

Opera Software ASA

1Q04 Results

May 7, 2004



Agenda

- ❑ Highlights 1Q04
- ❑ Status on key initiatives
- ❑ Financials 1Q04



The Nokia 7610, which includes the Opera browser in the standard sales package.

Opera's Vision



“To provide the Best Internet Experience on any Device”

From pure browsing on the Internet.....



Enterprise
[Intel hopes for new connection](#)
 The giant plans to push a standard that it expects will put it in the express lane for communications equipment.
[U.S. liability looms over Akamai](#)
 Has the file-swapping network's parent company kept business contact with the United States minimal enough to avoid a U.S. lawsuit? A judge hears arguments on the case.
 November 25, 2002, 5:25 PM PST
[AOL blocks Messenger spam](#)
 A change to the Internet giant's network takes the air out of pop-up spam, but at least one direct marketer may have a workaround in a few weeks.
 November 25, 2002, 4:51 PM PST
[HP, Microsoft team on PC talk](#)
 Hewlett-Packard and Microsoft team to work on a device that promises to improve communications features such as video conferencing and voice telephony in PCs.
 November 25, 2002, 3:57 PM PST
[Court blocks state DVD-cracking suit](#)
 The California Supreme Court hands Hollywood a setback, ruling that a Texas resident who posted controversial DVD-cracking code online can't be sued in the Golden State.
 November 25, 2002, 3:18 PM PST
[Bills would curtail copyright](#)
 House
[Microsoft probes spyware download](#)



A Browser is a software program that is needed to retrieve and display information and content from the Web...

...to also use the browser as.....



Home Screens and customizable UI



Electronic Programming Guide



HTML-content in Calendar, E-mail, IM and other apps



Mobile services content delivery



Visual TV/Radio



Bar Code Scanner

Opera – Achievements in Q1 - 2004

Innovation



Opera Medium Screen Technology for TV ++



New Opera browser for Sony Ericsson P900



Opera signs IBM's Speech Technology



Record TV from your mobile with Opera

January

February

March

Commercial



Sharp goes for Opera

MOTOROLA Opera and Motorola GSG joins forces



Motorola PCS licenses the Opera browser



Nokia presents the 9500 with Opera at 3GSM



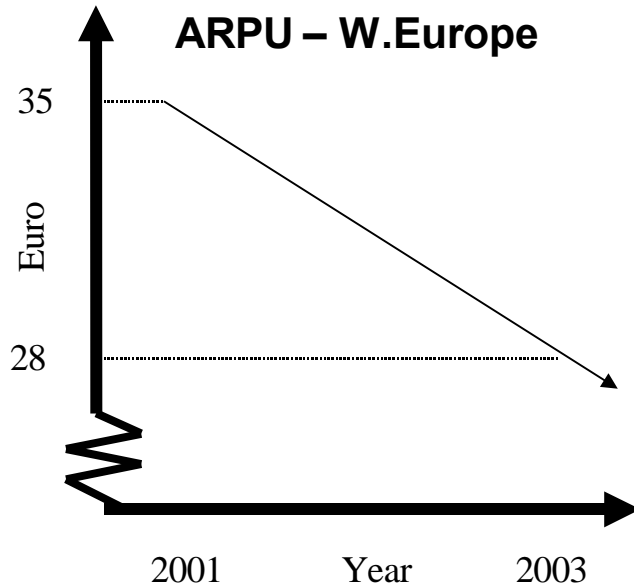
Opera goes to Asia; Breakthrough in China

Nokia announces the 7610 with Opera at CeBit

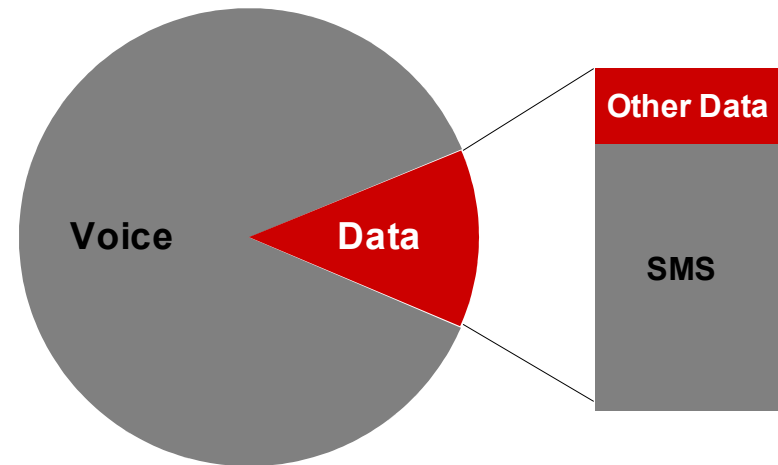
Status on Key Strategic Initiatives

- 1. Key focus on the Opera Platform towards the Operators**
-
- 3. Strengthen the Opera position in Asia**
-
- 5. Strengthen the Opera Brand**

