

Q3- 2005

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FINANCIAL STATEMENT – THIRD QUARTER 2005

PROFIT AND LOSS ACCOUNT <i>(Figures in TNOK)</i>	Third Quarter		Accumulated		Full year
	2004	2005	2004	2005	2004
Revenues, PC/Desktop	9 446	6 069	23 682	19 430	33 439
Revenues, Internet Devices	15 121	31 437	45 808	86 459	65 886
Other income	0	0	87 565	0	87 689
Total Operating Revenues	24 567	37 506	157 055	105 889	187 014
Payroll and related expenses	19 443	32 099	52 039	79 191	75 441
Depreciation and amortization	305	675	895	1 461	1 185
Other operating expenses	7 832	9 869	21 419	28 149	29 098
Total operating expenses	27 580	42 643	74 353	108 801	105 724
Earnings Before Interest and Tax ("EBIT")	-3 013	-5 137	82 702	-2 912	81 291
Net financial items	251	1 144	1 167	2 521	2 653
Earnings Before Tax ("EBT")	-2 762	-3 993	83 869	-391	83 944
Taxes	503	1 094	-24 657	86	-24 930
Earnings After Tax ("EAT")	-2 259	-2 989	59 212	-305	59 014
Earnings per share	-0.03	-0.3	0.62	-0.00	0.62
Earnings per share fully diluted	-0.03	-0.3	0.57	-0.00	0.56

BALANCE SHEET <i>(Figures in TNOK)</i>	30. September		31. Dec
	2004	2005	2004
Assets			
Deferred taxes	1 091	1 455	1 055
Goodwill	3 143	3 143	3 143
Tangible assets	1 993	6 671	2 338
Other current assets	31 062	76 637	33 404
Cash and cash equivalents	234 307	205 893	241 275
Total assets	271 596	293 799	281 215
Liabilities & equity			
Paid in capital	198 998	208 467	200 846
Retained earnings	62 289	66 022	63 058
Short-term liabilities	10 309	19 310	17 311
Total liabilities & equity	271 596	293 799	281 215

CASH FLOW STATEMENT <i>(Figures in TNOK)</i>	Third Quarter		Accumulated		Full year
	2004	2005	2004	2005	2004
Cash flow from operating activities	-147	-19 559	91 842	-37 066	97 552
Cash flow from investment activities	-340	-4 101	-1 408	-5 857	-2 041
Cash flow from financing activities	-202	3 771	115 485	7 541	117 376
Change in cash and cash equivalents	-689	-19 890	205 919	-35 382	212 887
Cash and cash equivalent, beginning of period	234 996	225 783	28 388	241 275	28 388
Cash and cash equivalent, end of period	234 307	205 893	234 307	205 893	241 275

EQUITY <i>(Figures in TNOK)</i>	Accumulated per 30. September		Full year
	2004	2005	2004
Opening balance	79 977	263 904	79 977
Net profit/loss	60 649	-305	59 014
Equity issues	119 444	11 001	124 918
Other	38	-111	-5
Closing balance	260 108	274 489	263 904

INTERIM RESULTS <i>(Figures in TNOK)</i>	Q2	Q3	Q4	Q1	Q2	Q3
	2004	2004	2004	2005	2005	2005
Total operating revenues	110 759	24 567	29 959	27 965	40 417	37 506
EBIT	89 480	-3 013	-1 412	-5 584	7 808	-5 137
Sales growth quarter by quarter (%)	409.7%	-77.8%	21.0%	-6.7%	44.5%	-7.2%
Pre-tax earnings per share (NOK)	0.65	-0.02	0.00	-0.03	0.06	-0.00
Pre-tax earnings per share (NOK) fully diluted	0.57	-0.02	0.00	-0.03	0.05	-0.00

Note: The third quarter 2005 financial figures have been prepared based upon the management's interpretation of the current International Financial Reporting Standards (IFRS). The financial figures have been restated accordingly. Due to possible changes in existing standards, new understanding and interpretation of existing standards and potential new standards, the figures may change later during 2005. Neither the 2005 nor the 2004 restated figures have been audited and must therefore be treated as preliminary figures.

