

OPTION'S RECORD YEAR ENDS WITH STRONGEST QUARTER EVER

Leuven, Belgium – February 23rd, 2006 - Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the wireless technology company, today announced its results for the fourth quarter and the full fiscal year ended December 31, 2005. The financial information reported in this release is presented in Euro. In line with the regulatory environment the results, as from January 1st 2005, are prepared in accordance with International Financial Reporting Standards (IFRS). 2004 figures, published under USGAAP rules, have been restated pursuant IFRS and may differ from earnings releases issued in 2004.

Highlights of the fourth quarter included:

- Revenues for the fourth quarter of fiscal year 2005 increased by 100% to EUR 63.9 million compared with the EUR 31.9 million in the fourth quarter of 2004.
- Gross margin in Q4 2005 was 38.1% revenues, compared with gross margin of 45.8% of Q4 2004. Excluding the weakening of the Euro relative to the USD, the gross margin would have been 42.5%.
- EBIT increased to EUR 11.9 million or 18.7% on revenues during the last quarter of fiscal year 2005 compared with EUR 7.6 million or 23.8% of revenues, in the corresponding period in 2004, representing a growth of 56.8%.
- Net Earnings for the fourth quarter of fiscal year 2005 were EUR 9.2 million, or EUR 0.89 per basic share and EUR 0.89 per diluted share. This compares with a net profit of EUR 6.7 million, or EUR 0.66 per basic share and EUR 0.65 per diluted share in Q4 2004, representing an increase of 37.6%.
- Inventories grew by EUR 5.3 million during the fourth quarter, mainly due to the building of components stocks in order to secure sales in future quarters. The level of finished goods at quarter-end remained very low, representing just 6.3% of total inventory.

Highlights of the full fiscal year 2005:

- The full year revenues in 2005 amounted to EUR 198.6 million, representing an increase of 93.7 % compared with fiscal 2004 revenues of EUR 102.5 million.
- The full year gross margin was 42.5% compared with 48.3% in 2004.
- In 2005, Option realized an EBIT of EUR 38.8 million, or 19.5% on revenues, compared with EUR 22.3 million, or 21.8% on revenues, in 2004, representing a growth of 73.5%.
- The 2005 full year net earnings were EUR 29.0 million or EUR 2.85 per basic share and EUR 2.81 per diluted share. This represents a growth of 63.4% compared with the 2004 full year net profit of EUR 17.7 million, or EUR 1.81 per basic share and EUR 1.75 per diluted share.
- Cash flow generated from operating activities during 2005 amounted to EUR 34.8 million compared with EUR 23.4 million in the previous year.

Consolidated Performance

In million euro Except for data per share	IFRS audited key figures			
	<u>Q4/05</u>	<u>Q4/04</u>	<u>2005</u>	<u>2004</u>
Revenues	63.9	31.9	198.6	102.5
Gross Profit	24.3	14.6	84.4	49.5
Operating expenses	12.4	7.0	45.6	27.2
EBIT	11.9	7.6	38.8	22.3
Net Profit	9.2	6.7	29.0	17.7
Earnings per basic share (euro)	0.89	0.66	2.85	1.81

Non-financial highlights of the fourth quarter:

Option achieved several significant milestones during the fourth quarter of 2005:

- Two new and complementary product lines were added to our established and successful data card portfolio: the internally-developed GTM351E embedded wireless module and Option's first Fixed-Wireless substitution product, GlobeSurfer® 3G, following the acquisition of the Possio Wireless Router business;
- The launch of our "HSDPA-Ready" solution empowered our network operator partners in their efforts to prepare their HSDPA services;
- The shipment of Option's one millionth 3G UMTS wireless data card confirmed our strong market leadership, robust client relationships and excellent partnerships with industry groups such as Qualcomm, Nortel and Jabil Circuit;
- Consistent and sustained efforts in innovation and development laid the foundation for further significant announcements in early 2006 including four new products (GlobeTrotter GT Max, GlobeTrotter FUSION+ HSDPA, GlobeSurfer ICON, and GlobeSurfer HSDPA) and important new distribution partnerships with Cingular Wireless and Acer Inc;
- New additions to our customer portfolio including BT, O2, Optus Australia and Polkomtel.
- Significant external recognition of Option's achievements and increasing maturity. As well as receiving the "Belgian Company of the Year 2005", and the UK "Golden Bridge" Awards, Option was also one of the few European companies included in the Red Herring Small Cap 100.

