

4Q04 Results

February 16, 2005



OPERA
software

Highlights – fourth quarter 2004

- ❑ Increased technological lead and strengthened market position
- ❑ Commercial breakthrough for Opera Platform
- ❑ Shift in revenue mix. Strong growth in royalty income
- ❑ Less up-front development funding – more self-financed strategic development
- ❑ Opera increases cost-base to take advantage of strong position in maturing market
- ❑ Below financial targets in Q4 due to increased costs and shift in revenue mix



Motorola A1010

Opera – Achievements in Q4 - 2004

Technical

Increased technology lead

Devices: Opera 7 available for Mobile and Home Media with Opera Platform capabilities

Desktop: Opera 8 to be launched on Desktop. Focus on security, speed and UI

Technology: Revolutionary **Extensible Rendering Architecture** (ERA) to fit all screens

October

November

December

Commercial

Strengthened market position

Opera Platform: First commercial version Opera Platform based technology delivered. Handset to be launched in Vodafone's network.

US and Asia: Opera available on BREW with strong support from Qualcomm opening new market opportunities in US and Asia where CDMA is strong

Japan: The BREW based Casio W21CA mobile phone launched in KDDI's 3G network in Japan. Several more phones expected in 2005

New Product Categories: Opera included on ARCHOS' new WiFi-enabled Pocket Media Assistant PMA400

Financial Highlights – 4Q04

PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i>	Fourth Quarter		Accumulated	
	2003	2004	2003	2004
Revenues, PC/Desktop	5 205	9 757	23 307	33 439
Revenues, Internet Devices	23 597	20 078	55 224	65 645
Other income	0	0	0	87 689
Total Operating Revenues	28 802	29 959	78 531	186 773
Payroll and related expenses	14 902	22 436	51 315	71 858
Depreciation and amortization	682	683	2 724	2 756
Other operating expenses	6 756	7 677	23 227	29 098
Total operating expenses	22 340	30 796	77 266	103 712
Earnings Before Interest and Tax (“EBIT”)	6 462	-837	1 265	83 061
Net financial items	13	1 487	540	2 894
Earnings Before Tax (“EBT”)	6 475	650	1 805	85 955
Taxes	-1 429	-273	-1 429	-24 930
Earnings After Tax (“EAT”)	5 046	375	376	61 025
Earnings per share	0.06	0.00	0.00	0.62
Earnings per share fully diluted	0.05	0.00	0.00	0.54

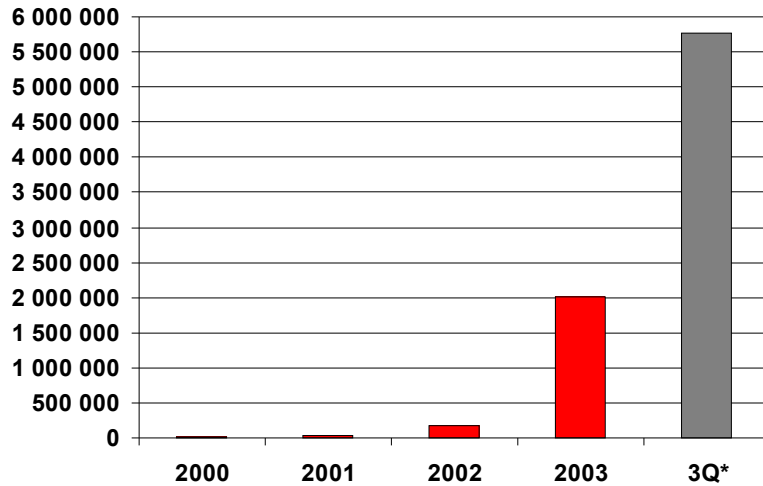
Higher cost base – a clear investment for the future

- ❑ Increased cost base in Q4 to strengthen the position as a leading player in the industry
- ❑ Opera has chosen projects with less fees in the development stage but with larger potential in the commercial stage
 - i.e. Development phase of Opera Platform has been resource intensive and generated little revenue, but first delivery alone (Vodafone) creates substantial upside from Q2/Q3
- ❑ Will continue to work on strategic development
 - Port Opera to new platforms
 - Expand our product offering
- ❑ Will Strengthen our sales force
 - Sales office in San Diego, US
 - Sales– and technical support office in Shanghai, China
 - Sales– and technical support office in Tokyo, Japan

