

## **OPTION Q1,2003 REVENUES EXCEED EURO 10.5 MILLION WITH NET POSITIVE RESULTS**

For immediate release

Leuven, Belgium - 06 MAY 2003 - Option N.V. ([NASDAQ Europe: OPIN](#)), the leading innovator in the wireless communications market, today reported results for its first quarter ended March 31, 2003. The results are reported in Euro and are prepared in accordance with United States generally accepted accounting principles (US GAAP).

### **The highlights of the quarter included:**

- Revenues for the first quarter of fiscal 2003 reached EUR 10.8 million. This compares with the EUR 4.4 million generated in the first quarter of 2002 and the EUR 7.8 million generated in the fourth quarter of 2002.
- 11% of the Q1 revenues was derived from the HP-Compaq and Lucent ([NYSE: HPQ and LU](#)), 89% came from sales of the Globetrotter GPRS PC Card.
- The gross margin remained strong above 45 %.
- The quarterly operating expenses, excluding depreciation charges were EUR 3.5 million, quite stable compared to the previous quarters of 2002.
- Operating results for the quarter showed a profit of EUR 0.7 million compared to a loss of EUR -1.3 million in the fourth quarter of 2002 and compared to a loss of EUR -1.9 million in the first quarter of 2002.
- Option was able to post, after several negative quarters, again a positive net result of EUR 0.3 million or an EPS of EUR 0.04, compared to a net loss for the previous quarter amounting EUR -2.45 million or EUR -0.30 per share and compared to a net loss of EUR -1.4 million or EUR -0.18 per share during the first quarter of 2002.
- In the first quarter 2003 the Company generated a EUR 1.9 million positive cash flow from its operating activities compared to a EUR 0.2 million negative cash flow during the fourth quarter 2002 and a EUR 1.5 million negative cash flow during the first quarter 2002.

Commenting on the results, Mr Callewaert, President and Chief Executive Officer said: "The record sales of our flagship tri-band GSM/GPRS data Card during the first quarter brought our company in the expected profitable situation with cash flow positive statements. Our global partnership with the Vodafone group ([LSE : VOD.L](#)), offering end-to-end solutions for professional users, as well as other mobile operators continue to drive sales. The fact that Option in 2003 demonstrates again positive results, and this after still investing more than 15% of its revenues in R&D, is not only a strong message to the financial markets, but also all our stakeholders, especially our very dedicated team members.

Collectively we have sold more than 50K GPRS terminals during the first quarter.

GlobeTrotter continues to be shipped to specialist distribution partners in Europe and in the Asia Pac region. Beside the distribution in the Vodafone channel, Globetrotter is further commercialized under the T-Mobile-, Orange- and Panda China house styles, as well as under the Option brand name.

Based on the announced first quarter results of our peers and our own market intelligence, we can state that our GlobeTrotter is the most successful GPRS PC Card in the world."

### **Financial Review**

#### Income Statement

Revenues for the first quarter of 2003 reached EUR 10.8 million. This compares with the EUR 4.4 million generated in the first quarter of 2002 (+143%) and the EUR 7.8 million generated in the fourth quarter of 2002 (+38%).

#### Gross Profit

Compared to the first quarter of 2002, the gross margin remained stable around 45% and even improved from 33.8% in the fourth quarter of 2002.

#### Operating expenses

The quarterly operating expenses, excluding depreciation charges were EUR 3.5 million, compared to EUR 3.3 million in the fourth quarter of 2002. The slightly increase of the operating expenses is mainly due to some variable sales & marketing costs. In order to remain at the forefront of the wireless data communication technology 15% of our revenues are spend in R&D efforts that should result in the successful launch in the course of 2003 of new products and solutions in the area of WLAN and UMTS as requested by the wireless community.

#### Operating Results

The earnings before interests and taxes (EBIT) for the first quarter showed a profit of EUR 0.7 million compared to a loss of EUR -1.3 million in the fourth quarter of 2002 and compared to a loss of EUR -1.9 million in the first quarter of 2002.

#### Net Results

The net profit for the quarter amounts to EUR 0.3 million or EUR 0.04 per share, compared to a net loss for the previous quarter amounting EUR - 2.45 million or EUR - 0.30 per share and compared to a net loss of EUR - 1.4 million or EUR - 0.18 per share during the first quarter of 2002.

