



Opera

## OPERA SOFTWARE ANNOUNCES FIRST QUARTER RESULTS

Oslo, Norway – May 11, 2016 – Opera Software (OSEBX: OPERA) today reported financial results for the first quarter, which ended March 31, 2016.

### 1Q 2016 financial highlights include:

- Revenue was \$163.5 million in 1Q16, up from \$126.8 million in 1Q15, an increase of 29%. On a constant currency basis, revenue growth was 32% in 1Q16 vs. 1Q15.
- Adjusted EBITDA\* (excluding one-time costs) of \$17.9 million, down 2% versus 1Q15
- Operating Cash Flow of \$11.5m versus -\$16.6m in 1Q15
- Free Cash Flow\*\* of \$5.9m versus -\$23.2m in 1Q15

### Revenues

Revenue in 1Q16 was \$163.5 million, up 29% from 1Q15, when revenue was \$126.8 million. On a constant currency basis, revenue would have been \$167.4 million an increase of 32%. Overall, revenues came in above Opera's guidance range for the quarter.

### Profit

EBITDA, excluding stock-based compensation expenses and one-time costs, was \$17.9 million compared with \$18.2 million in 1Q15, down 2%. EBITDA (excluding one-time costs) was \$15.2 million in 1Q16 compared with \$15.4 million in 1Q15. EBIT (excluding one-time costs) was -\$0.3 million in 1Q16 compared to \$4.4 million in 1Q15. Overall, Adjusted EBITDA came in at the very high end of Opera's guidance range for the quarter.

1Q16 IFRS Net Income was -\$17.1 million compared to -\$26.2 million in 1Q15. Non-IFRS 1Q16 Net Income was \$6.4 million compared to \$10.9 million in 1Q15.

### Liquidity and capital resources

Opera's net cash flow from operating activities was \$11.5 million in 1Q16 compared to -\$16.6 million in 1Q15. Cash and cash equivalents at the end of 1Q16 were \$124.8 million compared to \$135.1 million in 1Q15.

In 1Q16, Opera signed an agreement with DNB Bank ASA to increase the size of its secured credit facility to \$285 million from \$250 million. In 1Q16 Opera made a draw-down of \$135 million on the facility in order to fund the AdColony earn-out payment. As of the end of 1Q16, \$285 million of this credit facility has been drawn.

Opera's total cash balance was impacted positively by net cash flow from operating activities, an increased draw from the DNB loan facility and negatively by cash outlays related to acquisitions, investments in research and development and capital expenditures. Capital expenditures, which are primarily related to Opera's hosting operations, were \$2.4 million in 1Q16 versus \$2.0 million in 1Q15. Capitalized R&D costs were \$3.2 million in 1Q16 versus \$4.7 million in 1Q15. Cash flow related to acquisitions were \$114.6 million in 1Q16, of which the vast majority relates to earn-out payment for AdColony.

## Operational Highlights

### ■ **Mobile Advertising (3rd Party Publishers)**

- Revenue of \$117.1 million, up 41% vs. 1Q15
- Mobile video advertising revenues comprised 68% of Mobile Advertising revenue in 1Q16 vs. 58% in 1Q15
- Audience reach (3rd Party Publishers) exceeded 1.4 billion consumers in 1Q16 compared to 850 million in 1Q15 (including Opera's O&O audience, audience reach exceeded 1.6 billion in 1Q16 vs 1 billion in 1Q15)
- Announced partnership with Nielsen Catalina Solutions
- Opera/Unacast partnership connects advertisers to global beacon data for the first time

### ■ **Consumers (Owned and Operated Properties)**

- Revenue of \$36.3 million, up 42% vs. 1Q15 (up 54% on a constant currency basis vs. 1Q15)
- Mobile browser revenue grew 32% in 1Q16 vs. 1Q15, with solid advertising and search revenue growth
- Opera's Android monthly browser users reached 145 million at the end of 1Q16, up 6% versus the end of 1Q15
- Total Opera mobile consumer browser users reached 278 million at the end of 1Q16, flat versus the end of 1Q15
- The number of downloads generated via the Opera Mobile Store and Opera's other apps and games discovery properties was 450 million in 1Q16 compared to 326 million in 1Q15
- Opera browser nearly doubles load speed by integrating ad-blocking technology directly into the browser engine
- Opera Apps Club launches globally
- Launched better language support, QR-code reader and improved download manager in latest Opera Mini browser for Android
- Desktop users reached 58 million by the end of 1Q16, up 7% versus the end of 1Q15

### ■ **Tech Licensing**

- Revenue of \$10.1 million, down 44% vs. 1Q15
- Opera launched Opera TV 2.0, a managed cloud solution that provides a wide selection of popular OTT content

## Guidance

### 2Q FY16 Guidance\*\*\*.

**Revenue:** Revenue for the company's second fiscal quarter is projected to be in the range of \$166m to \$174m.

**Adj EBITDA\*:** Adjusted EBITDA for the company's second fiscal quarter is projected to be in the range of \$20m to \$24m.

### FY16 Outlook\*\*\*:

**Revenue:** Revenue for the company's full fiscal year 2016 is projected to be in the range of \$690m to \$740m.

**Adj EBITDA\*:** Adjusted EBITDA for the company's full fiscal year 2016 is projected to be in the range of \$100m to \$125m.

Please find the first quarter report (1Q16.pdf), first quarter press release (1Q16\_Press\_release.pdf) and first quarter presentation (1Q16\_presentation.pdf) attached.

### **Webcast:**

<http://www.operasoftware.com/company/investors/webcasts/q12016>

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\*"Adjusted EBITDA", or Non- IFRS EBITDA, refers to EBITDA excluding stock-based compensation expenses, one-time costs and acquisition costs.

\*\*Operating Cash Flow less capital expenditures and capitalized R&D costs

\*\*\* Assumes currency rates as of May 10<sup>th</sup>, 2016

This Press Release contains forward-looking statements. These statements include, among other things, statements regarding future operations and business strategies and future financial condition and prospects. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences are covered in the Opera Software FY 2015 Annual Report under the heading "Risk Factors." We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

## About Opera Software ASA

Opera enables more than 350 million internet consumers worldwide to connect with the content and services that matter most to them. Opera also helps publishers monetize their content through advertising and advertisers reach the audiences that build value for their businesses, capitalizing on a global consumer audience reach that exceeds 1 billion.