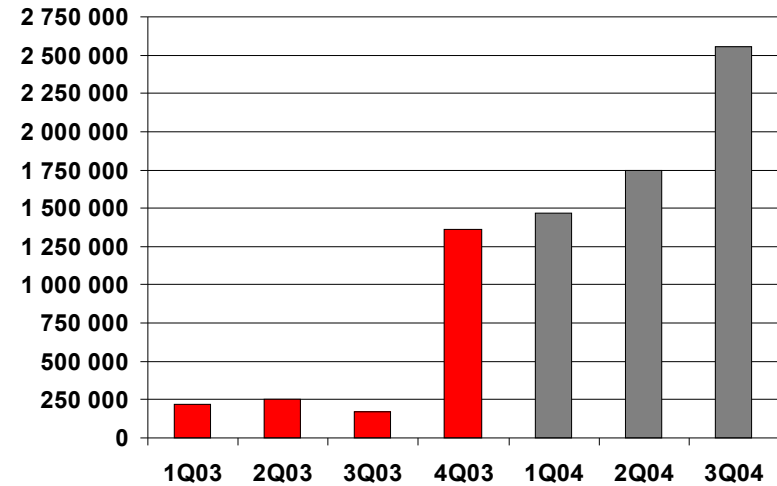


Strong growth in number of phones sold to end-users

Per year



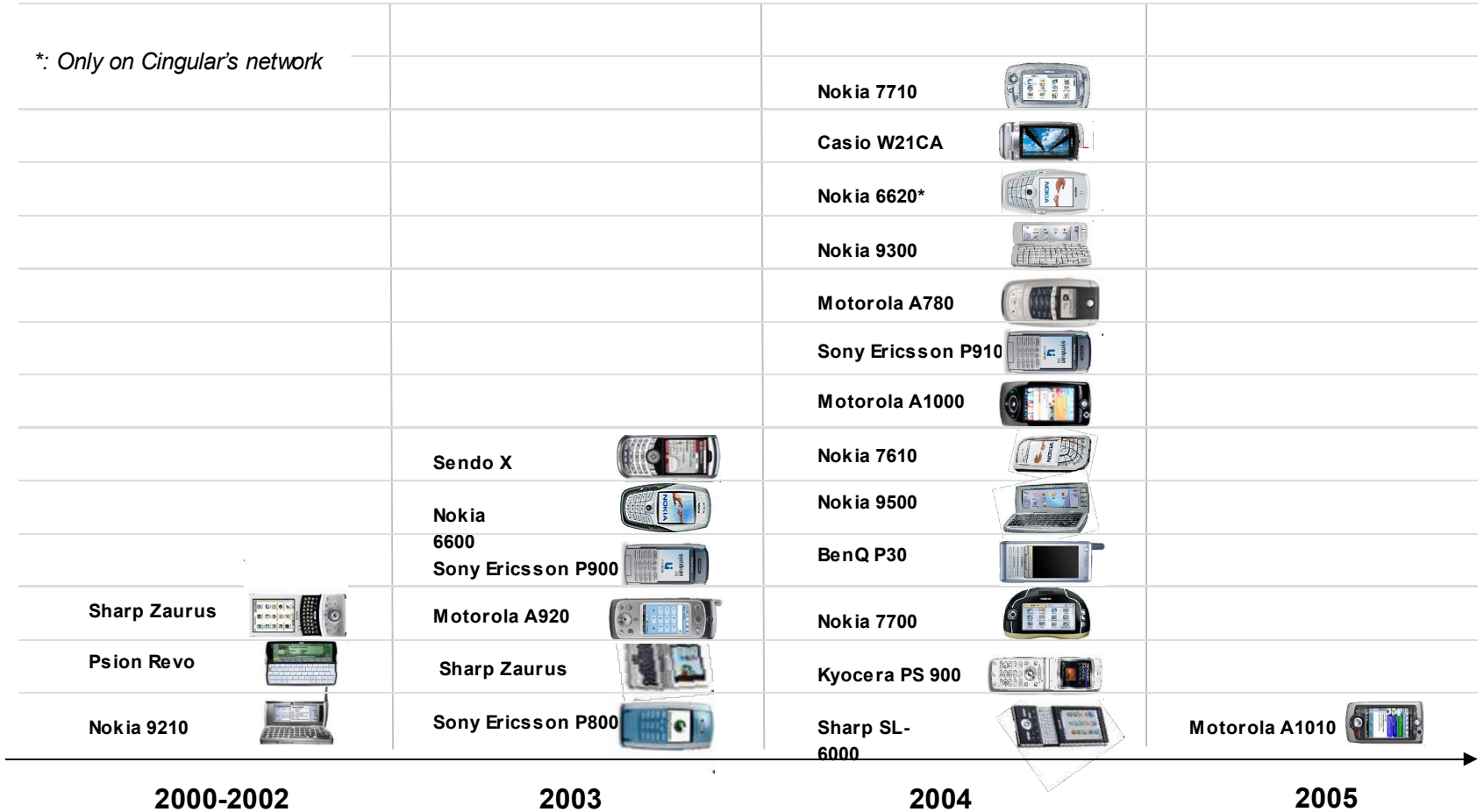
Per quarter



*: Accumulated per Q3

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 2Q04 is treated as ordinary income in 3Q04.

Our goal - at least double the number of models also in 2005

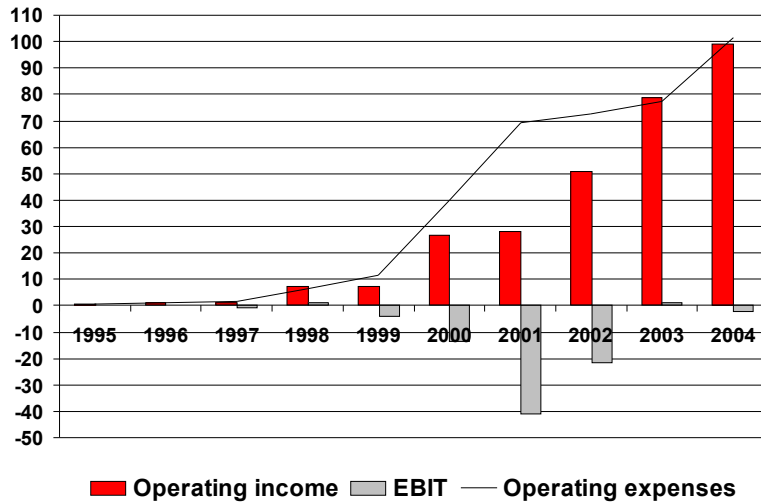


Financial Highlights, Cont'd