OPERA SOFTWARE ASA - THIRD QUARTER 2005

Highlights

- Ordinary revenue of MNOK 37.5 in Q3, 2005, up from MNOK 24.6 in 3Q 2004, a growth of 52.7%
- Ordinary earnings before interest and tax ("EBIT") of MNOK -5.1 in 3Q05 compared to MNOK -3.0 in 3Q04
- In September, Opera Software permanently removed the ad banner and licensing fee from its desktop Web browser. This was made possible by a gradual increase in revenue from search and service partners, including a new, revised search agreement with Google
- The number of mobile phones sold with the Opera browser was 4.2 million in 3Q05, compared to 2.6 million units in 3Q04
- Nine new mobile phones that include the Opera browser, have been announced since the last quarterly report. Manufacturers include Kyocera, Toshiba, Sony Ericsson and Nokia. Opera has announced 21 models in 2005, compared to 13 models during the entire year 2004

Financials

Ordinary revenue in the third quarter of 2005 ("3Q05") was MNOK 37.5, up from MNOK 24.6 in 3Q04. The turnover increased by 52.7% on a year-to-year basis.

Income from Internet devices was MNOK 31.4 in 3Q05, up from MNOK 15.1 in 2Q04. Income from desktop products was down as expected, from MNOK 9.4 last year to MNOK 6.1.

Operating expenses increased from MNOK 27.6 in 3Q04 to MNOK 42.6 in 3Q05, in line with increased sales and product development activities. The operating expenses increased by 54.6% on a year to year basis. Costs related to the company's option program were MNOK 3.6 compare to MNOK 0.2 last year.

Ordinary EBIT in 3Q05 was MNOK -5.1, compared to MNOK -3.0 in 3Q04.

Cash and cash equivalents were MNOK 206 at the end of 3Q05.

Going into effect from 1 January 2005, Opera has applied IFRS in the consolidated accounts. The impact of the change of accounting standards along with comparative information regarding Opera's financial reporting in 2004 in accordance with IFRS, were presented in the "Transition to IFRS" document released on April 27, 2005. 2004 financial information included in this document has been restated accordingly.

The Q3-report has been prepared according to IAS 34. Opera Software ASA follows the accounting principles for the year 2004 with two exceptions; 1.) According to IAS 36, Goodwill shall annually be tested for impairment. Yearly depreciation is not required, and depreciation in 2004 has been reversed. Goodwill value is presented according to NGAAP as of 31st December 2003. 2.) Vested options to employees are expensed according to IFRS 2. Estimated market value is calculated and booked as labor cost in the profit and loss statement.

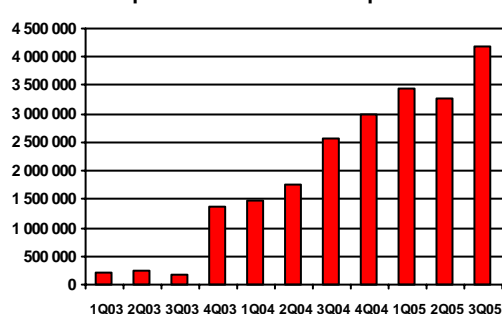
Internet Devices

The income from Internet devices grew from MNOK 15.1 in 3Q04 to MNOK 31.4 in 3Q05, a growth of 107.9%.

Mobile phones

The number of phones sold to end users that included the Opera browser was 4.2 million in 3Q05, compared to 2.6 million units in 3Q04. During the first three quarters of 2005, Opera was included on 10.9 million mobile phones compared to 5.8 million units during the same period last year.

Number of phones sold with the Opera browser



During the quarter, Opera announced that two new BREW-based mobile phones with the Opera browser were introduced by KDDI in the Japanese market. The two phones are the Hitachi W32H and Toshiba W32T, both advanced 3G handsets with full Internet and e-mail capabilities and a wide range of advanced features. During 2005, KDDI has announced five handsets that include the Opera browser.

Opera announced in August that its Web browser for mobile phones comes standard on the new Motorola E680i and E895. Both phones are advanced multimedia phones capable of playing movies and music, gaming, e-mailing and Internet browsing.

In September, Opera announced that the Opera Mobile browser has been included on three new mobile phones from Kyocera in Japan: the Kyocera AH-K3002V, WX300K, and WX310K. All three phones have a dedicated Opera key on the keypad branded with Opera's logo. The phones are available in Japan through the Japanese mobile carrier, Willcom.



Kyocera WX 310K



Kyocera WX300K

In 3Q05, Opera Software announced that the Opera browser was included on three new Nokia handsets, 6681, 6682 and the N90. The N70, which also includes Opera, was announced in October. Opera has also been included on the updated version of Nokia 6630 running on T-Mobile's network. In total, Opera has been included on six Nokia handsets this year.

