



# OPTION REPORTS SECOND HALF YEAR AND FULL YEAR 2012 RESULTS

**Leuven, Belgium – March 7, 2013** – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), a global leader in wireless connectivity, security and experience, today announced its results for the full fiscal year and second half year ended December 31, 2012. The financial information reported in this release is presented in Euros and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union. The accounting policies and methods of computation followed in the attached financial statements are the same as those followed in the most recent annual financial statements.

## Business Update

After finishing an industrial transformation, Option concentrated its efforts in the second half year of 2012 on testing, fine-tuning and go-to-market activities for its new line of products and services, including e.g. WiFi in the car with XYFI. The development of the products XYFI and VIU<sup>2</sup> have resulted in the buildup of some valuable new assets including a service management platform, a multi device user interface with streaming capabilities and routing software. These assets have allowed the Company to further improve the features of its existing products and will continue to do so for new product lines.

The most important new product-line that the Company launched in the second half of 2012 was CloudGate, a secure, reliable and affordable 3G M2M gateway that brings new levels of flexibility and ease of deployment for M2M solutions. Soon after the launch in October 2012, the Company announced partnerships with distributors, leading US System Integrators and developers, such as ILS, GetWireless, ClearConnex, Exosite, and Hilton Development Group. The fact that these and other partners signed up so quickly demonstrates the pent up demand for a configurable, reliable and affordable M2M gateway. The Company continues to work on further developing an ecosystem to secure a good market coverage and presence in the different M2M segments. The first CloudGate products were shipped in Q4, 2012 and have successfully been deployed in a number of field trials.

The Company also continues to focus on cost reductions. In line herewith, a restructuring exercise at Option Wireless Ltd. (Ireland) and Option France (France) has started. It is anticipated that these exercises will have a positive impact on the cost base in the second half of 2013. The restructuring exercise of Option Wireless Ltd. leads to a reduction of the net equity position of Option NV. As the net equity of Option NV falls below the threshold of one half of its share capital, the Company is required by law and in accordance with article 633 of the Belgian Code of Companies, to organize a Special General Meeting of Shareholders to vote on the continuity of the company.

Option confirms its intention to raise the amount of minimum 9 million EUR via the issue of a convertible bond. As announced in January the Board expects that this transaction will be concluded before the end of the first quarter of 2013. In order to bridge potential cash requirements until the completion of the transaction, the Company came to an agreement with Mondo NV, controlled by Jan Callewaert, on a mid term loan facility up to a maximum amount of 5 million EUR.

## Financial Highlights of the second half year 2012

- Total revenues for the second half year of 2012 were EUR 17.6 million compared with EUR 24.1 million realized in the second half year of 2011. Product related revenues decreased from EUR 7.7 million in the second half of 2011 till EUR 6.8 million in the same period of 2012, while software and license revenues decreased from EUR 16.4 million in the second half of 2011 to EUR 10,8 million in the same period of 2012. EUR 10.6 million of that amount came out of licenses. The decrease is explained by the fact that the license agreement with Huawei has ceased in the course of Q4, 2012.
- Gross margin for the second half year 2012 was 47.3% on total revenues, compared with a gross margin of 69.1% for the comparable period in 2011. The gross margin for the second half year 2012 was negatively affected by less important license revenues and by an inventory write off of EUR 3.7 million. The Company has assessed its inventory and has revalued some of its products leading to an extraordinary write off.
- Compared to the second half year 2011, total operating expenses in the second half of 2012 decreased with EUR 8.6 million from EUR 16.8 million to EUR 8.2 million as a result of the continuing efforts of an effective cost control within the Group, but also impacted by a negative impairment on capitalized R&D for an amount of EUR 3.6 million and a positive effect by lowering the IPR accrual for an amount of EUR 6.7 million. The company has assessed its capitalized R&D expenses and has decided to concentrate them on two platforms (3G and LTE). The company took an extraordinary write off of EUR 3.6 million on other projects. The company also reassessed its outstanding payables regarding IPR obligations and, taking into account fair market conditions and external advice, the Board of Directors decided to decrease the outstanding payables with an amount of EUR 6.7 million.
- The second half year 2012 EBIT amounted to EUR 0.1 million compared with EUR –0.1 million during the corresponding period in 2011.
- Result before taxes amounted to EUR 0.02 million in the second half of 2012 compared with EUR 0.06 million during the corresponding period in 2011.

