Opera Software
Second quarter 2006

The best Internet experience on any device

Highlights: 2Q 2006

Financial

- ❑ Revenues of MNOK 52.2 in 2Q06, up from MNOK 40.4 in 2Q05, an increase of 29%[1]

- ❑ Excluding stock option costs of MNOK -0.7, non-IFRS Earnings Before Interest and Taxes ("EBIT") was MNOK 1.5 in 2Q06 compared to MNOK 9.1 in 2Q05

- ❑ IFRS EBIT was MNOK 2.2 in 2Q06 compared to MNOK 7.8 in 2Q05

Opera Mobile

- ❑ 7.2 million mobile units were shipped with the Opera browser in 2Q06, compared to 3.3 million units in 2Q05, an increase of 118%

- ❑ Announced Opera on 6 new phones since the last quarterly report, bringing the YTD totals to 20

Opera Mini

- ❑ More than 5,000,000 users since launch; one billion web pages surfed

- ❑ T-Mobile ships 10 phones with Opera Mini pre-installed

- ❑ Six operators have signed up for Opera Mini so far

- ❑ Opera has signed deals with 25 content providers to distribute Opera Mini

[1] 2Q05 includes royalty income for both 1Q and 2Q 2005. In 2Q05, Opera started to recognize royalty income in the quarter it incurs. The change was made possible by the company's customers who were able to report unit sales earlier than previously practiced.

The Best Internet Experience on any Device

Highlights: 2Q 2006

Opera Devices

- ❑ The Nintendo DS Browser from Opera goes on sale in Japan; European launch date announced

- ❑ Sony announces mylo, a new personal communicator featuring Opera as default browser

- ❑ Opera to be bundled in IPTS solution from Intact, an Amino company

Opera Desktop

- ❑ On June 20, the company announced Opera 9 for the PC and Mac, with great reviews

General

- ❑ Erik Harrell will be assuming the additional position of COO in Opera Software later this year

- ❑ Annual General Meeting: Nils A. Foldal of A. Wilhelmsen Capital AS became Chairman of Opera Software's Board of Directors. William H. Raduchel, previously with AOL TimeWarner and Ole Peter Lorentzen, a private investor, were voted in as new members of the Board.

Income statement: 2Q 2006

INCOME STATEMENT	Q2 2006	Q2 2005	% Increase	1H 2006	1H 2005	% Increase
Desktop	5,875	6,970	-16%	11,995	13,361	-10%
Internet Devices	46,338	33,447	39%	88,055	55,022	60%
Other Income	0					
Total Revenue	52,213	40,417	29%	100,050	68,383	
Payroll and related expenses, excluding stock option costs	31,693	21,635	46%	64,785	44,555	45%
Stock option costs	(735)	1,304	-156%	7,695	2,537	203%
Depreciation and amortization	1018	420	142%	1,824	786	132%
Other operating expenses****)	18,054	9,250	95%	30,773	18,280	68%
Total Expenses	50,030	32,609	53%	105,077	66,158	59%
Earnings Before Interest and Taxes ("EBIT")	2,183	7,808		(5,027)	2,225	
Financial Income	1,881	1,758		3,282	3,063	
Financial Expenses	(2,145)	(1,266)		(2,840)	(1,687)	
Earnings Before Taxes ("EBT")	1,919	8,300		(4,585)	3,601	
Provision for Taxes	(535)	(2,323)		1,286	(1,008)	
Net Income	1,384	5,977		(3,299)	2,593	
Earnings Per Share	0.01	0.06		(0.03)	0.03	
Earnings Per Share, Fully Diluted	0.01	0.05		(0.03)	0.02	

*** Operating expenses include an extraordinary cost of the sale of complementary third-party software, which was MNOK 3.7 in 2Q06