The financial costs accounted by the company were partially linked with the accrued interests on the subordinated bonds of its main shareholders, and also to a non-recurrent action in the course of the first quarters of financial rebates for pre-payments of outstanding sales invoices allowed to some customers.

Based on these profitable results the company reduced its deferred tax asset by EUR 0.2 million.

#### Balance Sheet

Cash increased from EUR 2.6 million in the fourth quarter of 2002 to EUR 4.1 million at the end of the first quarter 2003.

Accounts Receivable has decreased from EUR 5.0 million at the end of the fourth quarter 2002 to EUR 3.6 million at the end of the first quarter 2003.

Other receivables were EUR 2.1 million at the end of the first quarter, increasing from EUR 1.3 million at the end of the fourth quarter 2002. The increase is partially related to unbilled services.

Inventories remained stable around EUR 2.6 million, despite the increased level of activities. The decision in 2002 to outsource material procurement and manufacturing services to Jabil Circuit ([NYSE: JBL](#)) continued to have positive effects on the working capital management.

Due to the positive results, the deferred tax assets decreased from EUR 9.2 million at the end of 2002 to EUR 9.1 million at year-end. The company accounts for income taxes in accordance with SFAS No 109, "Accounting for Income Taxes" which requires the use of the liability method of accounting for deferred income taxes.

Fixed assets were EUR 4.2 million (net book value) as at March 31<sup>st</sup>, 2003 and down from 4.5 million at year-end 2002.

Total current liabilities increased during the first quarter to EUR 17.7 million at quarter-end compared to a level of EUR 11 million at year-end 2002. This increase is due to the reclassification of the subordinated convertible debt of EUR 6.3 million underwritten to the main shareholders and due, as per contract, end of January 2004. The company continues to have a bank debt free balance.

Provision for risk and charges decreased from EUR 0.6 million at the end of last year to EUR 0.5 million at the end of the first quarter of 2003. The decrease of EUR 0.1 million is due to severance payments in the first three months of 2003 impacting the exceptional accrual in relation to the discontinued operations of the Cambridge based R&D branch set up at the end of 2002.

On total assets of EUR 25.8 million the semi-equity, being the total equity with the subordinated long-term debt, amounted to EUR 13.9 million, which gives the company at the end of the first quarter a solvency ratio of more than 54%.

Operating cash flow for the first quarter was positive by EUR 1.9 million compared by a negative operating cash flow of EUR - 0.2 million during the previous quarter and of EUR - 1.5 million during the first quarter of 2002. The total net cash flow of the first quarter was EUR 1.6 million positive.

Earnings per share for the first quarter 2003 were EUR 0.04 or USD 0.05 compared with the negative result per share in the fourth quarter 2002 of EUR - 0.30 or USD - 0.31, and compared with the negative result per share in the first quarter 2002 of EUR - 0.18 and USD - 0.16.

Jan Callewaert adds: " The focus of the current quarter is to further tap the window of opportunity offered by our successful GPRS product range by opening new market opportunities, in order to maintain the leading position of GlobeTrotter in our target markets."

Frederic Convent, Option's CFO and General Counsel concludes: "The success of Option's actual business model allows us to have as leading actor in our segment a good visibility of the results of the next quarters to come, taking also in to account our commitment of continued investment. Including the several factoring proposals on the table and the cost savings of the closing of the Cambridge department as from Q3, the positive cash flows of the next quarters will further strengthen our balance sheet. The successful focus on working capital combined with the business expansion are compelling arguments for the dual listing initiative on the EuroNext market in the coming months, providing more liquidity and international visibility to our stock".

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. 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.

Option, Option International., GlobeTrotter are trademarks of Option N.V. All other product names mentioned herein may be trademarks of the companies with which they are associated.