In September, Opera and T-Mobile announced that the new mobile phone from T-Mobile, the SDA II, includes the Opera browser. The SDA II is a Windows Mobile Smartphone, and the first commercial deployment of the Opera browser on the Windows Mobile platform following its public release in June. T-Mobile has announced three phones to feature Opera through T-Mobile's Web'n'Walk offering which was introduced on June 29, 2005. The Web'n'Walk offering is part of T-Mobile's Internet in your pocket strategy aimed at growing data services into a mass market.

In October, Opera announced that the Opera Mobile browser is the default browser on Sony Ericsson's P990 mobile phone, the successor to the popular P800, P900 and P910. Opera is embedded in UiQ-3, a Symbian-based user interface and application environment.

Opera Mini, a new technology which makes it possible to use the Opera browser on almost any mobile phone, was launched in Norway in August, with the rest of the Nordic region following in October. Since the launch in August, Opera Mini has been downloaded and used on 450,000 unique mobile phones. Approximately 1,000,000 pages are currently being downloaded per day.

Home Media

Opera Software announced in November a new cooperation with Thales, a global electronics company, to deliver the Opera Web browser in TopSeries, the Thales in-flight entertainment system. Airline passengers will now enjoy the added benefit of a full and fast Internet experience from Opera, in addition to the entertainment offerings also available using the Thales TopSeries System. The TopSeries system is offerable on nearly all Boeing and Airbus single and twin aisle aircrafts.

The Opera browser offers flexibility for in-flight entertainment systems due to its internationalization features, which includes support for bi-directional scripts. This makes global deployments in multiple languages, including Arabic, possible with the Opera browser.

PC/Desktop

Income from desktop products was MNOK 6.1, down from MNOK 9.4 last year, a decrease of 35.7%.

In a move to expand global distribution and use of Opera, the company began to offer its browser free of charge and with no advertising. It is expected that over time revenues from search and service partners will offset the initial decline.

The removal of the advertising banner and licensing fee was made possible by a gradual increase in revenues from search and service partners, including a new revised search agreement with Google. The extended contract with Google includes a search revenue deal, marketing support and technical cooperation.

More than 5.5 million users have downloaded the free Opera browser since the product was launched. The average daily download rate has more than doubled compare to the previous rate achieved before the release of Opera 8.5.

Continued innovation

In September, Opera announced the release of its first Home Media Software Development Kit (SDK) to use the Generic Opera Graphical Interface (GOGI), Opera's porting technology. Opera's new SDK is designed to bring the full Internet to connected devices, and enables original equipment manufacturers (OEMs) to quickly add the Opera browser to their products.

Organization

As of September 30, the company had 252 employees, compared to 195 employees by the end of December 2004 and 182 employees by the end of 3Q04.

Outlook

Opera's revenue growth rate has increased in 2005 as a result of accelerated deployment of mobile phones and emerging opportunities in home media. The development for the full year 2005 will be positive, supporting previous outlook of positive earnings and earnings growth for the full year.

The company expects the growth in revenue to continue in 2006 and onwards. Future growth will be driven by a material increase in the number of advanced and mid-range handsets sold with Opera's browser solution. The home media market is also expected to become more important for Opera, with multiple devices, such as set-top boxes, plasma screens, game consoles and in-flight entertainment systems.

Operating cost is expected to continue to grow in 2006, but at a somewhat lower pace than what we have experienced in 2005. Consequently, the company expects to show solid earnings and earnings growth going forward.

Mobile Phones

Higher-functionality devices are showing material growth, and account for an increasingly higher portion of the market. The Web browser is proving to be a vital application on mobile phones to facilitate the need for increased functionality.

10.9 million mobile phones with the Opera browser were sold during the first three quarters of 2005 compared to 5.8 million units sold during the same period last year. Opera has announced 21 models in 2005, compared to 13 models during the entire year 2004.

The growth trend is expected to continue in 2006 and onwards. Opera believes that at least 70-80% of all mobile phones will have a Web browser installed as the shift to handheld and other non-PC devices continues. The company believes it is well-positioned to take a leading role in the market for browsers on mobile phones.

Home media

Opera sees an increased level of activity within the home media sector.

A large portion of new home media devices is expected to be Internet-connected. Opera sees substantial interest in its products from global players within the home media- and other related industries.

The company expects several Opera-enabled, mass market home media products to be launched in 2006. Hence, the home media market will become an increasingly important business area for Opera.

PC/Desktop

The strategy in the desktop area is to remove advertising and fees and grow the user base. In the short term we expect declining desktop revenue but over the longer term we expect to regain that revenue from search and service partnerships.

Oslo, November 18, 2005

The Board of Directors
Opera Software ASA

Christian H. Thommessen
Chairman
(sign.)