Income statement: Historical viewpoint

1Q04 - 2Q06: Quarterly Income Statement Overview
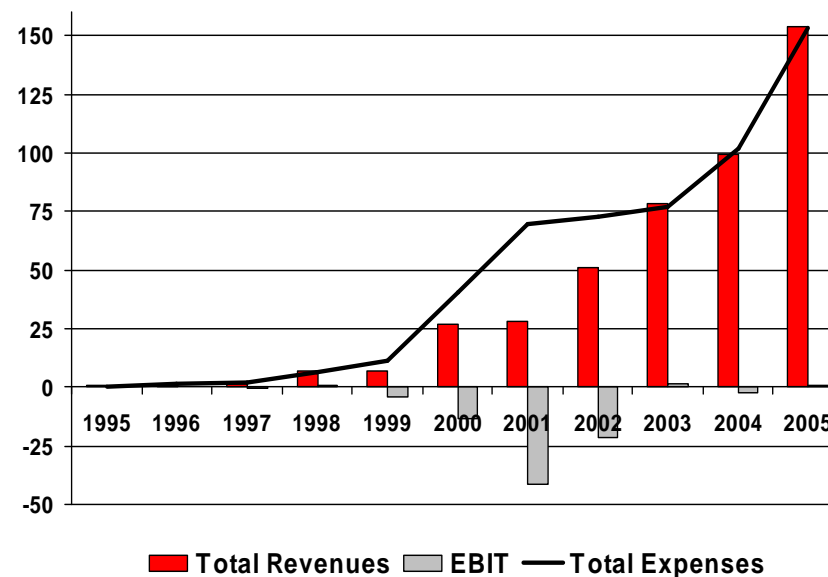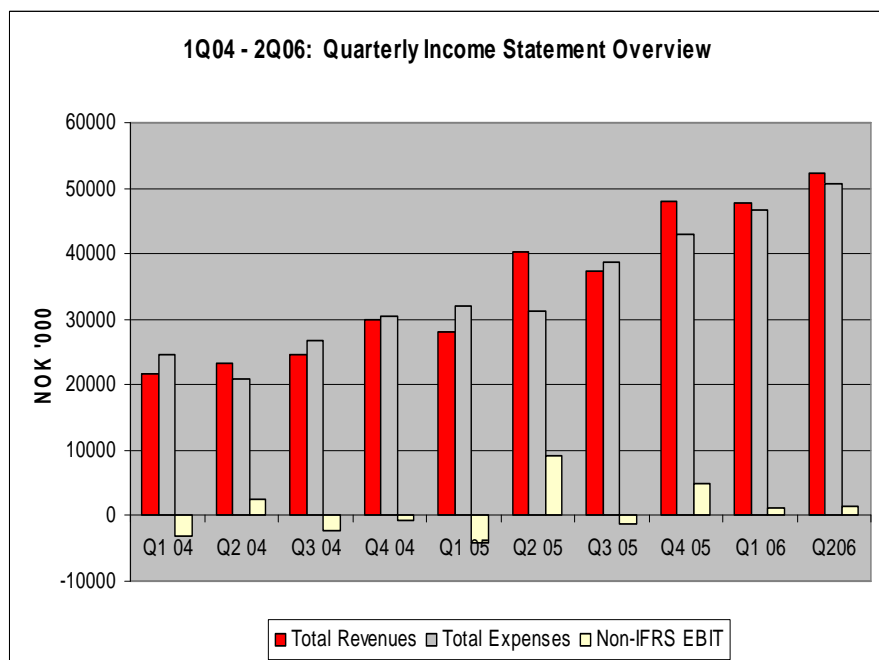
Note: Annual Financial Information includes effect of stock option costs

Balance sheet: 2Q 2006

BALANCE SHEET		
(Figures in TNOK)	**30.06. 2006**	**31.12. 2005**
Assets		
Deferred taxes	5 210	1 237
Goodwill	3 143	3 143
Tangible assets	14 553	9 251
Other current assets	83 772	93 349
Cash and cash equivalents	456 727	218 526
Total assets	**563 405**	**325 506**
Liabilities & equity		
Paid in capital	437 939	232 046
Retained earnings	69 718	57 904
Short-term liabilities	55 748	35 555
Total liabilities & equity	**563 405**	**325 505**

Financial outlook: FY 2006

Revenue: Well-positioned for long-term growth, but cautious outlook for the remainder of 2006