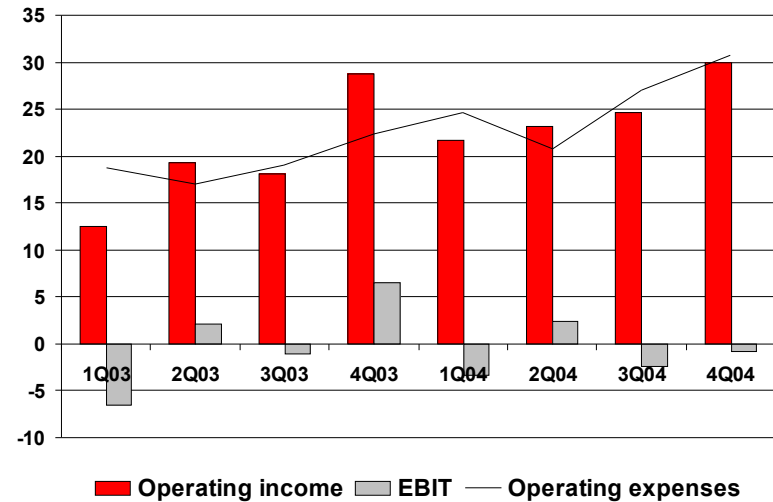
BALANCE SHEET	31. December	
	2003	2004
<i>(Figures in TNOK)</i>		
Assets		
Deferred taxes	21 348	1 055
Goodwill	3 143	1 571
Tangible assets	1 483	2 338
Other current assets	37 412	33 404
Cash and cash equivalents	28 388	241 275
Total assets	91 774	279 643
Liabilities & equity		
Paid in capital	79 516	200 846
Retained earnings	461	61 486
Short-term liabilities	11 797	17 311
Total liabilities & equity	91 774	279 643

