



Opera Software ASA

2Q04 Results

August 12, 2004

Opera – Achievements in Q2 - 2004

Technical

New Opera browser for Series 60, Opera 6.20

Opera 7.50 for Windows, Mac, Linux, FreeBSD and Solaris released

Opera launched Mobile Accelerator, a new proxy-based solution that increases rendering speed on mobile devices up to 250%

The US edition of PC World unveiled the 2004 winners of its annual World Class Awards, with Opera 7.23 gaining the title as best Web browser

April

May

June

July

Commercial

Kyocera launched the first Opera phone in Japan

Opera signed distribution deal with the Japanese software distributor livedoor

Xandros Open Circulation Desktop Operating System becomes First Linux Distribution to Offer Opera as Default Browser

Three new handsets announced (Motorola A1000 and A780, SE P910)

Datang includes Opera in their complete 3G mobile solution

Opera has announced an agreement with KDDI, Japan`s second largest mobile operator and the leading provider of 3G mobile services

Financial Highlights – 2Q04

- **Growth in ordinary income of 20% in Q2, accumulated growth of 41%**
- **Positive earnings**
- **Positive operational cashflow (ex. settlement) of MNOK 11.9**
- **Strong growth in number of units shipped**
- **Cost developing as planned**
- **Increased financial strength through settlement of net US\$ 12.75 million**

Financial Highlights – 2Q04

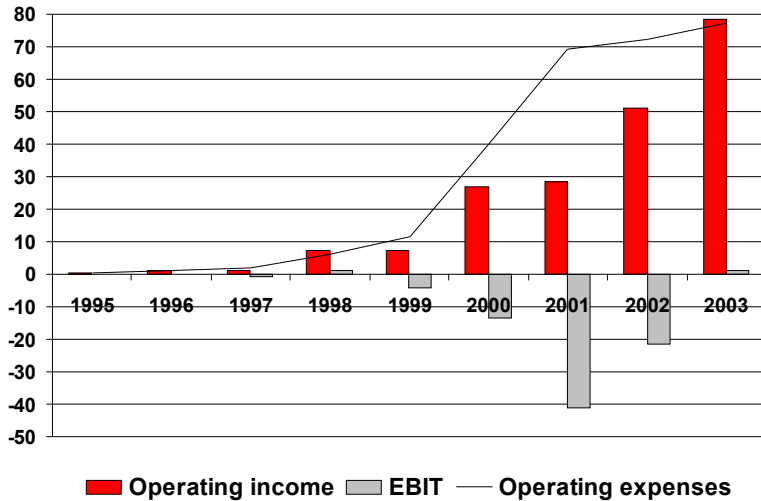
PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i>	Second Quarter		Accumulated		Full year
	2003	2004	2003	2004	2003
Revenues, PC/Desktop	3 971	7 208	9 434	14 236	23 307
Revenues, Internet Devices	15 277	15 986	22 253	30 687	55 224
Other income	0	87 565	0	87 565	0
Total Operating Revenues	19 248	110 759	31 687	132 488	78 531
Payroll and related expenses	10 022	14 780	23 235	30 946	51 315
Depreciation and amortization	803	696	1 573	1 375	2 724
Other operating expenses	6 254	5 309	11 061	13 589	23 227
Total operating expenses	17 079	20 785	35 869	45 910	77 266
Earnings Before Interest and Tax (“EBIT”)	2 169	89 974	-4 182	86 578	1 265
Net financial items	193	-225	198	916	540
Earnings Before Tax (“EBT”)	2 362	89 749	-3 983	87 494	1 805
Taxes	-771	-25 577	895	-25 160	-1 429
Earnings After Tax (“EAT”)	1 591	64 172	-3 088	62 334	376
Earnings per share	0.019	0.653	-0.055	0.636	0.00
Earnings per share fully diluted	0.016	0.572	-0.055	0.557	0.00

Financial Highlights, Cont'd

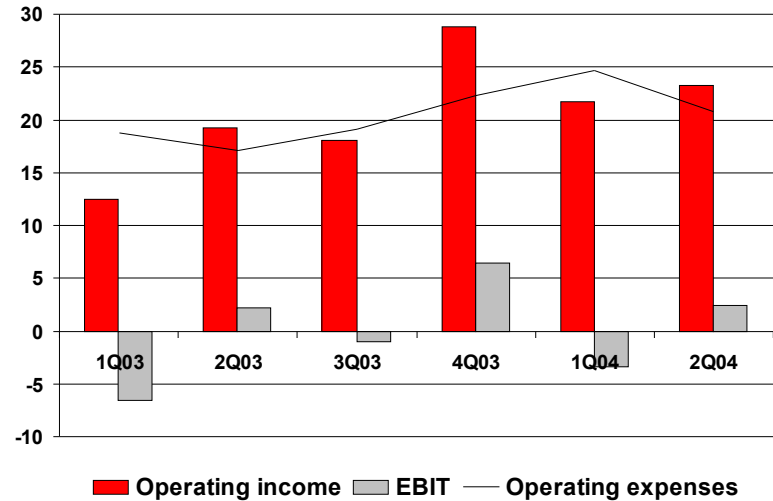
BALANCE SHEET <i>(Figures in TNOK)</i>	30. June		31-Dec
	2003	2004	2003
Assets			
Deferred taxes	21 721	533	21 348
Goodwill	3 929	2 357	3 143
Tangible assets	1 337	1 960	1 483
Other current assets	21 504	36 494	37 412
Cash and cash equivalents	34 097	234 996	28 388
Total assets	82 588	276 340	91 774
Liabilities & equity			
Paid in capital	74 966	199 095	79 516
Retained earnings	0	62 796	461
Short-term liabilities	7 622	14 449	11 797
Total liabilities & equity	82 588	276 340	91 774