- ❑ Desktop
  - ▪ Expect a positive increase in revenue beginning in 4Q06 due to increased monetization of search traffic generated via our users
- ❑ Devices
  - ▪ Continued positive developments, as more and more consumer electronics companies put browsers on their devices
- ❑ Mobile
  - ▪ Cautious outlook in the short-term because of uncertainty regarding Nokia volumes. Expect Motorola volumes to ramp up, with timing unclear

Operating Expenses (excluding stock option costs): Expected to grow at a comparable rate to 2005 vs. 2004

- ❑ Continued investment in our business lines, in particular around Opera Mini
- ❑ Continued investment in sales & marketing, new foreign offices (Japan and USA, in particular), and engineering and customer delivery

Opera's vision

Opera's vision is to provide the best Internet experience on any device

Opera's markets

Opera's vision is already delivered on wide range of platforms

Desktop computers

Laptops

Gaming consoles

TVs

Set top boxes

Mobile phones

Personal communicators

Portable media players

PDAs

In-flight entertainment systems

Web tablets

IP screen phones

Mobile Internet

iTV / Verticals

PLATFORM-
INDEPENDENT
KERNEL

Desktop
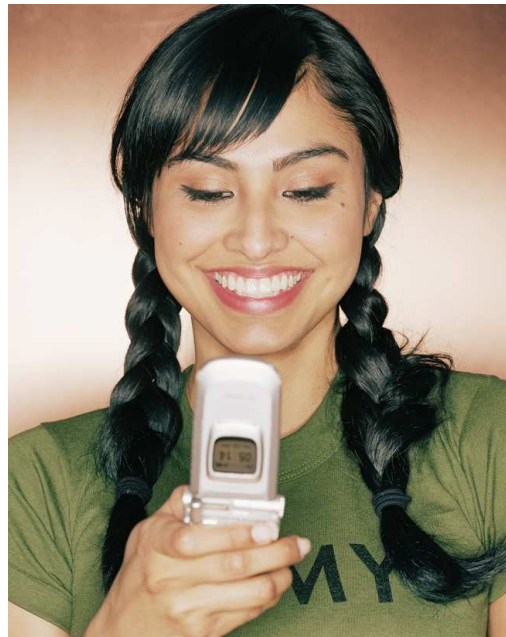
Opera for Mobile

Opera has solutions for the entire mobile value chain

Opera Mobile browser

- ❑ Full Web browser for OEM integration

Opera Mini

- ❑ Light weight Web browser

Opera Platform

- ❑ Device independent platform for mobile Web applications

Opera Mobile Browser

Opera Mini

Opera Platform

The big view on Opera's mobile browser penetration

- ❑ Distributed on phones from Motorola, Sony Ericsson, Samsung, Siemens, Casio, Nokia, Toshiba, Kyocera, Hitachi and others
- ❑ More than 40 million phones distributed with Opera
- ❑ More than 50 different models
- ❑ More than 2.5 million mobile downloads so far this year
- ❑ More than 5 million Opera Mini users