## Financial Highlights of the full fiscal year result 2012

- Total revenues for the full year 2012 were EUR 40.8 million, a decrease of 18.2% compared with EUR 49.9 million revenues realized during the comparable period in 2011. Software and license revenues decreased from EUR 30.7 million in 2011 to EUR 28.2 million in 2012, explained by the fact that Huawei license revenue stopped during Q4. EUR 27.0 million of that amount came out of licenses. Product related revenues decreased from EUR 19.2 million in 2011 to EUR 12.6 million in 2012, due to the phasing out of the old products and the fact that the sales of new products did not compensate this decline.
- Gross margin for the full year was EUR 25.9 million compared with EUR 30.7 million in 2011. Gross margin year to date in 2012 was 63.4%, compared with a gross margin of 61.6% in 2011. Also in 2012 the gross margin was positively impacted by license revenues, delivering higher margins compared to revenues generated by products. During 2012 the company booked an inventory write off for an amount of EUR 4.3 million.
- Compared to the full year 2011, total operating expenses for 2012 decreased with EUR 12.0 million from EUR 34.3 million to EUR 22.3 million. The reduced expenses are the result of the downsizing of the Company, combined with lower sales related costs as well as effective cost control within the Group. As explained above in the financial highlights of the second half year the operating expenses were negatively impacted by impairment on the capitalized R&D for an amount of EUR 3.7 million and a positive impact by lowering the IPR accrual for an amount of EUR 7.4 million.
- EBIT was EUR 3.6 million or 8.8% on total revenues during the full year 2012, compared with EBIT of EUR -3.6 million or -7.2% on total revenues in 2011.
- The 2012 net result was EUR 3.6 million compared with a net result of EUR -2.9 million in 2011, or EUR 0.044 per basic share in 2012 compared with EUR -0,035 per basic share in 2011.
- The Group's balance sheet includes EUR 3.1 million in cash. The trade and other receivable position decreased from EUR 3.9 million to EUR 3.2 million and the inventory levels from EUR 6.8 million to EUR 4.0 million by the end of 2012. The intangible assets impacted by a negative impairment of EUR 3.7 million decreased from EUR 8.8 million in 2011 to EUR 4.9 million in 2012. The trade and other payable position decreased to EUR 11.9 million from EUR 18.1 million impacted by lowering our IPR accrual. The Group didn't receive any licenses from Huawei in 2012 compared to the EUR 33 million in Q1 2011 as prepaid licenses. As result, there is a decrease of deferred revenue from EUR 27.1 million to EUR 0.1 million. No deferred tax asset was recognized.

## CONSOLIDATED PERFORMANCE

For the period ended 31 December Million EUR (except per share figures)	2 <sup>nd</sup> HY 2012	2 <sup>nd</sup> HY 2011	YTD 2012	YTD 2011
Revenues.....	17.6	24.1	40.8	49.9
Gross profit .....	8.3	16.6	25.9	30.7
Operating expenses and other income .....	8.2	16.8	22.3	34.3
EBIT .....	0.1	(0.1)	3.6	(3.6)
Net result .....	0	0	3,7	(2.8)
Weighted average number of ordinary shares ..	82 498 592	82 498 592	82 498 592	82 498 592
Basic earnings / (loss) per share (EUR).....	0	0	0,04	(0.04)

### Annual Financial Report 2012

Option is currently finalizing its IFRS financial statements for the year ended 31 December 2012. The auditor has not yet completed his audit procedures as of today. Should any material changes arise during the audit finalization, an additional press release will be issued. Option expects to be able to publish its fully audited Annual Financial Report for the year 2012 on or before April 30, 2013.