Growth trend confirmed

Per year

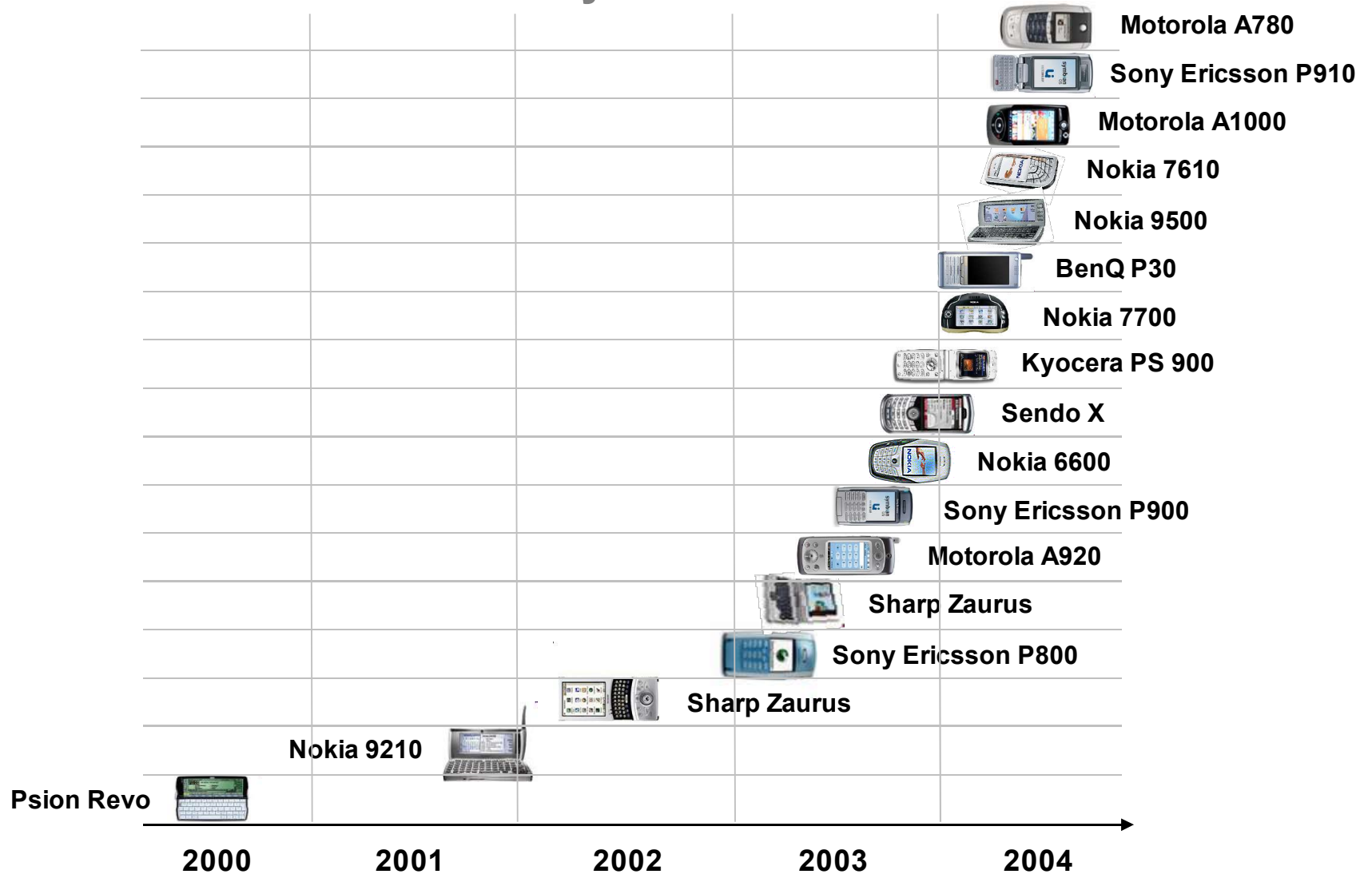


Per quarter*

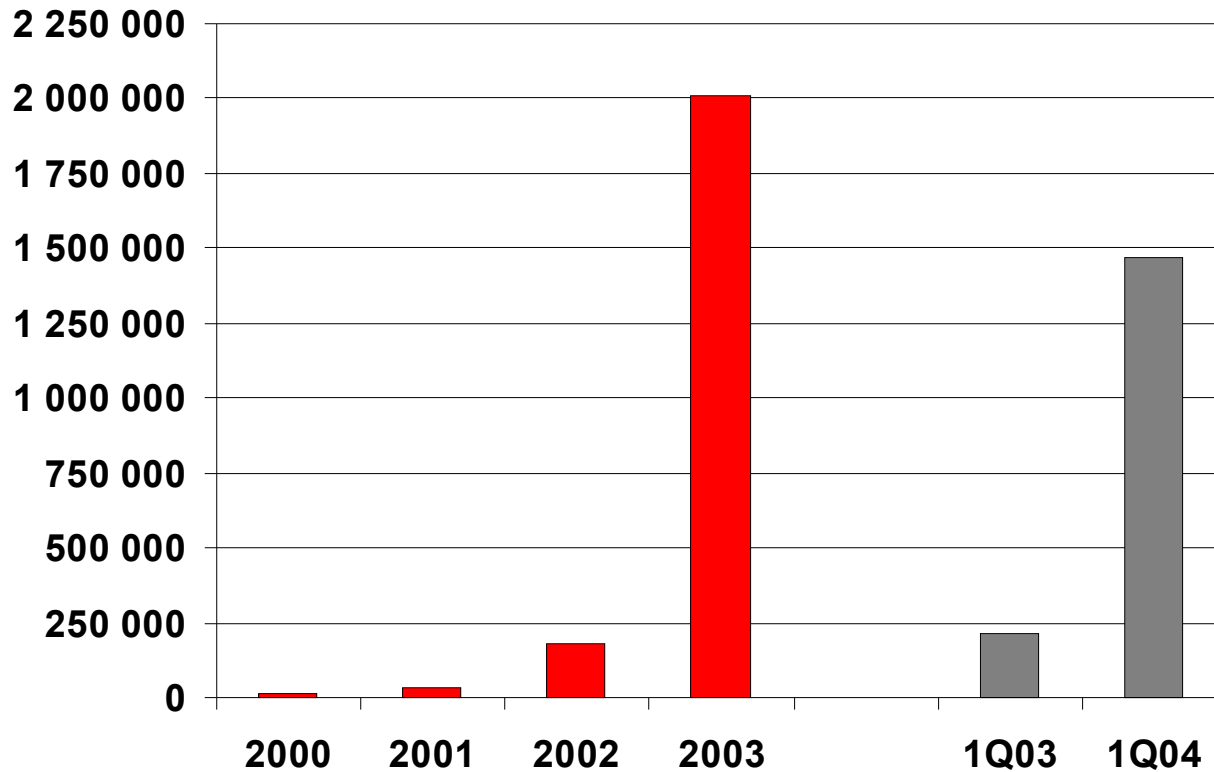


*: Excluding extraordinary income

New devices continuously announced



Strong growth in number of phones/PDAs sold



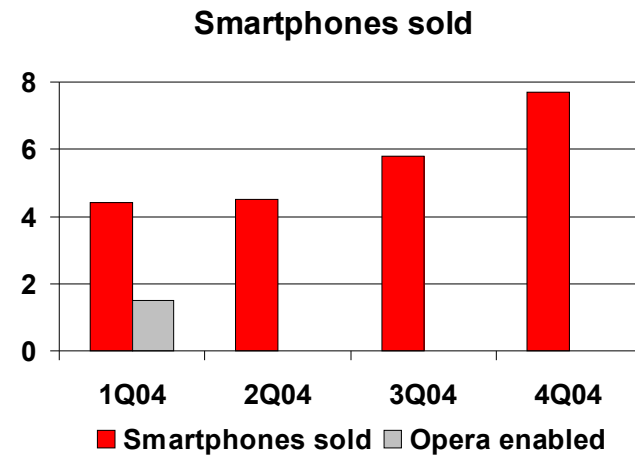
** As Opera gets the sales number reported from its customers up to eight weeks after an actual quarter ends, there will be a one quarter delay in this reporting. The revenue from units sold in 1Q04 is treated as ordinary income in 2Q04.*

Strong market growth expected by industry analysts*

Type of phone	2003	2004	2005
Market	488	595,3	637
Feature phones	102	145,2	193,4
Smartphones	10,3	22,4	44,0
Feature phone share	21 %	24 %	30 %
Smart phone share	2 %	4 %	7 %

Type of phone	1Q04	2Q04	3Q04	4Q04
Market	140	145	147	163
Feature phones	30	31	30	54
Smartphones	4,4	4,5	5,8	7,7
Feature ph. share	21 %	21 %	20 %	33 %
Smart phone share	3 %	3 %	4 %	5 %

