



# OPTION REPORTS FOURTH QUARTER AND FULL YEAR 2009 RESULTS

**Leuven, Belgium – March 4, 2010** – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the full fiscal year and fourth quarter ended December 31, 2009. 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.

## Capital Increase – Cost Reduction Plan

- On the 9<sup>th</sup> of December 2009, the Board of Directors decided in the framework of the authorized capital to increase the capital of the Company with an amount of up to EUR 20,212,155.04 through the issuance of maximum 41,249,296 new shares. At the close of the subscription period the Company announced that the full amount of 20,212,155.04 was subscribed for.
- During the fourth quarter the Company started to implement the cost reduction plan, announced during the release of the third quarter 2009 results. This resulted in closing down the R&D facility at Kamp-Lintfort as well as headcount reductions across all sites. Related to this restructuring plan the Company took EUR 7.6 million of one-off restructuring charges in the fourth quarter of 2009.

## Financial Highlights of the fourth quarter 2009

- Total revenues for the fourth quarter of 2009 were EUR 19.4 million compared with EUR 70.2 million realized in the fourth quarter of 2008. Revenues for the quarter were originally in line with expectations above EUR 20 million, however in January, one customer that had purchased EUR 913k of goods in the quarter ran into financial difficulty and the decision was made to accept the units back into inventory rather than risk non-payment. These revenues had to be removed from the final result.
- Gross margin for the fourth quarter 2009 was -26.3% on total revenues, compared with a gross margin of 24.1% for Q4 2008. During the fourth quarter 2009 the gross margin was impacted by restructuring charges of EUR 2.0 million and additional write-offs on inventories for a total amount of EUR 6.9 million. Excluding the aforementioned exceptional items, gross margin for the fourth quarter 2009 would have been 19.6%.
- Compared to Q4 2008, total operating expenses decreased by EUR 13.9 million from EUR 35.9 million to EUR 22 million. The restructuring charges taken in the fourth quarter of 2009 and attributable to the operating expenses are EUR 5.6 million. Additionally, during the quarter the Group reviewed the existing capitalized R&D projects which resulted in an additional adjustment of EUR 2.0 million.
- The quarterly EBIT amounted to EUR –27.2 million compared with EUR –19 million during the corresponding period in 2008. As previously mentioned the EBIT has been impacted by exceptional items, being restructuring charges (EUR 7.6 million in total), inventory write offs (EUR 6.9 million) and impairments on capitalized R&D projects (EUR 2.0 million).
- Net result for the fourth quarter of fiscal year 2009 amounted to EUR –27.9 million, or EUR –0.66 per basic share. This compares with a net result of EUR –13.3 million, or EUR –0.32 per basic share in the fourth quarter of 2008. The Q4 2009 net result was negatively impacted by a financial result of EUR –1.1 million, mainly the result of realized losses on the execution of expired USD hedging contracts and interest expenses.

- As of the third quarter 2009 the Group stopped accounting for positive tax results and has determined that it is prudent to exclude a further increase of the deferred tax asset.
- The Group's balance sheet includes EUR 30.7 million in cash, including EUR 8.3 million which has been drawn from the existing credit lines and EUR 20.2 million received as a result of the successful capital increase. The accounts payable and receivable positions decreased compared to year end 2008 as well as the inventory levels, which decreased substantially from EUR 32.8 million to EUR 17.3 million.

### **Financial Highlights of the full fiscal year result 2009**

- Total revenues for the full year 2009 were EUR 147.1 million, a decrease of 45.1% compared with EUR 268.1 million revenues realized during the comparable period in 2008.
- Gross margin year to date was EUR 27.2 million compared with EUR 74.6 million in 2008. Gross margin year to date in 2009 was 18.5%, compared with a gross margin of 27.8% in 2008. Excluding the year to date restructuring charge of EUR 2.4 million in 2009, the gross margin would have been 20.1%.
- EBIT decreased to EUR –54.4 million or –36.9% on total revenues during the full year 2009, including the year to date restructuring charge of EUR 9.3 million, compared with and EBIT of EUR –29.3 million in 2008.
- Net result decreased to EUR –53.7 million, or EUR –1.27 per basic share. This compares with a net result of EUR –19 million, or EUR –0.46 per basic share in 2008. The 2009 net result was positively impacted by taxes of EUR 7.3 million and negatively impacted by a finance result of EUR –6.7 million.