## - OPTION N.V. -

FINANCIAL REPORT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

### CONSOLIDATED INCOME STATEMENT

For the 6 and 12 month period ended 31 Dec. Thousands EUR (except per share figures)	2 <sup>nd</sup> HY 2012	2 <sup>nd</sup> HY 2011	2012	2011
<b>Revenues</b>	<b>17 568</b>	<b>24 081</b>	<b>40 844</b>	<b>49 915</b>
Product revenue .....	6 788	7 686	13 140	19 255
Software and license revenue .....	10 780	16 398	27 704	30 663
Cost of products sold .....	(9 256)	(7 446)	(14 940)	(19 181)
<b>Gross margin .....</b>	<b>8 311</b>	<b>16 635</b>	<b>25 904</b>	<b>30 733</b>
Gross margin .....	47.3%	69.1%	63.4%	61.6%
Research and development expenses .....	(8 081)	(7 699)	(13 425)	(14 424)
Sales, marketing and royalties expenses .....	4 188	(4 462)	815	(9 852)
General and administrative expenses .....	(4 347)	(4 600)	(9 689)	(10 036)
<b>Total operating expenses .....</b>	<b>(8 241)</b>	<b>(16 761)</b>	<b>(22 300)</b>	<b>(34 313)</b>
Other income .....	-	-	-	-
<b>Profit from operations (EBIT) .....</b>	<b>71</b>	<b>(126)</b>	<b>3 604</b>	<b>(3 580)</b>
EBIT/Total revenues % .....	0.4%	(0.5%)	8.8%	(7.2%)
Depreciation and amortization .....	5 995	4 195	9 023	8 768
EBITDA .....	6 066	4 069	12 627	5 188
EBITDA/Total revenues % .....	34.5%	16.9%	30.9%	10.4%
Exchange gain/(loss) .....	(63)	176	(36)	259
Interest income/(expense) and other financial income/(expense) .....	18	13	75	417
<b>Finance result .....</b>	<b>(45)</b>	<b>189</b>	<b>39</b>	<b>676</b>
<b>Result before taxes .....</b>	<b>25</b>	<b>63</b>	<b>3 643</b>	<b>(2 904)</b>
Tax benefits / (expense) .....	(41)	(51)	9	42
<b>Net result .....</b>	<b>(15)</b>	<b>12</b>	<b>3 651</b>	<b>(2 862)</b>
Weighted average number of ordinary shares .....	82 498 592	82 498 592	82 498 592	82 498 592
Diluted average number of ordinary shares .....	82 498 592	82 498 592	82 498 592	82 498 592
Basic earnings / (loss) per share (in EUR) .....	0.00	0.00	0.04	(0.03)
Diluted earnings / (loss) per share (in EUR) .....	0.00	0.00	0.04	(0.03)

**CONSOLIDATED BALANCE SHEET PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)**

Thousands EUR For the period ended	31 December 2012	31 December 2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents.....	3 147	25 216
Trade and other receivables.....	3 167	3 924
Income tax receivable.....	60	32
Inventories.....	4 036	6 792
	<b>10 411</b>	<b>35 964</b>
<b>Non-current assets</b>		
Property, plant and equipment.....	857	1 603
Intangible assets.....	4 882	8 812
Other financial assets.....	1 316	1 173
	<b>7 055</b>	<b>11 588</b>
<b>Total assets.....</b>	<b>17 466</b>	<b>47 552</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables.....	11 853	18 125
Deferred revenue.....	120	27 128
Income tax payable.....	45	69
Other financial liabilities.....	14	14
Provisions (current).....	580	948
	<b>12 612</b>	<b>46 285</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities.....	7	22
	<b>7</b>	<b>22</b>
<b>Equity</b>		
Issued capital.....	12 232	12 232
Share premium.....	57 961	57 961
Reserves.....	(893)	(115)
Retained earnings.....	(64 453)	(68 834)
<b>Shareholders' equity.....</b>	<b>4 847</b>	<b>1 245</b>
<b>Total liabilities and shareholders' equity.....</b>	<b>17 466</b>	<b>47 552</b>