Opera and the Operators – The importance of data traffic



WAP 1
GAMES
MMS
MUSIC
WAP 2



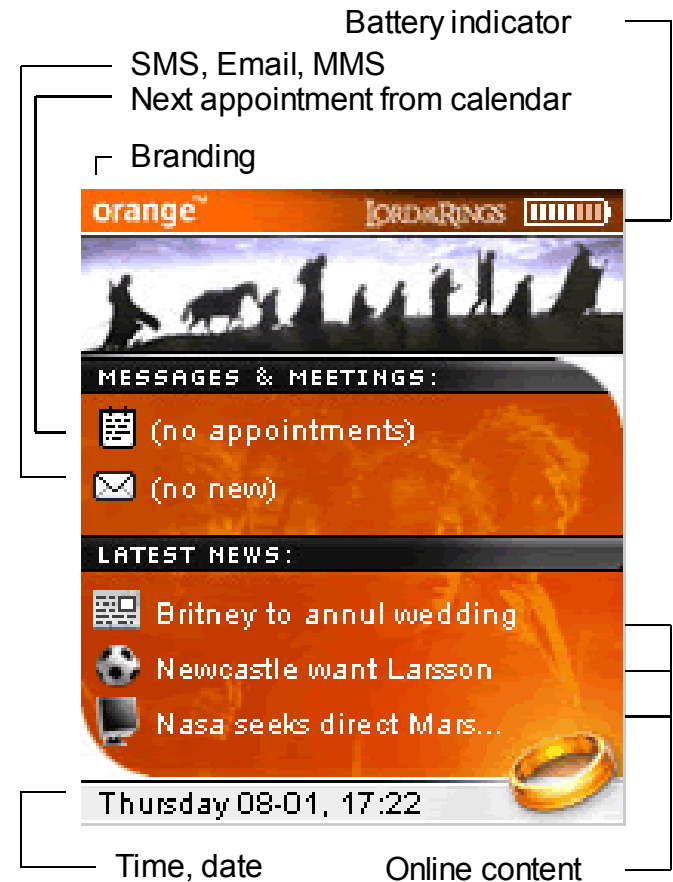
1. Status Opera Platform

Technical Status

- Porting to new platforms
- Developer Editions of Opera Platform delivered to several operators
- Collaborating with operators to extend open standards

Commercial Status

- Strong interest among several operators to use the Opera Platform as cost saving measure in addition to increase revenues and strengthen their brand and loyalty among their subscribers
- Working on one paid project with one leading European operator on the next generation browser
- Working with one European handset manufacturer to deliver a mobile phone with the Opera Platform in 2004 to a major operator

