

The SCO Group reports third quarter results

For the third quarter of fiscal 2003 ended July 31, The SCO Group, Inc. (Nasdaq: SCOX) reported net income of \$3.1 million, or \$0.19 per diluted share, on revenue of \$20.1 million, compared to a net loss of \$4.5 million, or \$0.35 per diluted share, on revenue of \$15.4 million for the comparable quarter of the prior year [All figures are in US dollars]. Revenue for the third quarter of fiscal 2003 from the company's operating system platforms was \$12.8 million, and revenue from its SCOsource licensing initiative was \$7.3 million, both within the range of previous guidance. For the first nine months of fiscal 2003, the company reported net income of \$6.9 million, or \$0.47 per diluted share, on revenue of \$55.0 million, compared to a net loss of \$22.1 million, or \$1.58 per diluted share, on revenue of \$48.8 million for the comparable nine-month period of fiscal 2002. The company's current fiscal year ends October 31, 2003. "During the quarter ended July 31, 2003, SCOsource, our division for licensing and protecting the Company's UNIX(r) intellectual property, generated \$7.3 million in revenue and contributed \$5.6 million to gross margin. Our SCOsource initiative continues to gain momentum as we pursue enforcement of the company's intellectual property rights," said Darl McBride, President and CEO. Mr McBride continued, "This is our second consecutive quarter with net income and positive cash generated from operations. These results have strengthened our balance sheet and overall financial position. We intend to use this capital to continue our intellectual property protection and licensing initiative as well as for launching SCOx, our web services strategy." "We expect that revenue for our fourth quarter, ending October 31, 2003, will be in the range of \$22 to 25 million. The magnitude of our SCOsource licensing opportunities and our confidence in the SCOsource revenue pipeline is growing each quarter," said Mr McBride.

About SCO The SCO Group (NASDAQ: SCOX) helps millions of customers in more than 82 countries around the world grow their businesses everyday. Headquartered in Lindon, Utah, SCO has a network of more than 11,000 resellers and 8,000 developers. SCO Global Services provides reliable localized support and services to partners and customers. For more information on SCO products and services, visit <http://www.sco.com>. SCO and the associated SCO logo are trademarks or registered trademarks of The SCO Group, Inc. in the U.S. and other countries. UNIX is a registered trademark of The Open Group in the United States and other countries. All other brand or product names are or may be trademarks of their respective owners.

Forward Looking Statements The statements set forth above include forward-looking statements that involve risks and uncertainties. The Company wishes to advise readers that a number of important factors could cause actual results to differ materially from those projected in the forward-looking statements. The Company has only realized revenue from its SCOsource licensing initiative during the last two quarters and the intellectual property rights that it is asserting in seeking to enter into licensing agreements are subject to pending litigation, making it difficult to predict the extent of future revenues from this source. Other factors that may affect the forward looking statements include the ability of the Company to successfully roll out its new services and solutions to service providers in its existing channels; the acceptance of such offerings by existing service providers and customers; the ability of the Company to successfully meet its revenue projections, which are based on the ability of the Company to enter into new licensing agreements and the continued acceptance in the marketplace of historical products; the Company's ability to compete effectively with other solutions providers; new and changing technologies and customer acceptance of those technologies; and claims of infringement of third-party intellectual property rights. These and other factors, which could cause actual results to differ materially, are discussed in more detail in the Company's filings with the Securities and Exchange Commission.