Growth trend confirmed

Per year*



Per quarter*



*: Excluding income and cost related to settlement of MNOK 87.6 in 2Q04

Financial outlook

- ❑ Opera expects a significant increase in revenue growth rate in 2005
 - Operas competitive position in this market is stronger into 2005 compared to last year

- ❑ Royalty income to grow in importance during 2005
 - Expect strong growth in number of models and units sold
 - Timing of roll-out is vital

- ❑ Desktop revenue growth expected to continue
 - Firefox strong – Opera 8 our answer

- ❑ Limited growth opportunities in R&D related income

- ❑ Expect second half to be substantially better than first half
 - first quarter outlook remains cautious

- ❑ The organisation will continue to grow – “great opportunity and the timing is now”
 - Expect to grow up to at least 250 employees by year end

- ❑ Opera expects 2005 to be the first year of solid earnings and earnings growth (from operational activities)

Strong position among major OS and phone vendors

Symbian

- ❑ Opera default on UIQ (UI used by Motorola, Sony Ericsson and others)
- ❑ Opera default on Nokia's Series 80 and 90
- ❑ Opera 7 on Series 60 has increased the gap in performance
- ❑ Operators are key to ensure that Opera is included on S60



Linux

- ❑ Opera has established a strong partnership with Motorola
- ❑ Multiple Linux devices expected launched in 2005



BREW

- ❑ First Brew device launched Dec. (Casio W21CA on KDDI's 3G network)
- ❑ Cooperation with Qualcomm expected to trigger new opportunities
- ❑ Multiple brew devices expected launched in 2005



Other OS

- ❑ Opera is porting to several proprietary OSs
- ❑ Constructive dialog with all major vendors
- ❑ Proprietary OSs is where volume will be short to medium term



Opera Platform - first commercial version delivered

Technical status

- ❑ Opera Platform 2.0. delivered for 3GSM (first commercial delivery based on 1.5)
- ❑ No other browser vendor can deliver same technology today

Commercial status

- ❑ First commercial version of Opera Platform based technology to be launched in Vodafone's network
- ❑ Test results from Telenor available in March
- ❑ Orange/France Telecom R&D project delivered



Vodafone - A new way of thinking



3G

Brings speed, bandwidth and capacity which will drive new and enhanced services

New pricing model

Old Model

- Pay to browse
- Pay to download
- Charges related to volume of data

New Model

- Free browsing on the net
- Pay for services
- Charges related to value
- Value bundles

Drive the portal

Take active control over the portal

- Active promoting searches – up 300 %
- 170 % increase in download, news and sports services

**Source: Peter Bamford, CMO,
Vodafone**

Opera Platform – Key Challenges

Key to success is to become multiplatform

- ❑ Opera needs to deliver on all major platforms

A danger of running to slow

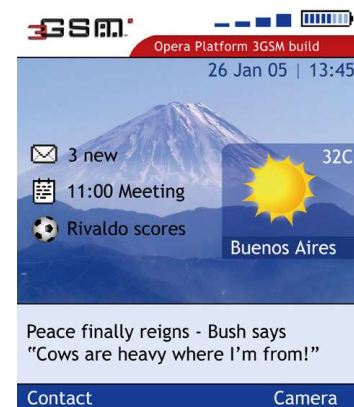
- ❑ Some major Operators are making their bets now
- ❑ Opera is at this stage only ready on Symbian S-60

Some Operators are still focused on WAP Walled Garden

- ❑ Too strong investment in WAP to let this go
- ❑ Everyone is looking at Vodafone Live and i-Mode as successes

Alternative solutions

- ❑ New technology and new solutions can appear
- ❑ Handset manufact. are offering their own solutions to operators



Opera Platform – Key Opportunities

Opera has the strongest browser technology

- ❑ Competitors key challenge is support for DOM and web standards

Strong cooperation with several of the world's leading Operators

- ❑ Talking with the right partners and people
- ❑ Vodafone and Orange delivery are valuable reference projects