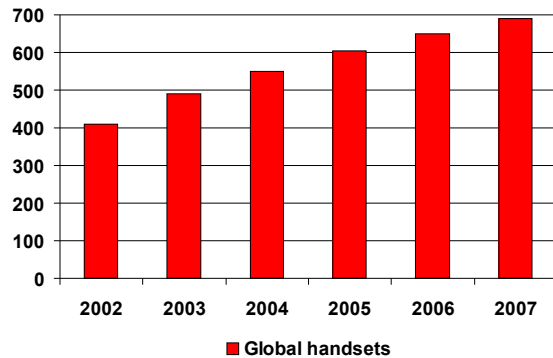
Volumes	1Q04	2Q04	3Q04	4Q04
Symbian sm. Ph.	2,4	2,6	3,5	4,5
MSFT smartphone	0,2	0,1	0,2	0,5
BREW smartphone	1,3	1,3	1,4	1,7
Other smartphone	0,5	0,6	0,7	0,9
Total	4,4	4,6	5,8	7,6



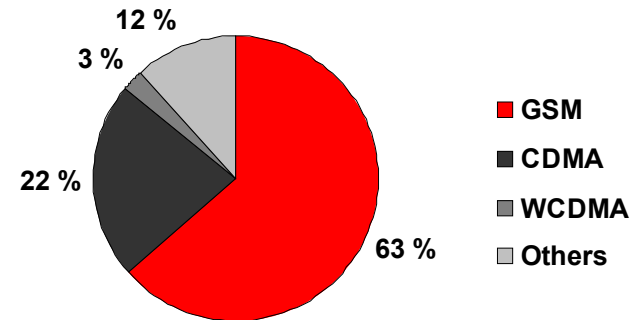
* Source: Nomura International

Mobile phones becomes more advanced – faster networks allows increased functionality

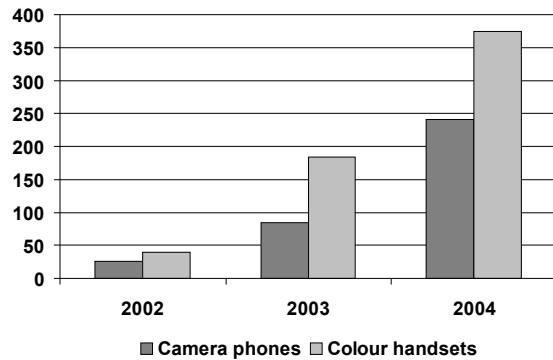
Handsets sold globally



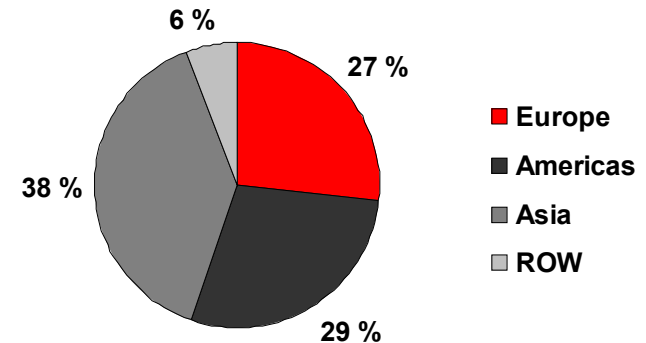
Global handsets sold by technology – 2004E



Global handsets by functionality – 2004E



Global handsets sold by region – 2004E



Source: UBS Investment Research

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

Status on Key Strategic Initiatives

- 1. Strengthen the Opera position among handset manufacturers by porting to new platforms**
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- 3. Key focus on the Opera Platform towards the Operators**
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- 5. Strengthen the Opera position in Asia**
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- 6. Strengthen the Opera position in iTV / home media and vertical markets**
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- 7. Technology**

Strengthen the Opera position among handset manufacturers by porting to new platforms

Symbian

Opera's has a strong position on Symbian

- Direct dialog with all Symbian partners and licensees
- Opera announced on devices from Nokia, Motorola, SE, BenQ and Sendo

Linux

Opera has established a strong alliance with Motorola

- To supply the browser on the Motorola product lines + cross licensing
- Opera announced on devices from Sharp and Motorola

ITRON

Opera has ported to Micro- μ ltron

- Leading OS in the Asian market - Kyocera is Opera's main partner
- Opera included on mobile phones in China and Japan

Microsoft

Opera is porting to Microsoft smartphone

- Strong interest among operators for Opera to port to MS smartphone

BREW

Opera is porting to BREW

- BREW - leading environment in the CDMA market
- Opera to be announced on BREW devices in 2004