Opera for Mobile: 2Q 2006 highlights

Mobile phones shipped with Opera

Full browser

❑ **7.2 million phones pre-installed with Opera in 2Q06**

   ❑   up 118% from 2Q05

❑ **6 new phones announced since 1Q06 Results**

   ❑   Total announced phones year to date: 20

❑ **Motorola announced 5 new phones since Q106**

   ❑   Total Motorola devices announced to date: 10
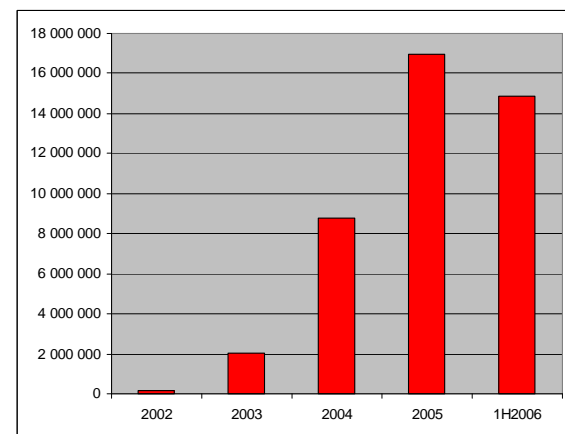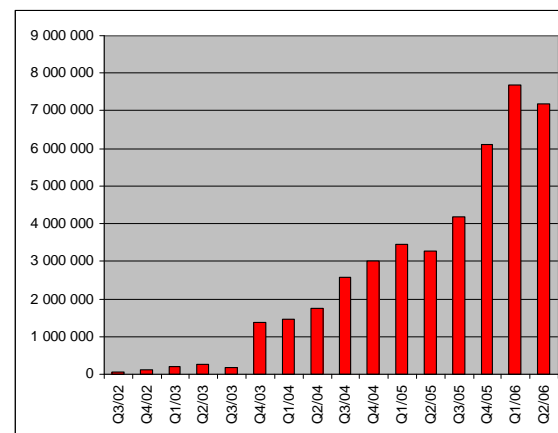
Opera for Mobile: 2Q 2006 highlights

Opera Mini

❑ **Free version**

    ❑   More than 5 million users, up 66% from the last quarterly report (3 million)

    ❑   One billion pages downloaded

    ❑   Most popular destinations are search, webmail and social networking

Total pages downloaded with Opera Mini
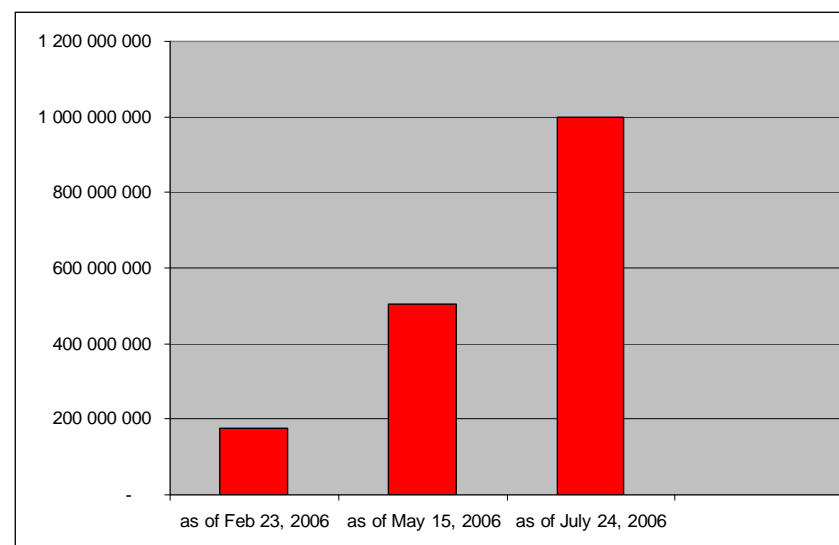
Opera for Mobile: 2Q 2006 highlights

Opera Mini

❑ **6 operators have chosen Opera Mini for their portfolios**

❑ T-Mobile (Europe)

❑ Pannon (Hungary)

❑ Debitel (Europe)

❑ Omnitel (Lithuania)

❑ Megafon (Russia)

❑ GrameenPhone (Bangladesh)

❑ T-Mobile has shipped 10 devices so far

❑ **25 content providers signed up**

❑ Examples:, MobilePlay, USA Today, Onspeed Mobile, Pricerunner, Jajah, eBay
Germany (trial), Finn.no

Announced phones (Opera Mobile) YTD: 20 (goal = 48 for 2006)