## CONSOLIDATED CASH FLOW STATEMENT

### Prepared in accordance with International Financial Reporting Standards (IFRSs)

Thousands EUR  
For the period ended

	31 December 2012	31 December 2011
<b>OPERATING ACTIVITIES</b>		
Net Result (A) .....	3 651	(2 862)
Depreciation and amortization .....	5 332	8 404
(Reversal of) Write-offs on current and non current assets .....	2 317	(2 309)
Impairment losses on intangible assets .....	3 690	365
Impairment losses on tangible assets .....	-	-
Increase/(decrease) in provisions .....	106	(842)
Loss/ (gains) on sale of property, plant & equipment .....	(118)	(75)
Loss/ (gains) on sale of intangible assets .....	-	-
Unrealized foreign exchange losses/(gains) .....	-	-
(Gains)/Losses on sale of financial fixed assets .....	(34)	(123)
Interest income .....	(126)	(435)
Interest expense .....	66	20
Equity settled share based payment expense .....	4	69
Tax expense / (benefit) .....	(9)	(42)
<b>Total (B) .....</b>	<b>11 228</b>	<b>5 032</b>
<b>Cash flow from operating activities before changes in working capital (C)=(A)+(B) .....</b>	<b>14 879</b>	<b>2 170</b>
Decrease/(increase) in trade and other receivables .....	718	3 258
Decrease/(increase) in inventories .....	383	8 038
Increase/(decrease) in trade and other payables .....	(6 301)	(11 516)
Increase/(decrease) in deferred revenue .....	(27 008)	4 458
Use in provisions .....	(209)	(307)
<b>Total changes in working capital (D) .....</b>	<b>(32 418)</b>	<b>3 931</b>
<b>Cash generated from operations (E)=(C)+(D) .....</b>	<b>(17 539)</b>	<b>6 101</b>
Interests (paid) (F) .....	(82)	(386)
Interests received (G) .....	223	320
Income tax (paid)/received (H) .....	(4)	(3)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H) .....</b>	<b>(17 402)</b>	<b>6 030</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of plant & equipment .....	1 181	395
Proceeds from sale of intangible assets .....	-	-
Investment in non-consolidated companies .....	(152)	(1 043)
Acquisition of business, net of cash disposed of .....	-	(220)
Acquisition of property, plant and equipment .....	(1 750)	(167)
Acquisition of intangible assets .....	-	(264)
Development expenditures .....	(3 925)	(5 744)
Cash inflow on disposal of subsidiary .....	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES (J) .....</b>	<b>(4 646)</b>	<b>(7 043)</b>
<b>FINANCING ACTIVITIES</b>		
Finance Lease liabilities .....	(14)	35
Proceeds from borrowings .....	-	-
Repayment of borrowings .....	-	(4 770)
Payment of finance lease liabilities .....	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES (K) .....</b>	<b>(14)</b>	<b>(4 735)</b>
<b>Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K) .....</b>	<b>(22 062)</b>	<b>(5 748)</b>
Cash and cash equivalents at beginning of period .....	25 216	30 930
Effect of exchange rate fluctuations on cash held .....	(7)	35
Cash and cash equivalents at end of period .....	3 147	25 216
<b>Difference .....</b>	<b>(22 062)</b>	<b>(5 748)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 31 December 2012	Shareholders' equity						
	Issued capital	Share premium	Share- based payment reserves	Translation reserves	Share issue costs	Retained earnings	Total equity
<b>As per 31 December 2011 ...</b>	<b>12 232</b>	<b>57 961</b>	<b>1 444</b>	<b>76</b>	<b>(1 635)</b>	<b>(68 837)</b>	<b>1 245</b>
Net result .....						3 651	3 651
Share based payments.....			(725)			730	4
Translation adjustment .....				(53)			(53)
<b>As per 31 December 2012 ...</b>	<b>12 232</b>	<b>57 961</b>	<b>721</b>	<b>23</b>	<b>(1 635)</b>	<b>(64 457)</b>	<b>4 847</b>

## FINANCIAL CALENDAR

Annual Shareholders Meeting:	Friday May 31, 2013 at 10 AM in Leuven (Belgium)
Q1 business update:	Thursday April 25, 2013
Q2 results and "Interim Financial Report":	Friday August 30, 2013
Q3 business update:	Thursday October 24, 2013



This press release contains forward-looking information that involves risks and uncertainties, including statements about the company's plans, objectives, expectations and intentions. Such statements include, without limitation, discussions concerning the company's strategic direction and new product introductions and developments. Readers are cautioned that such forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially than those set forth in the forward looking statements. The risks and uncertainties include, without limitation, the early stage of the market for connectivity and integrated wireless products and solutions for portable and handheld computers and mobile telephones, the management of growth, the ability of the company to develop and successfully market new products, rapid technological change and competition. Some of these risk factors were highlighted in the Consolidated and Statutory Report 2011 of the Board of Directors which can be found in the Annual Report 2011 page 42-44. The forward-looking statements contained herein speak only as of the date of this press release. The company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the company's expectations or any change in events, conditions or circumstance on which any such statement is based.

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**About Option**

Option is a global leader in wireless connectivity, security and experience. Option enhances the performance, functionality and usability of wireless communications through a portfolio of 3G, 4G HSPA/LTE and WLAN connectivity solutions. The company works with mobile operators, OEMs, retailers and enterprise customers to create compelling products that enable new connected and secure services. Option is headquartered in Belgium, with further an ISO 9001 production engineering and logistics facility in Ireland. Option maintains offices in Europe, the US, Greater China, Japan and Australia. More at [www.option.com](http://www.option.com).

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