

OPERA

FOURTH QUARTER 2008



The best Internet experience on any device

OPERA SOFTWARE ASA – FOURTH QUARTER 2008

Opera delivered revenues of MNOK 157.0 in 4Q08, up 69% versus 4Q07, and an EBIT of MNOK 30.9, driven by strong growth in both the Internet Devices and Desktop segments.

Highlights

Revenue was MNOK 157.0 in 4Q08, up from MNOK 93.0 in 4Q07, an increase of 69%. EBIT was MNOK 30.9 in 4Q08 compared to MNOK 9.4 in 4Q07. EBITDA in 4Q08 was MNOK 33.4, and EBITDA, excluding stock options costs, was MNOK 35.7.

Business area (B2B)

- Revenue from Internet Devices rose to MNOK 115.0 in 4Q08 compared to MNOK 73.7 in 4Q07, an increase of 56%, powered by strong growth from both devices and mobile customers
- 12 new mobile phones with Opera pre-installed were announced in the quarter, including 2 for Opera Mobile and 10 for Opera Mini
- Nintendo announced that it had selected Opera to provide the Web browser for its dual-screened, Wi-Fi-enabled and portable Nintendo DSi gaming console.
- Taiwan's Alpha Networks selected Opera for an upcoming High Definition IP set-top box
- The number of mobile phones shipped with Opera Mobile pre-installed was 7.3 million in 4Q08

Consumer area (B2C)

- Revenues from the Desktop segment increased 117% in 4Q08 compared to 4Q07, as Opera continues to grow its global user base and market share
- Growth in global usage of Opera Mini continued. In December, 17.8 million unique users worldwide used Opera Mini to browse the Web; this represents a 160% increase in unique active users compared to 4Q07, when active users in December were 6.9 million. As of December 31, 2008, since launch, more than 57.8 billion Web pages have been viewed on Opera Mini, generating strong data traffic, and therefore revenues, for mobile operators worldwide
- Opera launched Opera 9.6 with new features and new languages
- Opera Software released the final version of its much-anticipated Opera Mini 4.2 for mobile phones in 4Q 2008.
- The number of registered My Opera users grew to over 1.9 million by the end of December, up 60% from the start of the year

Financials

Revenues

Revenue in 4Q08 was MNOK 157.0, up 69% from 4Q07, when revenue was MNOK 93.0. Revenue growth in the quarter was driven by attractive growth across both business segments.

Compared to 4Q07, Internet Devices revenue was driven by higher revenue from operators, device OEMs and mobile OEMs.

Operating costs

Total operating costs for 4Q08 were MNOK 126.0 compared to MNOK 83.6 in 4Q07, an increase of 51%.

Payroll and related expenses, excluding stock option costs Total payroll and related expenses, excluding stock option costs, were MNOK 88.0 in 4Q08 compared to MNOK 58.5 in 4Q07, an increase of 50%. This increase was due primarily to higher headcount in engineering and sales and marketing globally, in line with Opera's headcount growth plan.

Stock option costs Total stock option costs for 4Q08 were MNOK 2.3 compared to MNOK 1.1 in 4Q07.

Other operating expenses Other operating expenses in 4Q08 were MNOK 33.2 compared to MNOK 22.3 in 4Q07, an increase of 49%.

EBIT

EBIT was MNOK 30.9 in 4Q08 compared to MNOK 9.4 in 4Q07. EBIT, excluding stock option costs, was MNOK 33.3 in 4Q08 versus MNOK 10.4 in 4Q07. EBITDA in 4Q08 was MNOK 33.4 compared with MNOK 11.1 in 4Q07. EBITDA, excluding stock options costs, was MNOK 35.7 compared with MNOK 12.2 in 4Q07.

Interest income and FX gains/(losses)

Interest income was MNOK 6.5 in 4Q08 versus MNOK 5.9 in 4Q07. Opera had a net foreign exchange gain of MNOK 10.2 in 4Q08 compared to a gain of MNOK 1.4 in 4Q07.