Other OS

Most phones today are made on Proprietary OS

- Opera is porting to several important proprietary OS



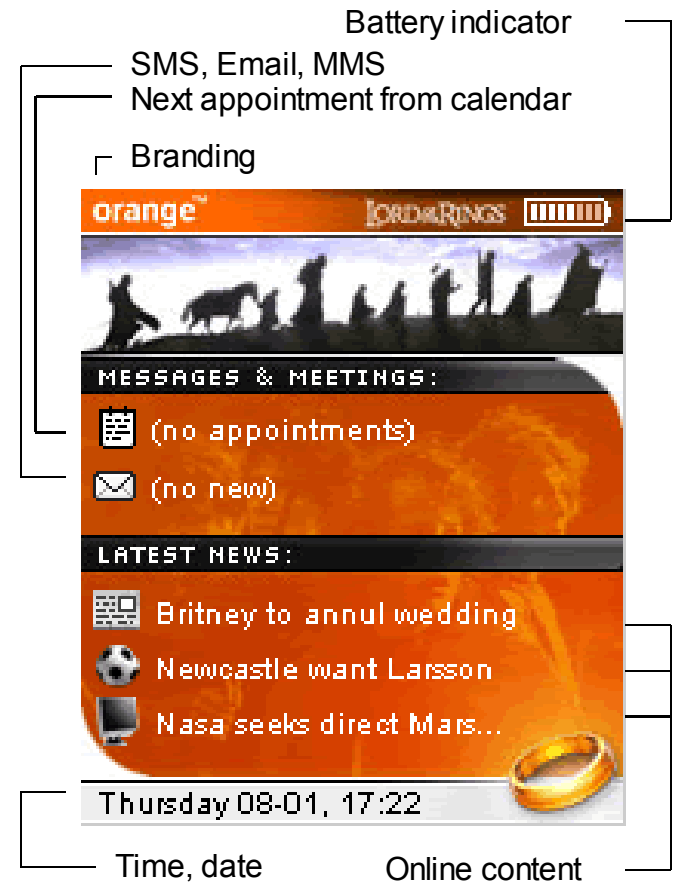
Opera Platform – approaching commercial phase

Technical status

- Widening range of available target devices/OS'
- Extending cross-platform re-use of components
- Extending infrastructure for new Services
- Final product expected finalized in Q4

Commercial status

- Several Tier 1 and many Tier 2 operators actively investigating deployment of Platform
- Engaged with a leading European operator to deliver Cross Platform solution
- Engaged with several handset manufacturers to deliver Platform on multiple Operating Systems



Asian position continuously strengthened

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

Opera is established as a serious player in Asia

- Opera launched on phones in Japan and China
- Strong organizational build up in both China and Japan
- Opera has announced an agreement with KDDI, Japan's second largest mobile operator and the leading provider of 3G mobile services. Together with KDDI, Opera will develop and deliver a new port of its browser based on Qualcomm's BREW
- In July, Opera signed an agreement with Datang Mobile Communications Equipment Co., Ltd., one of China's largest government owned telecom equipment manufacturers. Datang Mobile will include Opera in their complete 3G mobile solution for their home-grown 3G network standard, TD-SCDMA

Opera for iTV / home media

Digital STB (operator/retail)

- Strong growth in DTT retail distribution
- High end boxes emerge

IP STB

- Telcos starts to invest in Videos

Networked DVD players

- Pure retail – triple growth
- Free content be monetized requiring a small browser inside networked DVD players

HDTV & networked home screens (Plasma)

- Many of these TV's will have an embedded browser integrate



Opera for vertical markets

- Numerous applications controlled by PC's have Windows as their OS
- Few remain loyal to MS and are moving to Linux to save on hardware and licensing costs
- Opera can be deployed across both the legacy MS platform and a new Linux platform
- Compliance with communication standards based increasingly on W3C
- Shorter development cycle than traditional native coding
- Interoperability – browser better suited than native coding