### **Additional Highlights**

- Plastic Logic will use Option's GTM501, the world's smallest HSPA module, in their new eReader device. The proReader, a world's first, will offer on-the-go access to newspapers and magazines, as well as compatibility with many popular document types, all of which can be viewed on the industry's largest yet lightweight eReader. Equivalent to a letter-sized pad of paper, the eReader is barely 1/3 inch thick and weighs less than many print periodicals, while delivering an average battery life that can be measured in days rather than hours.
- During the GSMA Mobile Asia Congress, held in November 2009 in Hong-Kong, Option was selected as the winner of the GSMA's Embedded Mobile Module competition in the 'Best Embedded Module in the High-Bandwidth Application' category for the GTM501. This award validates the market leading technology that makes the GTM501 – only 2.3 mm thick – the ideal 3G solution for new generation Internet devices such as e-readers, small mobile computing devices and connected cameras.
- MOTO Development Group uses Option's GTM 501 for their Android 2.0 Media Platform (AMP), offering reduced time-to-market for next-generation multi-touch consumer and enterprise electronics device developers. This project further demonstrates the Option's strategy to support innovative Original Equipment Manufacturers and Original Design Manufacturers integrating 3G connectivity.

### **Change to Reporting Timetable**

For 2010, The Board of Directors of Option has elected to change the reporting timetable to biannual reporting with business updates for the first and third quarters of each year. Option's current reporting with full quarterly reporting dates back from the days of its IPO on the EASDAQ. Option believes this change will be helpful to the Market as well as to the Company

A view of Option's performance which is Bi-Annual will be more meaningful and less confusing than Quarterly because two major restructurings in the business of the Company are being implemented in 1H2010. Firstly, the major operating cost reductions which Option has largely completed have both the effect of triggering one-time costs as well as re-engineering the supply chain for the company towards a

more cost effective Asian Fulfillment model. As a result, there will be short term financial impacts to the company during this transitional period.

Secondly, the company, during 1H2010, is shifting from selling products which are technologically excellent and aggressively priced against competitor "commodity" products to a product line which, through integration with embedded software, can be customized by our distributors. This will create a competitive positioning which we expect will sell more volume and be more profitable for the company.

Bi-Annual reporting will allow the team at Option to focus on the critical business of managing the transitions described above by taking a meaningful longer term view. Continued Quarterly reporting, especially at this critical period of change, runs the risk of engaging the team in protracted explanations of transitional data which would not be helpful either to the staff or to the Market.

## CONSOLIDATED PERFORMANCE

For the period ended 31 December Million EUR (except per share figures)	Q4 2009	Q4 2008	YTD 2009	YTD 2008
Revenues .....	19.4	70.2	147.1	268.1
Gross profit.....	(5.1)	16.9	27.2	74.6
Operating expenses .....	22.1	35.9	81.5	103.9
EBIT .....	(27.2)	(19)	(54.3)	(29.3)
Net result.....	(27.9)	(13.3)	(53.7)	(19)
Weighted average number of ordinary shares...	42 266 402	41 249 296	42 266 402	41 249 296
Basic earnings / (loss) per share (EUR) .....	(0.66)	(0.32)	(1.27)	(0.46)

### Comments on the results

Commenting on the results, Jan Callewaert, CEO of Option, said:

“Option is very pleased to have successfully closed the fundraising of EUR 20.2 million in December 2009. I believe it reflects the continued support and belief from our shareholders in Option’s ability to transform itself once again into a premiere player in the mobile broadband marketplace.

In the last quarter of 2009 and early 2010, Option has made the very difficult decisions regarding its structure and resources, across all levels of management and geographies. As hard as these decisions have been, they have been necessary in order to allow Option to realize its opportunities in 2010 and beyond.

Finally, I am very pleased that Olivier Lefebvre has agreed to become Chairman of Option allowing me to focus full time on the daily responsibilities associated with driving the new strategy of the company.

Although we continue to face a very difficult and competitive marketplace caused by unfair commercial practices from Chinese manufacturers, I believe that with the new strategy and products like the XY USB-modem, the uCAN software, and the GTM501 embedded module, we are moving away from direct competition in the commoditized market and once again utilizing our innovative skills that have made Option successful in the past.”

### Annual Financial Report 2009

Option is currently finalizing its IFRS financial statements for the year ended 31 December 2009. The auditor has not yet completed his audit procedures as of today. Should any material changes arise during the audit finalization, and additional press release will be issued. Option expects to be able to publish its fully audited Annual Financial Report for the year 2009 before April 15, 2010.