Net income

Net income was MNOK 31.1 in 4Q08 compared to MNOK 13.6 in 4Q07. EPS and fully diluted EPS were 0.26 and 0.26, respectively, in 4Q08, compared to 0.11 and 0.11, respectively, in 4Q07.

Liquidity and capital resources

The Company's net cash flow from operating activities was MNOK 69.0 in 4Q08 compared to MNOK 5.3 in 4Q07. In 4Q08, Opera repurchased 695 100 shares for MNOK 9.2 as part of an up to 3 million share repurchase program announced on March 3, 2008 by the Board of Directors. The purpose of this program is to minimize dilution for existing shareholders resulting from the exercise of employee and Board stock options. On October 17, 2008, Opera announced that its Board of Directors had decided to extend the amount of shares that can be purchased under the share buy-back program from 3,000,000 to 6,000,000 shares.

Cash: Cash and cash equivalents at the end of 4Q08 were MNOK 563.5, compared to MNOK 466.8 in 4Q07, an increase of MNOK 96.7.

Organization: At the end of 4Q08, the Company had 627 full-time employees and equivalents compared to 462 at the end of 4Q07.

Segment overview

Opera's corporate mission is to provide the best Internet experience on any device. The Company continued to deliver on its mission in 2008, with Opera powering the Internet on not only a growing range of mobile phones, but also on a broader array of non-

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mobile Internet-connected devices, such as IP set-top boxes, portable media players, gaming consoles, and VoIP phones. Moreover, attractive growth continued for Opera's desktop product, driven largely by increases in the number of users and expansion in key markets around the world.

Internet Devices

Description

Internet Devices includes revenue from both mobile phones and other connected devices, such as gaming consoles, IPTV set-top boxes and portable media players. The segment also includes Opera Mini revenue from mobile operators such as T-Mobile and O2 Germany, as well as revenue generated from the Opera-branded Opera Mini product.

Update

Revenue from Internet Devices rose to MNOK 115.0 in 4Q08 compared to MNOK 73.7 in 4Q07, an increase of 56%, powered by strong growth from both devices and mobile customers.

Opera Mobile

Shipped on millions of devices from major mobile phone manufacturers and operators worldwide, the Opera Mobile browser lets everyone surf the full Web on their mobile phones.

Opera announced in 4Q08 that KDDI will ship 7 new phones with Opera Mobile and Opera's Widgets solution pre-installed. Since KDDI and Opera began their partnership in 2004, they have jointly released a total of 93 handsets with the Opera Mobile browser.

During 4Q08, Opera announced 2 new phones with Opera Mobile pre-installed from XDA and Samsung.

Opera Mini

Business

Opera has comprehensive licensing and services deals with 9 operators, including T-Mobile International (in 9 of 11 European subsidiaries), Vodafone, PTC/era (Poland), TMN (Portugal), Tata Teleservices (India), O2 (Germany and Slovakia), Swisscom and debitel Germany - all using an operator-branded version of the Opera Mini browser as part of their mobile Web initiatives.

Opera's revenue sources from these agreements include license/royalty, delivery services, hosting services, and maintenance and support.

Since launch through 4Q08, Opera has also signed distribution deals for the Opera-branded Opera Mini browser with 19 mobile operators worldwide.

During 4Q08, Opera announced 10 new phones with Opera Mini pre-installed, including phones from Nokia, Samsung and Sony Ericsson. Some of these phones

are distributed through OEMs, while others are distributed via operators.

Consumer

As of December 31, 2008, since launch, more than 57.8 billion Web pages have been viewed on Opera Mini. In December, 17.8 million unique active users worldwide browsed the Web using Opera Mini.

In 4Q08, Opera Software released the final version of its much-anticipated Opera Mini 4.2 for mobile phones. Moreover, due to the addition of an Opera Mini server park in the USA, speed trials have shown that Opera Mini 4.2 increases download speed by more than 30% for users in the United States and East Asia.