**For further information please contact:**

**Jan Callewaert, CEO or Frederic Convent, CFO & General Counsel**

**Kolonel Begaultlaan 45**

**B-3012 Leuven, Belgium**

**TEL : +32 (0)16/31.74.11**

**FAX +32 (0)16/31.74.90**

**e-mail : [investor@option.com](mailto:investor@option.com)**

**OPTION N.V.**  
**US GAAP Consolidated Balance Sheet at March 31, 2003 and December 31, 2002**

| In 000 EUR                                    | March 31, 2003<br>000 EUR | December 31, 2002<br>000 EUR |
|---|---------------------------|------------------------------|
|   | LIMITED REVIEW            | LIMITED REVIEW               |
| <b>Assets</b>                                 |                           |                              |
| Cash & Cash Equivalents                       | 4,118.1                   | 2,558.6                      |
| Accounts receivable                           | 3,649.1                   | 4,994.2                      |
| Other receivables                             | 2,138.5                   | 1,316.2                      |
| Inventories                                   | 2,618.7                   | 2,601.3                      |
| <b>Total current assets</b>                   | <b>12,524.4</b>           | <b>11,470.3</b>              |
| Deferred taxes                                | 9,064.4                   | 9,214.4                      |
| Property & equipment                          | 2,517.5                   | 2,750.3                      |
| Intangible assets                             | 1,719.6                   | 1,774.7                      |
| <b>Total fixed assets</b>                     | <b>4,237.1</b>            | <b>4,525.0</b>               |
| <b>Total Assets</b>                           | <b>25,825.9</b>           | <b>25,209.7</b>              |
| <b>Liabilities &amp; shareholders' equity</b> |                           |                              |
| Accounts payable                              | 7,800.5                   | 7,400.8                      |
| Salaries and payroll related liabilities      | 1,734.0                   | 1,946.0                      |
| Short-term debt                               | 0.7                       | 11.8                         |
| Subordinated short-term debt                  | 6,330.8                   | 0.0                          |
| Accrued expenses & Deferred Income            | 1,791.8                   | 1,617.0                      |
| <b>Total current liabilities</b>              | <b>17,657.8</b>           | <b>10,975.6</b>              |
| Subordinated long-term debt                   | 0.0                       | 6,330.9                      |
| Provision for Risk & Charges                  | 552.0                     | 634.5                        |
| Common Stock (no par value)                   | 4,848.7                   | 4,848.7                      |
| Share premium                                 | 29,478.9                  | 29,478.9                     |
| Translation and exchange rate differences     | -0.6                      | 0.0                          |
| Retained earnings                             | -26,710.9                 | -27,058.9                    |
| <b>Total Equity</b>                           | <b>7,616.1</b>            | <b>7,268.7</b>               |
| <b>Total liabilities + Equity</b>             | <b>25,825.9</b>           | <b>25,209.7</b>              |

**OPTION N.V.**  
**USGAAP Consolidated Income Statement for Q1/2003 and Q1/2002**

| In 000 EUR                                       | Q1/2003<br>000 EUR | Q1/2002<br>000 EUR |
|--|--------------------|--------------------|
|  | LIMITED REVIEW     | LIMITED REVIEW     |
| <b>Net Sales</b>                                 | <b>10,773.3</b>    | <b>4,435.7</b>     |
| Cost of sales                                    | -5,916.4           | -2,407.6           |
| <b>Gross Profit</b>                              | <b>4,856.9</b>     | <b>2,028.1</b>     |
| <b>Gross Margin %</b>                            | <b>45.1%</b>       | <b>45.7%</b>       |
| Research & Development                           | -1,625.5           | -1,925.1           |
| Sales & Marketing                                | -1,047.7           | -368.4             |
| General & Administrative                         | -843.1             | -906.2             |
| <b>EBITDA</b>                                    | <b>1,340.6</b>     | <b>-1,171.6</b>    |
| <b>EBITDA / Turnover %</b>                       | <b>12.4%</b>       | <b>-26.4%</b>      |
| Depreciation Expenses                            | -611.1             | -742.3             |
| <b>Income/(Loss) from Operations</b>             | <b>729.5</b>       | <b>-1,913.9</b>    |
| <b>Oper Profit / Turnover %</b>                  | <b>6.8%</b>        | <b>-43.1%</b>      |
| Exchange gain/(Loss)                             | 51.8               | 79.0               |
| Extraordinary Item                               | 0.1                | 0.0                |
| Finance Income/(Expense)                         | -280.0             | 6.3                |
| <b>Income/Loss before Taxes</b>                  | <b>501.4</b>       | <b>-1,828.6</b>    |
| Income tax                                       | -153.9             | 470.5              |
| <b>Net Result</b>                                | <b>347.5</b>       | <b>-1,358.1</b>    |
| <b>Average # Shares Outstanding</b>              | <b>8,218,985</b>   | <b>7,607,365</b>   |
| <b>Net Result per Share in EUR</b>               | <b>0.04</b>        | <b>-0.18</b>       |
| <b>Net Result per Share in USD</b>               | <b>0.05</b>        | <b>-0.16</b>       |
| <b>USD:EUR rate per March 31,2002:</b><br>0.8728 |                    |                    |
| <b>USD:EUR rate per March 31,2003:</b><br>1,0851 |                    |                    |