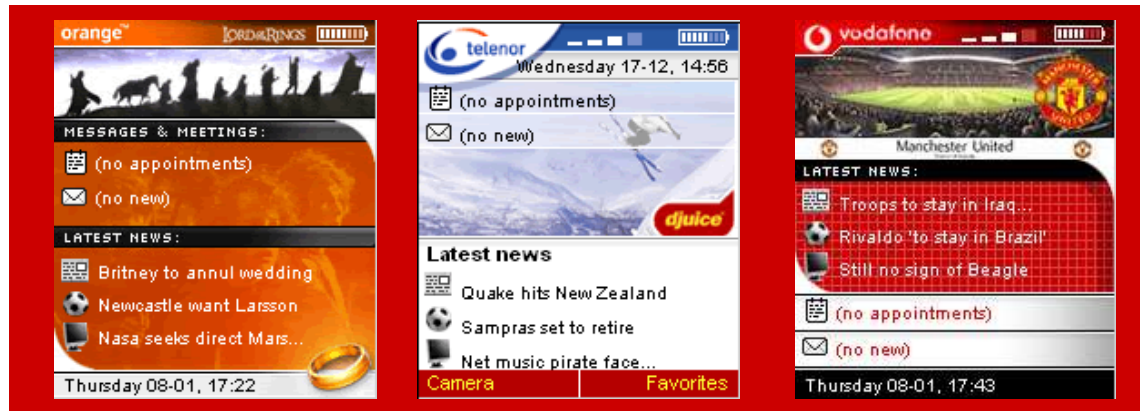


Next Generation Modular Cross-Platform Web Browser Technology

End user



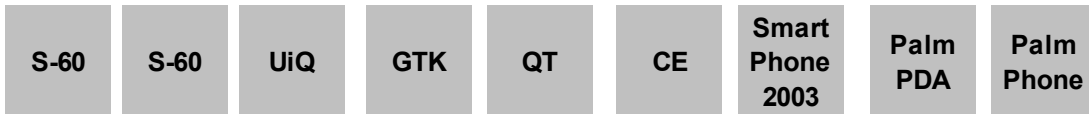
Operators



Phone manufacturer



User Interface



Operating System



2. Strengthen Opera in Asia

Why Asia is important for Opera

- Asia represents 38% of global mobile phone sales per year
- Largest market growth
- More mature with regard to data services
- China added 8 million subscribers last month - the nation had 290.3 million cell-phone accounts by the end of March

Opera initiatives in Asia

- Opera launched on phones in Japan and China
- Strong organizational build up in both China and Japan
- Strong partnerships includes Kyocera, Motorola, Red Flag, Chinasoft and several operators

3. Strengthen the Opera brand

NOKIA 6600

visjon møter virkelighet

Med Opera på den nye Nokia 6600 blir Internett virkelig på mobilen enn tidligere. Spisevise, vis grafikk, bilder og animasjoner som optimalisert for utspillet til Nokia 6600.

Den stråle i mobilen å planlegge og bestille reiser på. God deg over enkel innkjøring, gode tilbud og mye mer med SAS Braathens.

I den nye Nokia 6600-telefonen blir visjoner virkelighet.

NOKIA
CONNECTING PEOPLE
www.nokia.com



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 平板タブレットPC編集記者」スタート

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 2004/04/22 13:08 更新

DDIポケット、Opera搭載「AH-K3001V」を発表

DDIポケットは5月14日から、PHS端末「AirH'PHONE」の新機種として、京セラ製「AH-K3001V」を発売する。ブラウザとして「Opera」を搭載するのが特徴で、HTMLベースのPCサイトもストレスなく閲覧できるとうたう。

DDIポケットは5月14日から、PHS端末「AirH'PHONE」の新機種として、京セラ製「AH-K3001V」を発売する。携帯電話端末としては国内で初めて、ブラウザとして「Opera」を搭載するのが特徴。C-HTMLベースのサイトに留まらず、HTMLベースのPCサイトもストレスなく閲覧できるとうたう。端末価格は新規で8000円から1万円前後。

ITmediaでは【ウイルス警報】を掲載しています。

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第13回
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 グレードアップ。
 その秘訣とは？**

Highlights – 1Q04

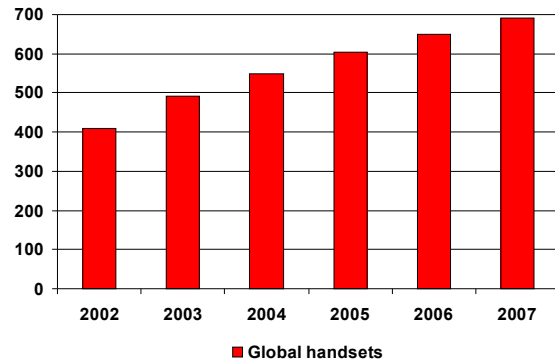
- ❑ Revenues of MNOK 21.7 in Q1 2004, up from MNOK 12.4 in 1Q 2003, a growth of 75%
- ❑ EBIT of MNOK –3.3 in 1Q04 compared to MNOK -6.4 in 1Q03
- ❑ Opera was listed on the Oslo Stock Exchange on March 11, 2004, raising MNOK 125 in new equity
- ❑ Opera on several new devices coming from Nokia, Sharp, and Kyocera
- ❑ Opera unveiled several innovations to public acclaim