Commenting on the results, Mr. Jan Callewaert, Founder and Chief Executive Officer said:

"Record revenues of EUR 63.9 million for the quarter were above our own management expectations and contributed to full year top-line revenues of nearly EUR 200 million - growth of 93.7% compared with 2004. EBIT of EUR 38.8 million resulted in an EBIT margin of 19.5%, above our own 18% EBIT guidance. With the net earnings growth of 63.4% compared with last year, we again delivered on our commitments.

"3G data cards represented 88% of unit sales during the last quarter while most non-3G cards incorporated EDGE. Percentages were similar across the year as a whole.

“The GlobeTrotter 3G Quad™ constituted slightly more than half of the total unit sales in the quarter. Volume shipments of the innovative HSDPA-Ready solution started strongly and accounted for 23.3% of unit sales during the quarter.

“GlobeTrotter data cards incorporating WLAN technologies accounted for 13.5% of unit sales during the quarter and 23.5% of volume for the year.

“We believe, and it has been confirmed last week at the 3GSM World Congress in Barcelona, that we continue to offer the most comprehensive wireless data product portfolio on the market. Encompassing HSDPA, UMTS, EDGE, GPRS and WLAN technologies, we are currently shipping 13 data card models and two wireless routers to 70 wireless operator customers. We have also established a commercial partnership with a strong IT player, Acer Inc, for our embedded modules.

“We are acting now to secure our market position, to expand our global reach and to prepare our Company for a next growth cycle by investing in new technologies, such as mobile TV, that will herald new market opportunities.

“The market is evolving rapidly from its original business-to-business niche to a much higher volume business-to-consumer environment in which operators are increasingly willing to consider subsidizing consumer electronic devices. We are adapting our business model to seize these opportunities.

“With the additional products in our portfolio and the new more global distribution contracts in place, we believe we have sufficient visibility to increase our sales guidance for the current fiscal year to 75%+ compared with last year’s top line result of EUR 198.6 million. For the first half 2006, we anticipate posting revenues of in the range 140 – 145 million euro with net positive earnings, and the first quarter being traditionally weaker than the second.

I am pleased to announce that the Board of Directors has decided to call for an Extraordinary Meeting of Shareholders in order to update the Company’s by-laws, to obtain a stock repurchase mandate and to implement a stock split by 4, without impact on the ADR ratio which will remain one ADR being equivalent to one ordinary share”.

Financial Review (as per International Financial Reporting Standards for 2005 figures and 2004 figures restated)

Income Statement

Revenues

Revenues for the fourth quarter 2005 amounted to EUR 63.9 million, compared to EUR 31.9 million (+100%) generated during the fourth quarter of 2004.

In 2005, Option generated revenues of EUR 198.6 million, meaning an increase of 93,7% compared to EUR 102.5 million in 2004.

Gross Profit

Gross margin of 38.1% on the Q4 revenues, related only to equipment sales, showed a decrease compared to the 45.8% gross margin of Q4 2004. Excluding the weakening Euro compared to the USD during 2005, the gross margin, compared to Q4 2004 remained at a level of 42.5%.

In 2005, the gross profit grew by 70.5% to EUR 84.4 million (or 42.5% on total revenues) compared to EUR 49.5 million in 2004 (or 48.3% on total revenues, at that time, the gross margin was positively impacted by development fees).

Operating expenses

The quarterly operating expenses, including depreciation and amortization charges, were EUR 12.4 million, compared to EUR 7.0 million in the fourth quarter of 2004.

The operating expenses for the full year 2005, including depreciation and amortization charges, were EUR 45.6 million compared to EUR 27.2 million during the previous fiscal year.

The royalties' expenses, accounted as variable operating costs, decreased by a year-end lowering of our cautious IPR accrual policy as a result of an extended focus in line with industry. General and administrative expenses increased with EUR 300 thousand compared to previous quarter, mainly due to the non-recurrent transaction costs of the Possio acquisition as foreseen.

EBIT

EBIT for the fourth quarter was EUR 11.9 million, or 18.7% on Q4 revenues, compared to EUR 7.6 million, or 23.8% on last year total revenues, representing a growth of 56.8%. For the full year 2005, EBIT amounted to EUR 38.8 million (or 19.5% on revenues) compared to the EBIT of EUR 22.3 million (or 21.8% on revenues) of 2004, which means a growth of 73.5%.

Financial Results

During the fourth quarter of 2005, Option dealt with a negative financial result of EUR 691.6 thousand. The exchange rate losses on USD amounted to EUR 425.7 thousand. A total of EUR 211.1 thousand financial discounts were given to customers for cash payments and the other financial costs of EUR 54.8 thousand were mainly related to leasing contracts.