*: Only in Cingular's network
**: Only in T-mobile's network

2000-2003	2004	2005	2006	2006 cont'd
		Motorola A1200		
		Sharp W-ZERO3		
		Nokia 9300i		
		Toshiba W32T		
		Sony Ericsson P990	Motorola RAZR V3x **	
		Nokia 6630**	MOTORAZR maxx	
		Kyocera WX 300K	MOTORAZR xx	
		Kyocera WX 310K	Nokia N70**	
		Kyocera AH-K3002V	Sharp W-ZERO3[es]	
		Nokia N70	Sony Ericsson M608c	
		Nokia N90	Nokia N72	
	Nokia 7710	T-Mobile SDA II**	Toshiba W44T	
	Casio W21CA	Motorola E895	Hitachi W42H	
	Nokia 6620*	Motorola E680i	Casio W42CA	**Opera Mini™**
	Nokia 9300	Hitachi W32H	Sony Ericsson W42S	Nokia 6233**
Sendo X	Motorola A780	Nokia 6682	Sanyo W33SA II	Sony Ericsson W810i**
Nokia 6600	Sony Ericsson P910	Nokia 6681	Sanyo E02SA	Nokia 6131**
Sony Ericsson P900	Motorola A1000	Nokia 6680**	Toshiba W43T	BenQ-Siemens EL71**
Motorola A920	Nokia 7610	Toshiba W31T	Sony Ericsson W950	BenQ-Siemens EF81**
Sharp Zaurus	Nokia 9500	Casio W31CA	Sony Ericsson M600	Sony Ericsson K608i**
Sony Ericsson P800	BenQ P30	Casio W21CA II	Hitachi W41H	Nokia 6280**
Sharp Zaurus	Nokia 7700	ZTE e3	Casio W41CA	Motorola RAZR V3i**
Psion Revo	Kyocera PS 900	Motorola M1000	Sony Ericsson W41S	Motorola RAZR V3 **
Nokia 9210	Sharp SL-6000	Motorola A1010	Motorola ROKR 2	Motorola L7**

ROCK STARS DON'T
HAVE AS MANY FANS.

THE *MOTO*RAZR
To the 50 million discriminating customers
who call the *MOTO*RAZR their own... THNX

Motorola starts shipping Opera on mass market devices

❑ Opera announced on Motorola's P2K platform, which includes popular mobile phones such as the RAZR

❑ Opera is the browser of choice on Motorola's Linux platform (EzX), the mid- to high-tier segment (e.g. ROKR E2, A1200)

❑ In the high-tier segment, Opera ships on the Symbian UIQ platform (e.g. A1000)

E1070

This just in:

"This superb mobile-phone web browser makes surfing regular internet pages possible on even the smallest of handset screens"

Barry Collins, The Sunday Times (UK), August 20, 2006

Opera for Devices

Opera for Devices market position

The premium provider of full internet/web applications and user interfaces for non-mobile phone devices

- ❑ Full web browsing and superior performance, rendering and navigation capabilities
- ❑ Execution platform for Web applications and user interfaces
- ❑ AJAX and Web services
- ❑ Ability to customize device look & feel, backed by a highly experienced professional services organization

Expanding market position within the hottest device categories

- ❑ Game consoles, set-top boxes, portable media players, VoIP screen phones, Web tablets and net TVs

Opera is well positioned as browser adoption accelerates

- ❑ From small early movers to also include large global players

Opera browsers are already in a broad array of devices and the device types continue to grow