Target markets for verticals



Network Infrastructure



POS-Point of Sale Systems



Medical Applications



Industrial Equipment

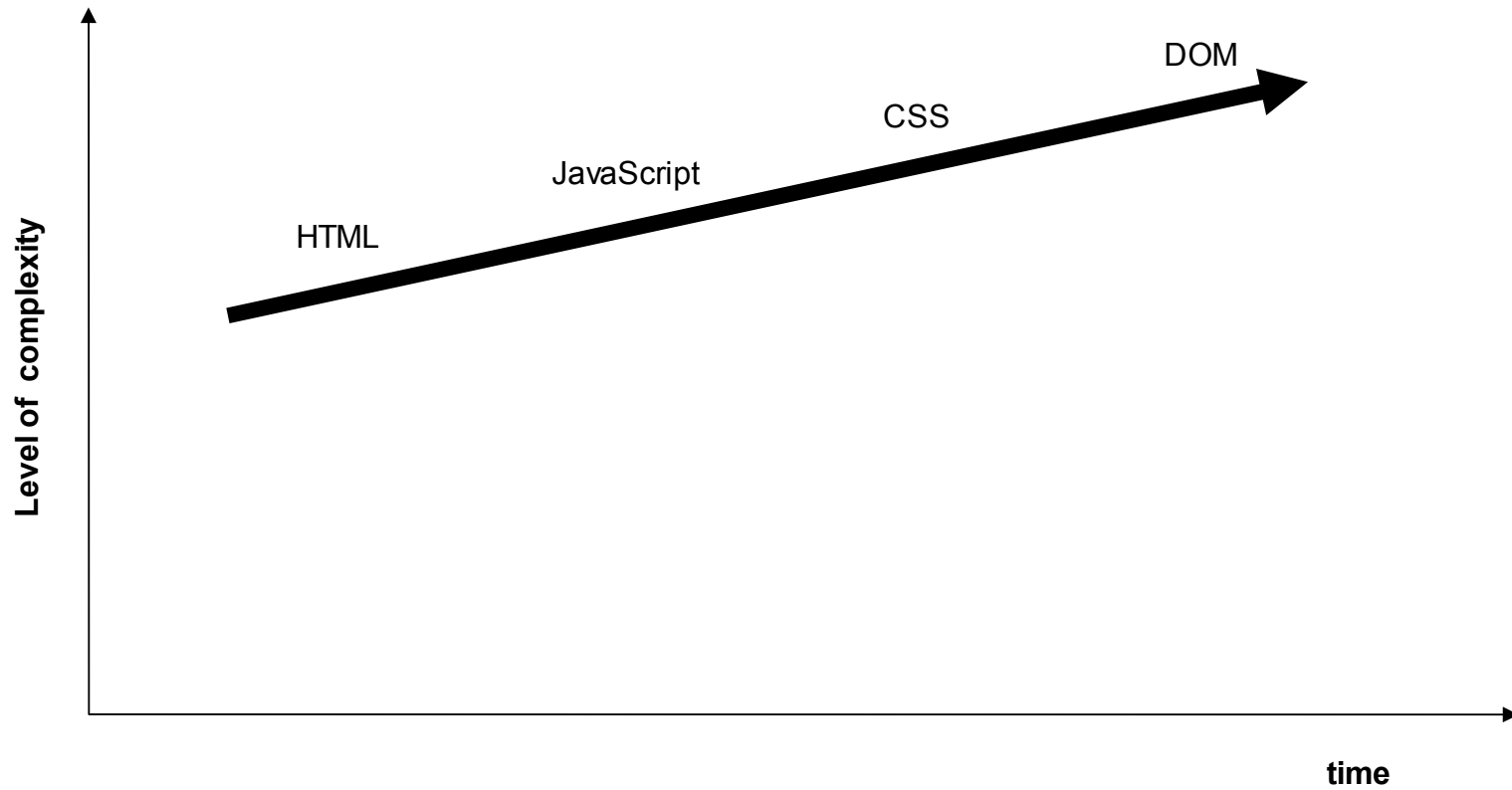


Automotive

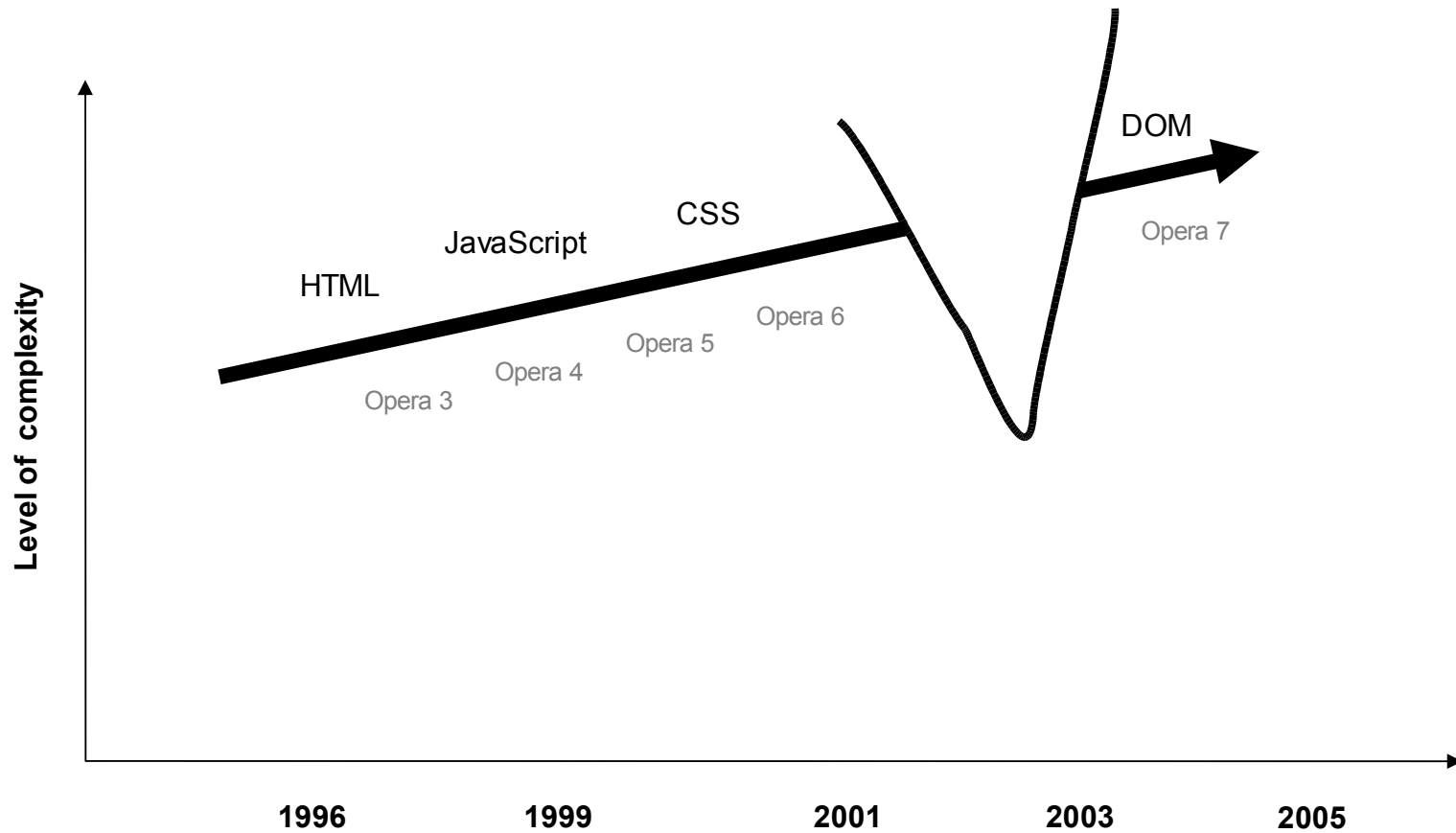
Increasing complexity in browser development