In 2005 Option dealt with a negative financial result of EUR 2,323.9 thousand. The total exchange rate losses during 2005 amounted to EUR 2,242.8 thousand or 1.13% on total revenues of 2005. In total a financial discount of EUR 713.1 thousand was given to customers for cash payment and the other financial costs of EUR 154.0 thousand were mainly related to leasing contracts.

Option received EUR 786.0 thousand from risk free investments of the available cash.

Net Profit

The net profit for the fourth quarter amounted to EUR 9.2 million or EUR 0.89 per basic share (or EUR 0.89 per diluted share). This compared to a net profit of EUR 6.7 million or EUR 0.66 per basic share (or EUR 0.65 per diluted share) during the fourth quarter of 2004.

The net profit, for the full year 2005, amounted to EUR 29.0 million or EUR 2.85 per basic share (or EUR 2.81 per diluted share). This compared to a net profit of EUR 17.7 million or EUR 1.81 per basic share (or EUR 1.75 per diluted share) during 2004.

Balance Sheet

Cash increased from EUR 31.6 million at the end of 2004 to EUR 49.3 million at the end of 2005.

Trade receivables increased from EUR 15.5 million at the end of 2004 to EUR 35.7 million at the end of 2005, reflecting the growing business.

During the full year 2005, inventories increased from EUR 5,6 million to EUR 19.5 million. This increase is explained by the building of component stocks in order to secure future quarter's sales, whilst, with 6.3% of the total inventories, the level of finished goods at year-end remains very low.

Thanks to the positive results the Company further reduced its deferred tax asset by an amount of EUR 4.6 million during 2005, resulting in a deferred tax asset of EUR 1.7 million.

Fixed assets were EUR 19.4 million (net book value) as at December 31st 2005, an increase of EUR 9.2 million compared to the net book value of EUR 10.2 million at the end of the previous fiscal year. In the course of 2005 the Company invested mainly in additional test equipment and development projects. In 2005, the total investments in tangible assets amounted to EUR 7.7 million and the company invested EUR 9.0 million in intangible assets.

IFRS impact: under USGAAP, at quarter-end, the net book value of the fixed assets would have been EUR 11.9 million. The difference results solely from the capitalization under IFRS during the previous years of the commercial development projects as intangible assets.

Total current liabilities increased from EUR 22.9 million at the end of 2004 to EUR 50.5 million. This increase is mainly due to the increase of the trade payables (EUR 28.0 million) reflecting the increased business activities of the Company.

The company generated a deferred tax liability mainly as a result of the capitalization of the commercial development projects under IFRS. In 2005, this deferred tax liability increased with EUR 541.5 thousand, of which EUR 472,5 thousand was related to capitalization of development projects.

The liability was non-existent under USGAAP.

On total assets of EUR 127.0 million, the equity amounted to EUR 76.3 million, which results in a solvency ratio of 60.1% at year-end.

The Company generated EUR 34.8 million cash from operating activities during 2005, compared to EUR 23.4 million generated in 2004.

OPTION N.V.
IFRS Consolidated Balance Sheet at December 31st, 2005 and December 31st, 2004¹

In 000 EUR	December 31st, 2005	December 31st, 2004
	AUDITED	AUDITED
Assets		
Cash and cash equivalents	49,288.1	31,612.1
Trade receivables	35,702.8	15,507.1
Other receivables	1,367.4	883.9
Inventories	19,494.6	5,559.8
Total current assets	105,852.9	53,562.9
Property and equipment	8,415.5	3,189.9
Intangible assets	11,030.9	7,022.7
Deferred taxes	1,714.2	6,314.5
Total non-current assets	21,160.6	16,527.1
Total Assets	127,013.5	70,090.0
Liabilities and shareholders' equity		
Trade payables	43,727.9	15,711.6
Salaries, tax and payroll related liabilities	3,229.6	2,699.5
Short-term debt	286.1	911.2
Accrued expenses and deferred income	1,121.9	1,997.9
Deferred taxes	2,086.2	1,544.7
Total current liabilities	50,451.7	22,864.9
Subordinated long-term debt	221.7	221.7
Long-term debt	0.0	286.2
Total non-current liabilities	221.7	507.9
Common Stock	50,340.6	49,708.4
Translation reserves	-2.7	0.0
Retained earnings	26,002.2	-2,991.2
Total Shareholders' equity	76,340.1	46,717.2
Total liabilities and Shareholders' equity	127,013.5	70,090.0

¹ Minor reclassifications on the balance sheet may occur in the presentation of the annual report 2005.