Opera generates revenue for the Opera-branded version of Opera Mini through content partnerships, including search. In 1Q08, Opera selected Google as the default search partner for Opera Mini in all countries except Russia and the former CIS nations. In 2Q08, Opera made Yandex the default search engine on Opera's mobile Web browsers for customers in Russia and the Commonwealth of Independent States (CIS).

Although Opera expects search to provide the vast majority of revenue in the short- to medium- term for the Opera branded version of Opera Mini, the Company is actively developing other ways of increasing ARPU for its growing user base.

While Opera.com continues to be the primary channel for distributing the Opera branded version of Opera Mini, Opera has also focused on distribution via direct agreements with mobile OEMs. Opera has such distribution deals with Nokia, Sony Ericsson, Sagem, Spice Mobile, Meridian Mobile and Micromax.

Opera Devices

Opera has driven new innovation within Internet technologies for handheld devices, digital TV and other devices, with innovative and powerful features that seamlessly adapt the Internet experience to suit varying screen sizes and input devices.

Opera for Devices is the leader in its core market segments, as Opera's browsers get installed on an increasing array of non-mobile phone Internet-connected devices, such as gaming consoles, portable media players and net TVs.

Opera Software announced that Nintendo Co., Ltd. of Japan had selected Opera Software to provide the Web browser for its dual-screened, Wi-Fi-enabled and portable Nintendo DSi gaming console. The Nintendo DSi started shipping in November 2008 in Japan and is expected to ship in Europe and the USA in April 2009.

Opera Software announced that Alpha Networks, a global leader in the networking industry, selected the Opera Devices SDK to deliver the Internet to its new

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high-definition IP set-top boxes, the AST series. Alpha Networks replaced its previous browser technology with the Opera Devices SDK in order to bring a superior Web experience to users of the AST series. Opera Devices SDK has been fine-tuned for TVs, which will result in fast surfing speeds.

Desktop

Description

Since the first public release in 1996, Opera has continuously delivered browser innovations for desktop PCs. Opera's desktop browser provides its users with a safe, efficient and enjoyable browsing experience.

Update

Revenue from Desktop rose 117% in 4Q08 to MNOK 41.9, compared to MNOK 19.3 in 4Q07. In 4Q08, Opera saw the full results of its June 2008 launch of Opera 9.5 for Desktop, with users up 42% since the end of 2Q08.

In 4Q08, Opera Software launched Opera 9.6, the newest version of Opera's award-winning Web browser. Opera 9.6 enhances the performance and flexibility of Opera's built-in e-mail client, while adding new features to Opera's free browser-synchronization service, Opera Link.

Outlook

Opera is positive about the Company's short and long-term growth prospects. Within Internet Devices, the success that key Opera customers, including T-Mobile and KDDI, have experienced with their mobile Web initiatives powered by Opera, combined with recent events in the industry, have heightened interest among operators and OEMs for Opera's solutions. Opera also sees accelerating interest among device manufacturers for Opera's solutions, as Web browsers become a more common component of a broad array of device types.

Opera believes it is well-positioned to take advantage of these "mega-trends" within both the mobile phone and consumer electronics industries. Opera also expects to see increased revenue streams for the Opera-branded version of Opera Mini in FY2009 compared to FY2008, as usage expands and as revenue and business models evolve further in the mobile Internet space.

The Company also sees positive growth prospects in the Desktop segment, particularly in the emerging markets.

Opera's key operational priorities in FY2009 include continuing to (i) focus and invest in an aggressive manner in the Consumer area (Desktop, Opera-branded Opera Mini, My Opera), (ii) accelerate momentum among mobile phone operators worldwide, (iii) increase Opera's position with top mobile phone OEMs globally, (iv) build on the momentum Opera has

going into FY2009 among major consumer electronic OEMs, and (v) capitalize on its unique cross-platform position and offering content-related services to its users, leveraging the fact that its browsers run on a wide and disparate array of device types and form factors.

Oslo, February 26, 2009
The Board of Directors
Opera Software ASA

William J. Raduchel
Chairman
(sign.)

Jon S. von Tetzchner
CEO
(sign.)