
|  | December 31,       |                  | December 31,        |                  |
|  | 2022               | 2023             | 2022                | 2023             |
| Personnel expenses, excluding share-based remuneration                           | \$ 16,999          | \$ 16,053        | \$ 65,284           | \$ 65,801        |
| Share-based remuneration, including related social security costs <sup>(1)</sup> | 4,096              | 4,564            | 9,304               | 16,950           |
| <b>Total personnel expenses including share-based remuneration</b>               | <b>\$ 21,095</b>   | <b>\$ 20,617</b> | <b>\$ 74,588</b>    | <b>\$ 82,750</b> |

(1) Kunlun, the ultimate parent of Opera, has made equity grants to employees of Opera as compensation for services these employees provide to Opera. Opera does not have any obligation to settle the awards granted by Kunlun and such grants do not lead to dilution for Opera's shareholders. Within the share-based remuneration expense recognized by Opera for the three months ended December 31, 2022 and 2023, \$1.9 million and \$1.7 million, respectively, were related to awards granted by Kunlun to employees of Opera. For the twelve months ended December 31, 2022 and 2023, the equivalent amounts were \$1.9 million and \$6.5 million, respectively.

## Other Operating Expenses

The table below specifies the nature of other operating expenses:

|  | Three Months Ended |                 | Twelve Months Ended |                  |
|--|--------------------|-----------------|---------------------|------------------|
|  | December 31,       |                 | December 31,        |                  |
|  | 2022               | 2023            | 2022                | 2023             |
| Hosting                                  | \$ 2,398           | \$ 2,549        | \$ 9,267            | \$ 10,161        |
| Audit, legal and other advisory services | 1,468              | 2,858           | 6,857               | 7,975            |
| Software license fees                    | 608                | 928             | 2,149               | 3,357            |
| Rent and other office expenses           | 1,078              | 664             | 3,743               | 2,700            |
| Travel                                   | 446                | 524             | 1,496               | 1,848            |
| Other                                    | 1,004              | 1,646           | 3,193               | 4,101            |
| <b>Total other operating expenses</b>    | <b>\$ 7,002</b>    | <b>\$ 9,169</b> | <b>\$ 26,705</b>    | <b>\$ 30,143</b> |

## Opera Limited Reconciliations of Non-IFRS Financial Measures (In thousands, unaudited)

The table below reconciles net income (loss) to adjusted EBITDA:

|   | Three Months Ended |                  | Twelve Months Ended |                  |
|---|--------------------|------------------|---------------------|------------------|
|   | December 31,       |                  | December 31,        |                  |
|   | 2022               | 2023             | 2022                | 2023             |
| Net income  | \$ 20,922          | \$ 123,558       | \$ 15,035           | \$ 169,408       |
| Add (deduct):   |                    |                  |                     |                  |
| Income tax expense (benefit)                                      | (681)              | 2,062            | 8,835               | 6,697            |
| Net finance expense (income)                                      | (6,898)            | 653              | 18,224              | (7,269)          |
| Fair value loss (gain) on investments                             | (1,500)            | (105,945)        | (1,500)             | (105,945)        |
| Depreciation and amortization                                     | 3,490              | 3,225            | 13,939              | 13,165           |
| Impairment of non-financial assets                                | 3,194              | 116              | 3,194               | 681              |
| Share-based remuneration, including related social security costs | 4,096              | 4,564            | 9,304               | 16,950           |
| Non-recurring expenses  | 310                | 9                | 1,517               | 698              |
| Other operating income  | (148)              | (478)            | (469)               | (666)            |
| <b>Adjusted EBITDA</b>  | <b>\$ 22,784</b>   | <b>\$ 27,764</b> | <b>\$ 68,084</b>    | <b>\$ 93,719</b> |

The table below reconciles net cash flow from operating activities to free cash flow from operations:

|   | Three Months Ended |           | Twelve Months Ended |           |
|---|--------------------|-----------|---------------------|-----------|
|   | December 31,       |           | December 31,        |           |
|   | 2022               | 2023      | 2022                | 2023      |
| Net cash flow from operating activities | \$ 23,542          | \$ 25,284 | \$ 56,662           | \$ 82,761 |
| Deduct:                                 |                    |           |                     |           |
| Purchase of equipment                   | (429)              | (594)     | (3,187)             | (1,873)   |



|                                       |                  |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Purchase of intangible assets         | -                | (250)            | -                | (250)            |
| Development expenditure               | (1,878)          | (977)            | (6,789)          | (4,281)          |
| Payment of lease liabilities          | <u>(953)</u>     | <u>(964)</u>     | <u>(3,837)</u>   | <u>(3,907)</u>   |
| <b>Free cash flow from operations</b> | <u>\$ 20,282</u> | <u>\$ 22,499</u> | <u>\$ 42,849</u> | <u>\$ 72,451</u> |

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SOURCE Opera Limited

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