## - OPTION N.V. -

### Financial report prepared in accordance with International Financial Reporting Standards (IFRSs)

#### CONSOLIDATED INCOME STATEMENT

For the 3 and 12 month period ended 31 Dec. Thousands EUR (except per share figures)	Q4/2009	Q4/2008	Dec. 31, 2009	Dec. 31, 2008
<b>Revenues</b>	<b>19 412</b>	<b>70 202</b>	<b>147 119</b>	<b>268 089</b>
Cost of products sold <sup>1</sup> .....	(22 537)	(53 253)	(117 540)	(193 458)
<b>Gross margin excl restructuring charges</b> .....	<b>(3 125)</b>	<b>16 949</b>	<b>29 579</b>	<b>74 630</b>
Gross margin excluding restructuring charges % .....	(16.1%)	24.1%	20.1%	27.8%
<i>Restructuring charges</i> .....	(1 984)	-	(2 391)	-
<b>Gross margin</b> .....	<b>(5 110)</b>	<b>16 949</b>	<b>27 188</b>	<b>74 630</b>
Gross margin % .....	(26.3%)	24.1%	18.5%	27.8%
<i>Restructuring charges</i> .....	(5 601)	-	(6 923)	-
Research and development expenses <sup>1</sup> .....	(9 704)	(18 444)	(31 808)	(42 749)
Sales, marketing and royalties expenses <sup>1</sup> .....	(3 521)	(12 050)	(26 896)	(41 375)
General and administrative expenses <sup>1</sup> .....	(3 245)	(5 478)	(15 903)	(19 806)
<b>Total operating expenses</b> .....	<b>(22 071)</b>	<b>(35 973)</b>	<b>(81 530)</b>	<b>(103 929)</b>
<b>Profit from operations (EBIT)</b> .....	<b>(27 181)</b>	<b>(19 024)</b>	<b>(54 342)</b>	<b>(29 299)</b>
EBIT/Total revenues % .....	(140.0%)	(27.1%)	(36.9%)	(10.9%)
Depreciation and amortization .....	8 349	14 070	22 712	29 207
EBITDA .....	(18 832)	(4 954)	(31 630)	(92)
EBITDA/Total revenues % .....	(97.0%)	(27.1%)	(21.5%)	(0.0%)
Exchange gain/(loss) .....	(2 372)	(389)	(5 534)	(1 697)
Interest income/(expense) and other financial income/(expense) .....	1 296	63	(1 139)	1 157
<b>Finance result</b> .....	<b>(1 076)</b>	<b>(327)</b>	<b>(6 673)</b>	<b>(540)</b>
<b>Result before taxes</b> .....	<b>(28 257)</b>	<b>(19 350)</b>	<b>(61 015)</b>	<b>(29 839)</b>
Tax benefits / (expense) .....	356	6 063	7 333	10 838
<b>Net result</b> .....	<b>(27 901)</b>	<b>(13 287)</b>	<b>(53 682)</b>	<b>(19 001)</b>
Weighted average number of ordinary shares .....	42 266 402	41 249 296	42 266 402	41 249 296
Diluted average number of ordinary shares .....	42 266 402	41 249 296	42 266 402	41 249 296
Basic earnings / (loss) per share (in EUR) .....	(0.66)	(0.32)	(1.27)	(0.46)
Diluted earnings / (loss) per share (in EUR) .....	(0.66)	(0.32)	(1.27)	(0.46)

<sup>1</sup> These amounts are excluding restructuring charges

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

Thousands EUR For the period ended	31 December 2009	31 December 2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	30 664	33 328
Trade and other receivables .....	16 254	44 819
Other financial assets.....	0	0
Income tax receivable .....	97	227
Inventories .....	17 336	32 894
	<b>64 351</b>	<b>111 268</b>
<b>Non-current assets</b>		
Property, plant and equipment .....	9 157	16 291
Intangible assets .....	21 385	20 740
Deferred tax assets .....	30 050	22 413
Other non-current assets .....	328	383
	<b>60 921</b>	<b>59 827</b>
<b>Total assets .....</b>	<b>125 272</b>	<b>171 094</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables .....	48 507	67 353
Income tax payable .....	268	104
Other financial liabilities .....	8 648	89
Provisions (current) .....	1 617	2 437
	<b>59 040</b>	<b>69 983</b>
<b>Non-current liabilities</b>		
Other non current liabilities .....	-	16
Deferred tax liabilities.....	1 893	2 013
	<b>1 893</b>	<b>2 029</b>
<b>Equity</b>		
Issued capital .....	12 232	6 116
Share premium.....	57 961	43 865
Reserves.....	(921)	352
Retained earnings.....	(4 933)	48 749
<b>Shareholders' equity.....</b>	<b>64 339</b>	<b>99 082</b>
<b>Total liabilities and shareholders' equity .....</b>	<b>125 272</b>	<b>171 094</b>

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### CONSOLIDATED CASH FLOW STATEMENT