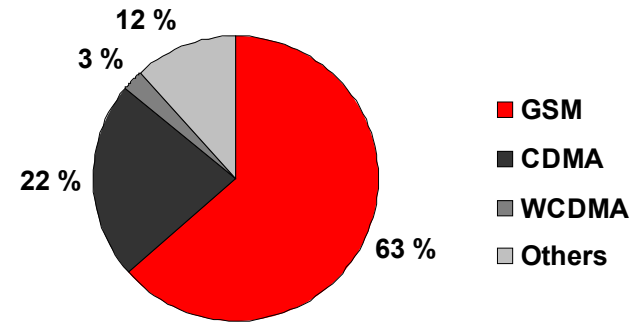
*Kyocera ZTE V91/Lucent LU PS-900
(includes Opera branded soft key)*

Market development

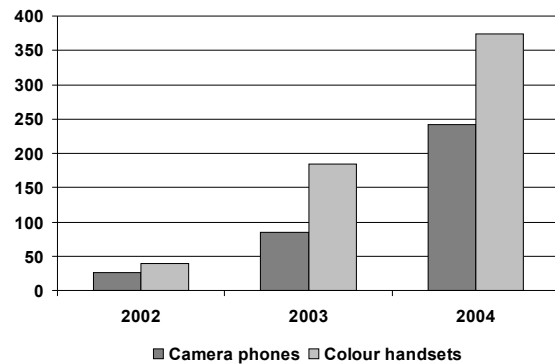
Handsets sold globally



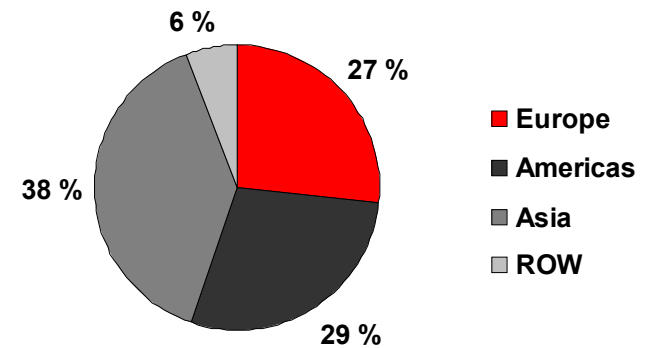
Global handsets sold by technology – 2004E



Global handsets by functionality – 2004E



Global handsets sold by region – 2004E



Financial Highlights – 1Q04

- Revenues of MNOK 21.7 in Q1 2004, up from MNOK 12.4 in 1Q 2003, a growth of 75%
 - License revenue still limited and still based on guaranteed licenses
 - License revenue is one quarter delayed, i.e. the number of licenses sold in Q1 is reported in April/May
- Earnings before interest and tax (“EBIT”) of MNOK –3.3 in 1Q04 compared to MNOK -6.4 in 1Q03
- The operating costs increased from MNOK 18.7 in 1Q03 to MNOK 25.1 in 1Q04, a growth of 33.7%
- Payroll and related expenses increased from MNOK 13.2 in 1Q03 to MNOK 16.2 in 1Q04, a growth of 22.3%
 - General salary increase of approx. 8% from February
 - 17 new employees during first quarter
 - Payroll expenses related to options of NOK 445K
- Other costs increased from MNOK 4.8 in 1Q03 to MNOK 8.2 in 1Q04, a growth of 72%
 - Expanded offices and new equipment/systems to meet organisational growth
 - Higher legal costs
 - Increased travelling activity
 - Provision for social security tax on stock options