OPTION N.V.
IFRS Consolidated Income Statement for Q4/2005 and Q4/2004 and for the full year, 2005-2004

In 000 EUR, (except per share figures)	Q4/2005	Q4/2004	2005	2004
	AUDITED	AUDITED	AUDITED	AUDITED
Revenues	63,882.2	31,938.4	198,615.2	102,511.7
Cost of products sold	-39,541.3	-17,325.8	-114,203.3	-53,010.2
Gross Profit	24,340.9	14,612.6	84,411.9	49,501.5
Gross Margin %	38.1%	45.8%	42.5%	48.3%
Research & Development	-4,368.9	-2,773.6	-15,522.2	-10,358.8
Sales, Marketing & royalties	-5,987.1	-3,222.5	-24,179.9	-12,839.3
General & Administrative	-2,062.0	-1,013.3	-5,945.2	-3,957.9
EBIT	11,922.9	7,603.2	38,764.6	22,345.5
EBIT / Revenues %	18.7%	23.8%	19.5%	21.8%
Depreciation and amortization	2,517.5	2,107.7	7,541.8	4,645.2
EBITDA	14,440.4	9,710.9	46,306.4	26,990.7
EBITDA / Revenues%	22.6%	30.4%	23.3%	26.3%
Exchange gain/(loss)	-425.7	664.4	-2,242.8	573.4
Financial income/(expense)	-265.9	120.2	-81.1	50.3
Profit before Taxes	11,231.3	8,387.8	36,440.7	22,969.2
Income tax	-2,043.5	-1,711.6	-7,447.3	-5,221.2
Net Profit	9,187.8	6,676.2	28,993.4	17,748.0
Average # Shares Outstanding	10.312.324	10.105.354	10.162.058	9.780.568
Average # diluted Shares Outstanding	10.312.324	10.312.524	10.312.407	10.124.988
Earnings per basic share (in euro)	0.89	0.66	2.85	1.81
Earnings per diluted share (in euro)	0.89	0.65	2.81	1.75

OPTION N.V.
IFRS Consolidated Statement of Cash Flow at December 31st, 2005
and December 31st, 2004

In 000 EUR	December 31st, 2005 AUDITED	December 31st, 2004 AUDITED
Cash Flows from Operating Activities		
Net profit (A)	28,993.4	17,748.0
Non Cash adjustments		
Depreciation & amortization	7,541.8	4,645.2
Equity-settled share based payment expense	114.6	196.5
Income tax expense	7,209.2	3,698.1
(Reversal of) write-off on inventories	635.8	-89.9
(Reversal of) write-off on trade debtors	0.9	32.4
Total non cash adjustments (B)	15,502.3	8,482.3
Change in operating assets and liabilities		
Decrease / (increase) in trade receivables	-20,196.6	-8,576.8
Decrease / (increase) in inventories	-14,570.6	-3,302.4
Decrease / (increase) in other receivables	-483.5	-314.3
Increase / (decrease) in trade payables	28,016.3	9,308.4
Increase / (decrease) in salaries, tax and payroll related liabilities	-202.5	1,605.6
Increase / (decrease) in accrued expenses & deferred Income	-876.0	-1,552.3
Total change in assets & liabilities (C)	-8,312.9	-2,831.8
Income tax (paid) / received (D)	-1,337.6	0.0
Cash Flow from Operating Activities	34,845.2	23,398.5
Cash Flow from Investing Activities		
Acquisition of intangible fixed assets	-3,002.2	-1,526.1
Capitalization of own development projects	-6,070.5	-5,149.6
Acquisition of property and equipment	-7,702.8	-1,915.3
Total cash flow from investing activities (E)	-16,775.5	-8,591.0
Cash Flow from Financing Activities		
Repayment of long term debt	-286.2	-113.0
Repayment of short term debt	-625.1	-1,053.3
Proceeds from capital increase and related costs	517.6	8,834.3
Total cash flow from financing activities (F)	-393.7	7,668.0
Net Cash Flow (A)+(B)+(C)+(D)+(E)+(F)	17,676.0	22,475.5
Net Increase / (decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	31,612.1	9,136.6
Cash and cash equivalents at end of period	49,288.1	31,612.1
Difference	17,676.0	22,475.5

Transition to IFRS

As from January 1st, 2005 the company has adopted International Financial Reporting Standards. The consequence of this transition will mainly show in the intangible assets through capitalization of commercial development projects and as a consequence also in the deferred taxes.

The Board of Directors has decided that capitalized development projects will be depreciated over a period of two years, in line with the life cycle of the related products in a very fast moving high tech environment.

Auditors Statement from Deloitte

“The auditor has confirmed that he has substantially completed his audit regarding 2005 and that no material corrections are required to be made to the financial information relating to 2005 included in this press release.”

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.

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About Option (www.option.com) - Euronext Brussels OPTI – OTC: OPNVY

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