**OPTION N.V.**  
**USGAAP Consolidated Statement of Cash Flow at March 31, 2003**  
**and March 31, 2002**

| In 000 EUR  | March 31, 2003<br>000 EUR | March 31, 2002<br>000 EUR |
|---|---------------------------|---------------------------|
| <b>Cash Flows from Operating Activities</b>                 | <b>LIMITED REVIEW</b>     | <b>LIMITED REVIEW</b>     |
| <b>Net earnings (A)</b>                                     | <b>347.5</b>              | <b>-1,358.0</b>           |
| Non Cash adjustments  |                           |                           |
| Depreciation & amort.                                       | 647.6                     | 837.5                     |
| Translation differences                                     | 0.0                       | 0.0                       |
| Deferred taxes  | 150.0                     | -472.6                    |
| Other non-cash adjustm.                                     | -13.1                     | -531.0                    |
| <b>Total non cash adjustments (B)</b>                       | <b>784.5</b>              | <b>-166.1</b>             |
| Change in assets and liabilities                            |                           |                           |
| Accounts receivable   | 1,326.6                   | -1,351.7                  |
| Inventories   | -17.3                     | 2,427.9                   |
| Other assets  | -822.3                    | -694.4                    |
| Accounts payable  | 399.7                     | -1,845.5                  |
| Sal. and payroll rel. liabil.                               | -212.0                    | 648.8                     |
| Provision for Risk & charges                                | -51.0                     | -855.4                    |
| Accrued expenses & Deferred Income                          | 174.8                     | 1658.3                    |
| <b>Total change in assets &amp; liabilities (C)</b>         | <b>798.5</b>              | <b>-12.0</b>              |
| <b>Cash Flows from Operating Activities</b>                 | <b>1,930.5</b>            | <b>-1,536.1</b>           |
| Cash Flows from Investing Activities                        |                           |                           |
| Intangible fixed assets                                     | -205.9                    | -583.2                    |
| Purchases of plant equipment                                | -153.9                    | -658.6                    |
| <b>Total cash flow from investing activities (D)</b>        | <b>-359.8</b>             | <b>-1,241.8</b>           |
| Cash Flows from Financing Activities                        |                           |                           |
| Repayments from long and short term debt                    | -11.2                     | -80.7                     |
| <b>Net cash provided by financing activities (E)</b>        | <b>-11.2</b>              | <b>-80.7</b>              |
| <b>Net Cash Flow (A)+(B)+(C)+(D)+(E)</b>                    | <b>1,559.5</b>            | <b>-2,858.6</b>           |
| <b>Net Increase / Decrease in Cash and Cash Equivalents</b> |                           |                           |
| Cash at beginning of period                                 | 2,558.6                   | 4,609.9                   |
| Cash at end of period                                       | 4,118.1                   | 1,751.3                   |
| <b>Difference</b>   | <b>1,559.5</b>            | <b>-2,858.6</b>           |

**Company Profile : Option N.V.**

**May 6, 2003**

**Actual Market Capitalization: USD 18.1 million**

**Share Price: USD 1.35 (Mid Price April 31, 2003)**

**Market Makers: Fortis Bank NV, KBC Securities NV**

**About Option** - "Wireless Technology"- NASDAQ Europe: OPIN

Option is the leading innovator in wireless communications. The company specializes in the design, development and manufacture of GSM, GPRS, WLAN, and 3G UMTS technology products for wireless connectivity solutions. Option has built up an enviable reputation for creating exciting new products that enhance the performance and functionality of wireless communications. Option's headquarters are in Leuven, Belgium. The company has a Research & Development centre in Leuven, a Software and Applications development centre in Adelsried (Germany) and a production engineering and logistics facility in Cork, Ireland. Option holds ISO 9001 and 9002 certification.

More information can be found at [www.option.com](http://www.option.com)