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

Thousands EUR  
For the period ended

	31 December 2009	31 December 2008
<b>OPERATING ACTIVITIES</b>		
Net Result (A).....	(53 682)	(19 001)
Depreciation and amortization.....	20 001	21 500
Write-offs on current and non current assets .....	7 861	4 090
Impairment losses on intangible assets .....	2 034	7 707
Impairment losses on tangible assets .....	678	-
Increase/(decrease) in provisions .....	(478)	(1 639)
Loss/ (gains) on sale of plant & equipment .....	839	157
Loss/ (gains) on sale of intangible assets .....	22	-
Unrealized foreign exchange losses/(gains) .....	506	(398)
(Gains)/Losses on hedging contracts.....	-	(473)
Interest income.....	(80)	(813)
Interest expense.....	709	149
Equity settled share based payment expense.....	663	154
Tax expense / (benefit) .....	(7 332)	(10 838)
<b>Total (B) .....</b>	<b>25 423</b>	<b>19 596</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>(28 259)</b>	<b>595</b>
(C)=(A)+(B) .....		
Decrease/(increase) in trade and other receivables.....	28 481	10 860
Decrease/(increase) in inventories.....	8 021	1 888
Increase/(decrease) in trade and other payables.....	(19 986)	7 206
Use in provisions.....	(342)	(1 900)
	<b>16 174</b>	<b>18 054</b>
<b>Total changes in working capital (D).....</b>		
<b>Cash generated from operations (E)=(C)+(D) .....</b>	<b>(12 085)</b>	<b>18 649</b>
Interests (paid) (F).....	(412)	(29)
Interests received (G).....	79	1 217
Income tax (paid)/received (H) .....	(58)	2 741
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)=(E)+(F)+(G)+(H).....</b>	<b>(12 476)</b>	<b>22 578</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of plant & equipment .....	-	22
Proceeds from sale of intangible assets.....	8	-
Acquisition of property, plant and equipment .....	(934)	(2 833)
Acquisition of intangible assets .....	(232)	(1 067)
Development expenditures .....	(15 929)	(21 943)
<b>CASH FLOW FROM INVESTING ACTIVITIES (J).....</b>	<b>(17 087)</b>	<b>(25 821)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from capital increase.....	20 212	-
Payment for capital increase costs.....	(1 698)	-
Proceeds from borrowings .....	8 574	29
Repayment of borrowings .....	(74)	(75)
Payment of finance lease liabilities .....	43	-
<b>CASH FLOW FROM FINANCING ACTIVITIES (K).....</b>	<b>27 057</b>	<b>(46)</b>
<b>Net increase/(decrease) in cash and cash equivalents (I)+(J)+(K).....</b>	<b>(2 506)</b>	<b>(3 288)</b>
Cash and cash equivalents at beginning of period.....	33 328	36 299
Effect of exchange rate fluctuations on cash held.....	(158)	317
Cash and cash equivalents at end of period .....	30 664	33 328
<b>Difference .....</b>	<b>(2 506)</b>	<b>(3 288)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands EUR For the period ended 31 December 2009	Shareholders' equity						Total equity
	Issued capital	Share premium	Share- based payment reserves	Translation reserves	Share issue costs	Retained earnings	
<b>As per 31 December 2008....</b>	<b>6 116</b>	<b>43 865</b>	<b>513</b>	<b>(161)</b>	<b>-</b>	<b>48 749</b>	<b>99 082</b>
Net result .....	-	-	-	-	-	(53 682)	(53 682)
Share based payments .....	-	-	663	-	-	-	663
Share issue costs .....	-	-	-	-	(1 698)	-	(1 698)
Issuance of new shares .....	6 116	14 096	-	-	-	-	20 212
Translation adjustment.....	-	-	-	(238)	-	-	(238)
<b>As per 31 December 2009....</b>	<b>12 232</b>	<b>57 961</b>	<b>1 176</b>	<b>(399)</b>	<b>(1 698)</b>	<b>(4 933)</b>	<b>64 339</b>

### FINANCIAL CALENDAR

Annual Shareholders Meeting:	Friday April 30, 2010 at 10 AM
Q1 business update:	Thursday April 29, 2010
Q2 results and "Interim Financial Report":	Tuesday August 31, 2010
Q3 business update:	Thursday October 28, 2010



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 2008 of the Board of Directors which can be found in the Annual Report 2008 page 25-27. 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, the wireless technology company, is a leading innovator in the design, development and manufacture of 3G HSUPA, HSDPA, UMTS, EDGE, and WLAN technology products for wireless connectivity solutions. Option has established an impressive reputation for creating exciting products that enhance the performance and functionality of wireless communications. Option is headquartered in Leuven, Belgium. The company also has Research & Development in Belgium (Leuven), Germany (Augsburg) and an ISO 9001 production engineering and logistics facility in Ireland (Cork). Option maintains offices in Europe, US, Greater China, Japan and Australia. For more information please visit [www.option.com](http://www.option.com).

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