



WAVECOM S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except for share and per share data)

Prepared in accordance with U.S. generally accepted accounting principles.

|   | March 31,<br>2004<br>Euro | Three months ended<br>December 31,<br>2004<br>Euro | March 31,<br>2005<br>Euro |
|---|---------------------------|--|---------------------------|
| Revenues :  |                           |  |                           |
| Product sales .....   | 38 298                    | 36 881   | 34 868                    |
| Technology development and other services .....             | 437                       | 564  | 110                       |
| Licensing revenue.....                                      | -                         | -  | 3 391                     |
|   | <u>38 735</u>             | <u>37 445</u>                                      | <u>38 369</u>             |
| Cost of revenues :  |                           |  |                           |
| Cost of goods sold.....                                     | 30 095                    | 22 581   | 21 037                    |
| Cost of services.....                                       | 1 444                     | 2 901  | 60                        |
|   | <u>31 539</u>             | <u>25 482</u>                                      | <u>21 097</u>             |
| Gross profit .....  | 7 196                     | 11 963   | 17 272                    |
| Operating expenses :  |                           |  |                           |
| Research and development .....                              | 14 102                    | 8 441  | 5 869                     |
| Sales and marketing .....                                   | 3 339                     | 3 964  | 3 048                     |
| General and administrative.....                             | 6 318                     | 5 799  | 4 514                     |
| Restructuring costs.....                                    | 1 078                     | 11 054   | 2 086                     |
| Total operating expenses .....                              | <u>24 837</u>             | <u>29 258</u>                                      | <u>15 517</u>             |
| Operating income (loss).....                                | <u>(17 641)</u>           | <u>(17 295)</u>                                    | <u>1 755</u>              |
| Interest income and other financial income, net.....        | 479                       | 195  | 254                       |
| Foreign exchange gain (loss), net.....                      | 2 239                     | (3 424)  | 1 447                     |
| Total financial income (loss) .....                         | <u>2 718</u>              | <u>(3 229)</u>                                     | <u>1 701</u>              |
| Gain (loss) before minority interests and income taxes..... | (14 923)                  | (20 524)   | 3 456                     |
| Minority interests .....                                    | -                         | -  | -                         |
| Gain (loss) before income taxes .....                       | (14 923)                  | (20 524)   | 3 456                     |
| Income tax expense (benefit) .....                          | (117)                     | (33)   | 378                       |
| Net income (loss).....                                      | <u>(14 806)</u>           | <u>(20 491)</u>                                    | <u>3 078</u>              |
| Basic net gain (loss) per share .....                       | <u>(0.97)</u>             | <u>(1.34)</u>                                      | <u>0.20</u>               |
| Diluted net gain (loss) per share.....                      | <u>(0.97)</u>             | <u>(1.34)</u>                                      | <u>0.20</u>               |
| Number of shares used for computing :                       |                           |  |                           |
| - basic net income (loss) per share .....                   | 15 240 894                | 15 342 940   | 15 349 945                |
| - diluted net income (loss) per share .....                 | 15 240 894                | 15 342 940   | 15 412 776                |