Long cooperation with the leading handset manufacturers

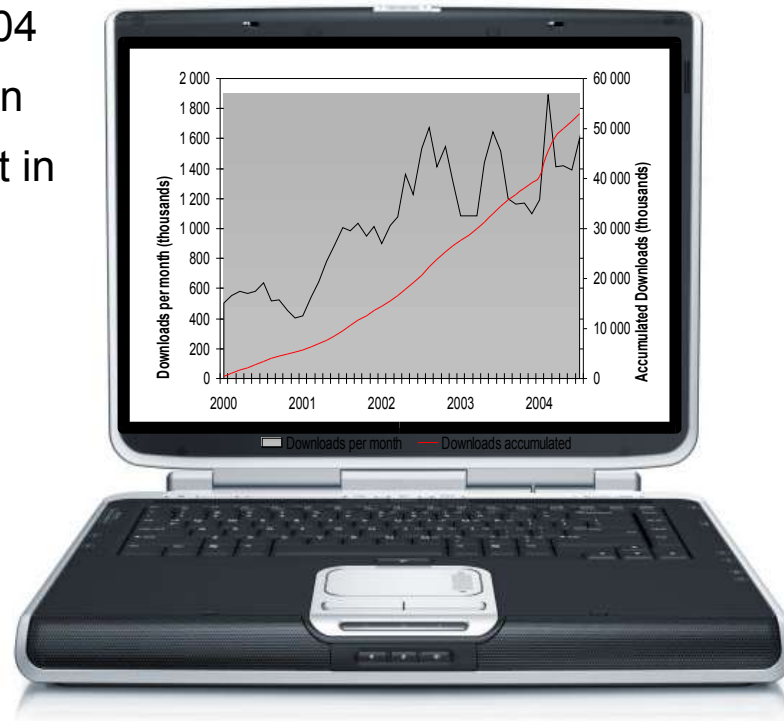
- ❑ Opera has worked with the leading handset manufacturers for several years
- ❑ Opera Platform is a technology we believe the operators will request from the handset manufacturers to increase ARPU



Desktop

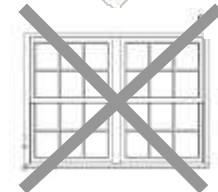
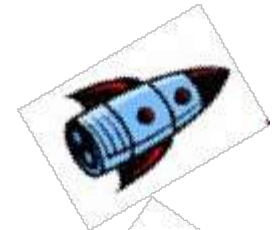
Focus on browser alternatives increases

- ❑ Opera increased desktop revenue by 46% in 2004
- ❑ Security issues have increased browser attention
- ❑ Launch of Firefox 2H04 has created new interest in alternative browsers
- ❑ Opera's answer to Firefox was supposed to be launched in Q4
 - Lost market opportunity
 - This has given Firefox a clear lead in downloads
- ❑ Opera 8 will be launched Q105
 - Strong faith in our new version
 - Growth in downloads depends on new versions
 - Growth in revenue depends on new versions



Opera 8 – A license to thrill

- ❑ **ERA** - makes it possible to fit any page to a window or a piece of paper
- ❑ **Voice** - Control the browser through voice commands, interact with and read web pages
- ❑ **Speed**. New, even faster EcmaScript engine
- ❑ **User Interface** - Simpler UI for beginners that expands as the user uses more of the application
- ❑ **Popup** - Much improved popup blocking system



Home media – projects to materialize in 2005

4 Key Growth Trends

- ❑ Global Broadband Penetration – facilitating triple play
- ❑ Commoditization of Electronic Storage in CE Devices
- ❑ "Big Picture" – LCD & Plasma Screen growth to reach above 50%
- ❑ Demand for wireless solutions in the Home

Opera development

- ❑ Market is here – Opera allocates more resources
- ❑ Working with global players
- ❑ Opera's product offering in the Home media sector and expect multiple projects to materialize during 2005.
- ❑ As market still is in its infancy, most products to launch in 2005 are expected to sell in a relatively low volume



ARCHOS' WiFi-enabled Pocket
Media Assistant PMA400