Financial Highlights – 1Q04

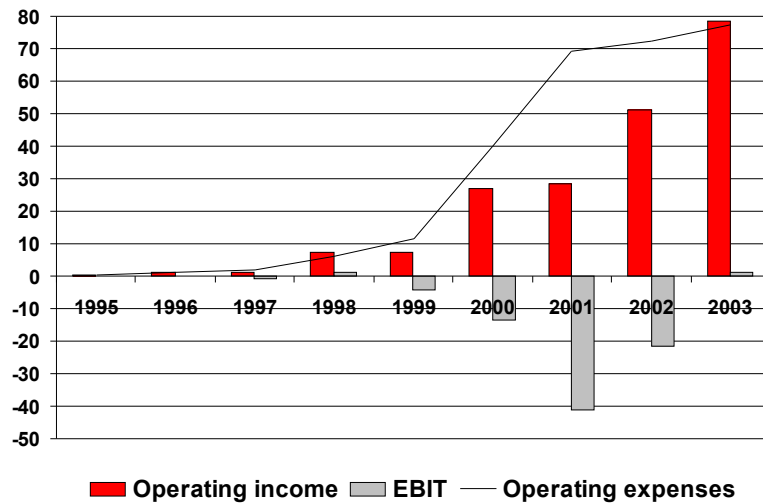
| PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i> | First Quarter | | Full year |
|--|----------------------|---------------|------------------|
| | 2003 | 2004 | 2003 |
| Revenues, PC/Desktop | 5 463 | 7 028 | 23 307 |
| Revenues, Internet Devices | 6 976 | 14 701 | 55 224 |
| Total Operating Revenues | 12 439 | 21 729 | 78 531 |
| Payroll and related expenses | 13 213 | 16 166 | 51 315 |
| Depreciation and amortization | 770 | 679 | 2 724 |
| Other operating expenses | 4 807 | 8 280 | 23 227 |
| Total operating expenses | 18 790 | 25 125 | 77 266 |
| Earnings Before Interest and Tax (“EBIT”) | -6 351 | -3 396 | 1 265 |
| Net financial items | 5 | 1 141 | 540 |
| Earnings Before Tax (“EBT”) | -6 345 | -2 255 | 1 805 |
| Taxes | 1 666 | 417 | -1 429 |
| Earnings After Tax (“EAT”) | -4 678 | -1 838 | 376 |
| Earnings per share | -0.08 | -0.02 | 0.00 |
| Earnings per share fully diluted | -0.08 | -0.02 | 0.00 |

Financial Highlights, Cont'd

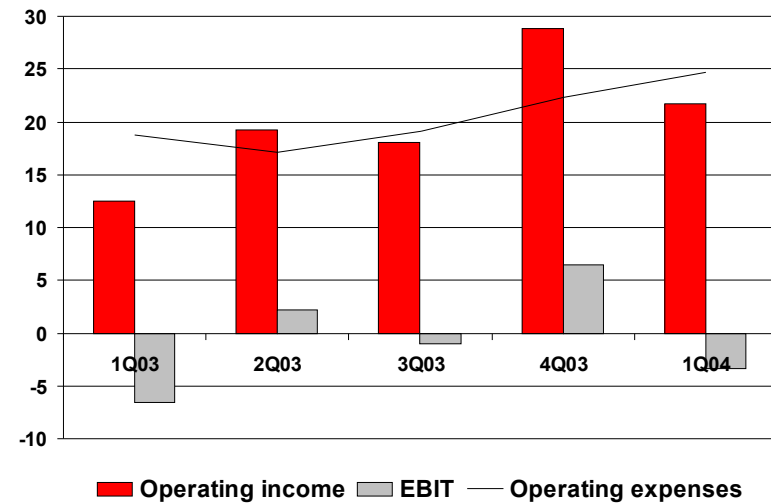
| BALANCE SHEET <i>(Figures in TNOK)</i> | 31. March | | 31-Dec |
|--|------------------|----------------|---------------|
| | 2003 | 2004 | 2003 |
| Assets | | | |
| Deferred taxes | 21 722 | 25 408 | 21 348 |
| Goodwill | 4 321 | 2 750 | 3 143 |
| Tangible assets | 1 699 | 1 913 | 1 483 |
| Other current assets | 10 259 | 43 799 | 37 412 |
| Cash and cash equivalents | 3 414 | 145 867 | 28 388 |
| Total assets | 41 415 | 219 737 | 91 774 |
| Liabilities & equity | | | |
| Paid in capital | 22 010 | 194 918 | 79 516 |
| Retained earnings | 0 | 0 | 461 |
| Short-term liabilities | 19 405 | 24 819 | 11 797 |
| Total liabilities & equity | 41 415 | 219 737 | 91 774 |

Historical Revenue and Earnings

Per year



Per quarter



Financial outlook – 2004

- ❑ Market evolving as expected
- ❑ License income to grow in importance during 2004 – substantial growth from 2005
- ❑ Driven by strong market demand, Opera will further expand the organisation during the coming quarters
- ❑ The costs are expected to grow at a lower pace than revenues for 2004