- ❑ **Significant reduction in number of browsers from 1995 to 2004**
- ❑ **1th generation: HTML**
 - HTML is a simple language to learn
- ❑ **2nd generation: HTML + GIF/JPEG**
 - Images made the web multimedia
- ❑ **3rd generation: HTML + GIF/JPEG + JavaScript + CSS**
 - JavaScript added interaction, CSS enhanced the layout
- ❑ **4th generation: HTML + GIF/JPEG + JavaScript + CSS + DOM**
 - DOM ties the other specifications together
 - allows “web applications” to be developed

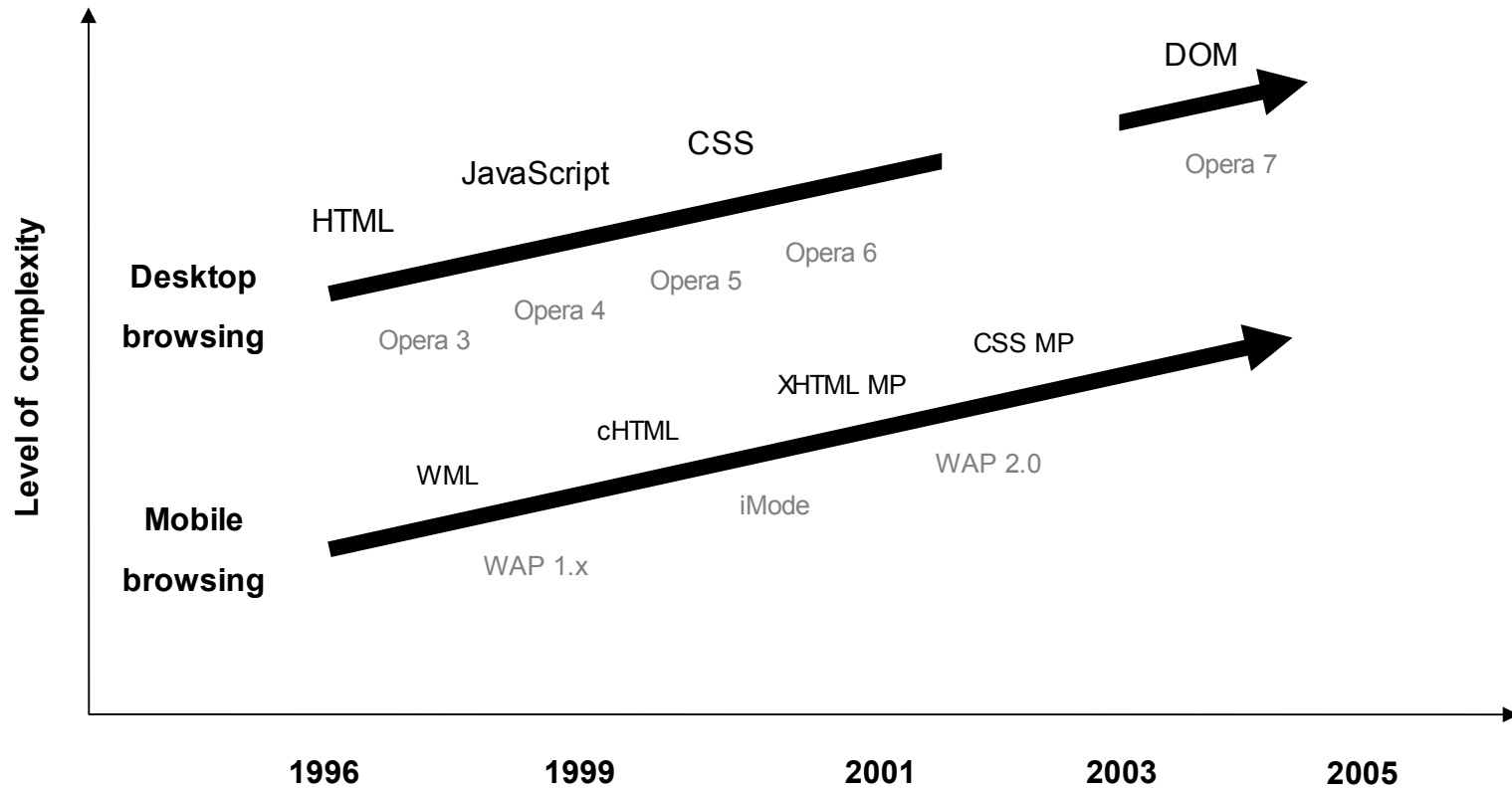
Web standards complexity



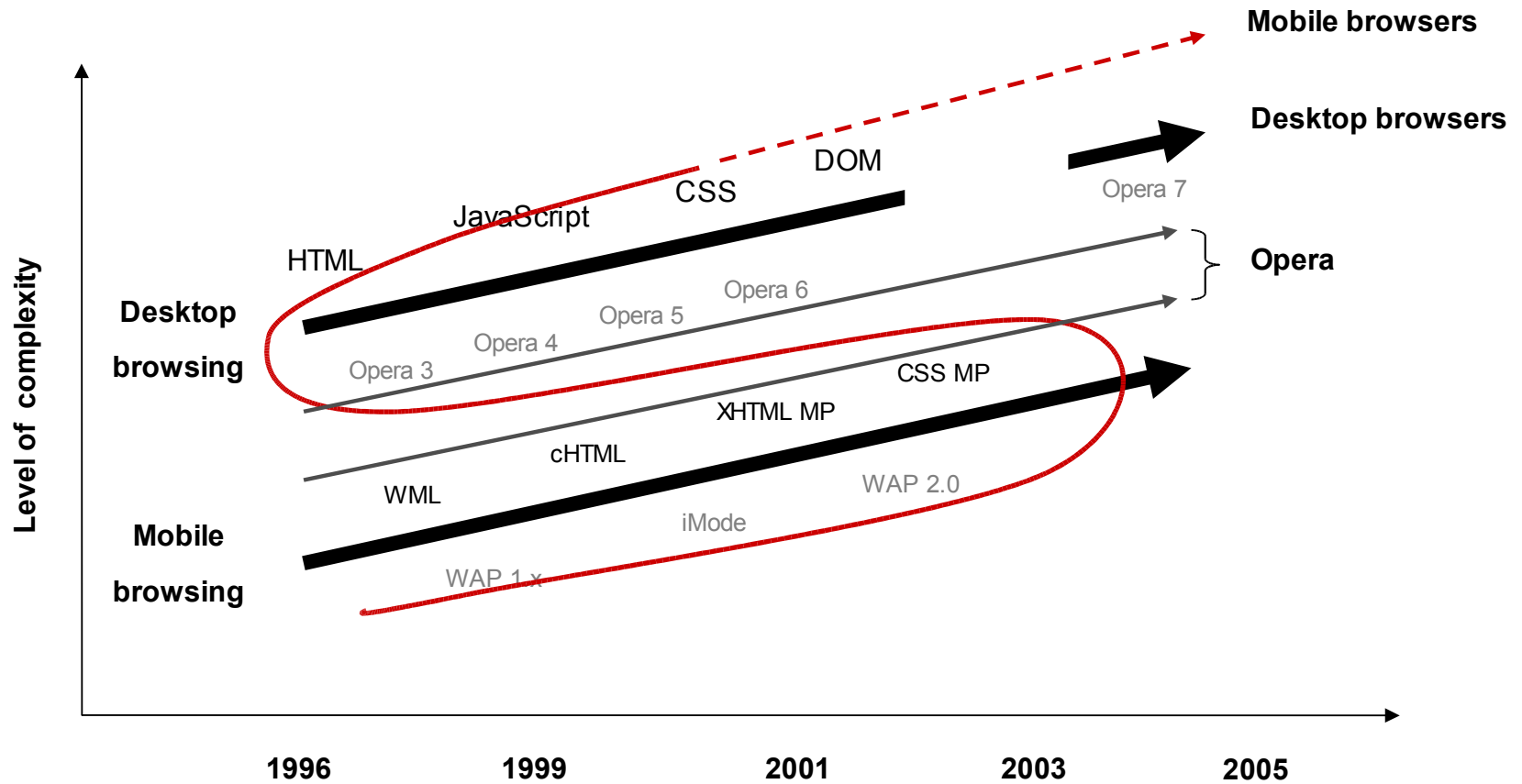
Web standards complexity



Desktop browsers vs. mobile browsers



Are they catching up?



Dynamic browsers are the basis of the future

Web Browsing



Online Services



Dynamic home Screens



Component in other apps



DOM

- DOM 2
- DOM 1
- DHTML

Scripting languages

- JavaScript 1.5
- ECMA Script 3rd
- ECMA Script 2nd

Layout languages

- CSS 1
- CSS 2

Images

- GIF
- JPEG
- PNG

Markup

- XHTML
- HTML
- WML



Opera is best positioned for future development

- Desktop Web browsers: **Mozilla, Internet Explorer, Netscape**
- Full Internet and mobile browsers: **Opera**
- Intermediate mobile browsers: **Netfront, Pocket IE**
- Regular mobile browsers: **Openwave, Nokia Browser, Teleca**