**WAVECOM S.A.**

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

*Prepared in accordance with U.S. generally accepted accounting principles.*

|   | At December 31,<br><u>2004</u><br>Euro | At March 31,<br><u>2005</u><br>Euro |
|---|--|-------------------------------------|
| <b>ASSETS</b>   |  |                                     |
| Current assets :  |  |                                     |
| Cash and cash equivalents.....  | 53 318                                 | 54 372                              |
| Accounts receivable, net .....  | 22 864                                 | 23 328                              |
| Inventory, net .....  | 16 409                                 | 12 298                              |
| Value added tax recoverable .....   | 1 102                                  | 1 033                               |
| Prepaid expenses and other current assets .....   | <u>5 481</u>                           | <u>4 462</u>                        |
| Total current assets .....  | 99 174                                 | 95 493                              |
| Other assets :  |  |                                     |
| Other intangible and tangible assets, net .....   | 12 617                                 | 9 944                               |
| Long-term investments .....   | 9 017                                  | 7 135                               |
| Other assets .....  | 5 295                                  | 4 538                               |
| Research tax credit.....  | 1 486                                  | 1 502                               |
| Deferred tax assets.....  | <u>9 617</u>                           | <u>9 617</u>                        |
| Total assets .....  | <u><u>137 206</u></u>                  | <u><u>128 229</u></u>               |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |  |                                     |
| Current liabilities :   |  |                                     |
| Accounts payable.....   | 36 393                                 | 31 181                              |
| Accrued compensation .....  | 8 089                                  | 7 176                               |
| Other accrued expenses .....  | 32 217                                 | 27 560                              |
| Current portion of capitalized lease obligations .....  | 466                                    | 386                                 |
| Deferred revenue and advances received from customers .....   | 820                                    | 749                                 |
| Other liabilities .....   | <u>731</u>                             | <u>275</u>                          |
| Total current liabilities .....   | 78 716                                 | 67 327                              |
| Long-term liabilities :   |  |                                     |
| Long-term portion of capitalized lease obligations .....  | 302                                    | 227                                 |
| Other long-term liabilities.....  | <u>1 732</u>                           | <u>1 282</u>                        |
| Total long-term liabilities .....   | 2 034                                  | 1 509                               |
| Minority interests.....   | -                                      | -                                   |
| Shareholders' equity :  |  |                                     |
| Shares, Euro 1 nominal value, 15,506,290 shares authorized, issued and outstanding at<br>March 31, 2005 (15,506,290 at December 31, 2004) ..... | 15 506                                 | 15 506                              |
| Additional paid-in capital .....  | 137 039                                | 137 039                             |
| Treasury stock at cost (156,345 shares at March 31, 2005 and December 31, 2004).....  | (1 312)                                | (1 312)                             |
| Retained deficit .....  | (93 344)                               | (90 266)                            |
| Accumulated other comprehensive loss.....   | <u>(1 433)</u>                         | <u>(1 574)</u>                      |
| Total shareholders' equity .....  | <u>56 456</u>                          | <u>59 393</u>                       |
| Total liabilities and shareholders' equity .....  | <u><u>137 206</u></u>                  | <u><u>128 229</u></u>               |

WAVECOM S.A.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

Prepared in accordance with U.S. generally accepted accounting principles.

|   | Three months ended March 31, |                      |
|---|------------------------------|----------------------|
|   | 2004                         | 2005                 |
|   | <u>Euro</u>                  | <u>Euro</u>          |
| Cash flows from operating activities :  |                              |                      |
| Net income (loss).....  | (14 806)                     | 3 078                |
| Adjustments to reconcile net income (loss) to net cash provided from operating activities : |                              |                      |
| Amortization of intangible and tangible assets .....  | 3 458                        | 2 175                |
| Reversal of impairment of tangible assets.....  | -                            | (236)                |
| Loss on sales and retirement of tangible assets .....                                       | 48                           | 883                  |
| Reversal of long term investment depreciation.....  | (306)                        | -                    |
| Amortization of deferred stock-based compensation .....                                     | 23                           | -                    |
| Net decrease in cash from working capital items.....  | <u>(10 173)</u>              | <u>(6 682)</u>       |
| Net cash used by operating activities .....   | <u>(21 756)</u>              | <u>(782)</u>         |
| Cash flows from investing activities :  |                              |                      |
| Disposal of long term investments.....  | 452                          | 1 882                |
| Purchases of intangible and tangible assets .....   | (1 391)                      | (539)                |
| Proceeds from sale of intangible and tangible assets .....                                  | <u>13</u>                    | <u>530</u>           |
| Net cash provided by (used in) investing activities .....                                   | <u>(926)</u>                 | <u>1 873</u>         |
| Cash flows from financing activities :  |                              |                      |
| Principal payments on capital lease obligations .....                                       | (231)                        | (155)                |
| Proceeds from exercise of stock options and founders' warrants.....                         | <u>712</u>                   | <u>-</u>             |
| Net cash provided by (used in) financing activities .....                                   | <u>481</u>                   | <u>(155)</u>         |
| Effect of exchange rate changes on cash and cash equivalents .....                          | <u>(203)</u>                 | <u>118</u>           |
| Net increase (decrease) in cash and cash equivalents .....                                  | <u>(22 404)</u>              | <u>1 054</u>         |
| Cash and cash equivalents, beginning of period .....  | <u>110 705</u>               | <u>53 318</u>        |
| Cash and cash equivalents, end of period .....  | <u><u>88 301</u></u>         | <u><u>54 372</u></u> |