Network TVs
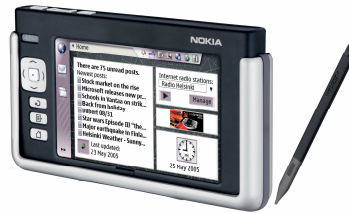
Web tablets

Game Consoles

Portable Media Players

Set-top Boxes

IP Screen Phones

Opera for Devices: 2Q 2006 update

New devices shipping, pipeline building, R&D continues

❑ Nintendo DS Browser launched in Japan in July, Europe in October

❑ Sony mylo to feature the Opera browser

❑ Opera to be bundled in IPTV solution of Intact, an Amino company

❑ zzVcom to include Opera in education STB for China

❑ Customer pipeline growing in the US, Europe, Japan and Asia

❑ Widgets for Devices announced; seeing tremendous interest

Nintendo DS Update

Dual Screen Mode
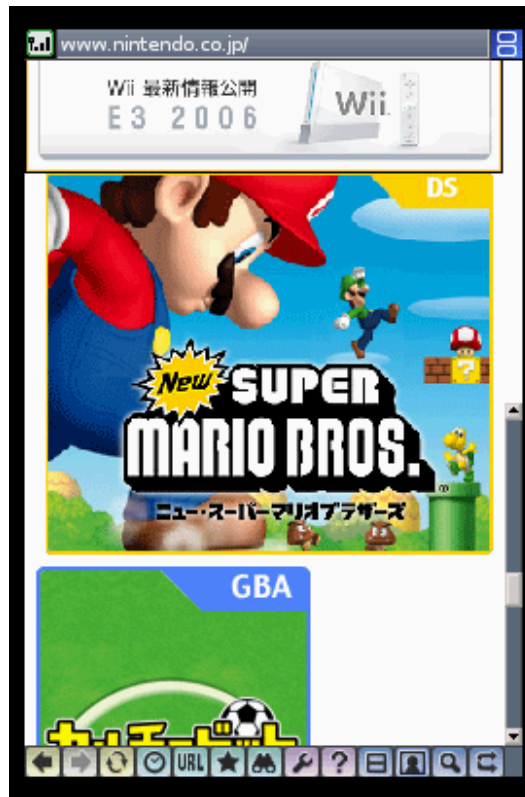
Small Screen Rendering Mode

Nintendo DS Browser launched in Japan in July, Europe in October

❑ DS Browser now shipping as cartridge

❑ Introduces new dual screen rendering mode with zoom and overview as well as SSR (small screen rendering) mode

Nintendo Wii update

Opera and Nintendo prepares for launch of Wii later this year

❑ Opera to be pre-installed in console, running from Flash memory

❑ Opera will power up in seconds, just like games

Featured Opera Powered Device - Sony mylo

❑ Sony selected Opera as a key application in their innovative new product, the mylo, "my life, online"

❑ mylo combines portable media playing with browsing, VoIP and instant messaging via integrated WiFi

❑ To ship in the US in September

Opera for Desktop

Opera Desktop

❑ 10 million downloads of Opera 9 to date

❑ Top 5 markets in terms of usage: Germany, USA, China, Russia and Japan

From Opera 9 launch event in Seattle on June 20

Reviews of Opera 9

"Several new features that will be compelling to many. Good stability and performance. Widgetize! service likely to start giving Firefox's extensions a run for their money. Lovely design."

PC Magazine, July 25, 2006

"..., once the final release version of Opera 9 comes out, I'd trade my boxed set of La Boheme (starring Luciano Pavarotti, no less) for it if I had to. Fortunately, I won't have to, since Opera remains free. Oh, and the installation file is still under 4MB."

Dennis Fowler-Internetweek February 16, 2006. Review of Opera 9 TP2

Opera 9 is music to eWEEK Labs' ears

REVIEW: BROWSER CONTINUES TO INNOVATE, WITH ENVIABLE SEARCH CUSTOMIZATION

"Opera 9.0: You're doing fantastic work—it's good to see you back in form. Grade: A+."

Jim Rapoza – eWEEK, Wed Aug 2, 2006

# Opera Widgets, a major focus for Opera 9 launch

- Widgets are fun Web programs you can run right on your desktop. Access news and weather, play games, follow your favorite sports teams and much more.

- Widgets are built entirely using open web technologies, but using the widget generator (Widgetize) you can build your personal photo gallery and news widgets with only minimal knowledge about web technologies.

- Widgets are not only an important browser feature. Opera aims to create an eco-system of developers creating solutions across different media. For example, Widgets will be supported in Opera 9 for Nintendo Wii and Symbian Series 60.

Opera automatically displays the widget icon on a site with a widget

TouchtheSky, a weather widget, is currently most popular with 285,000 downloads
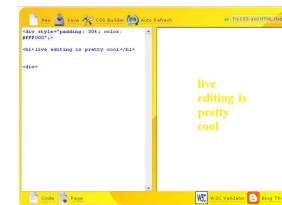
Widgets like the True HTML editor provide web developers with new tools yet not available for other browser.

Q&A