

OPTION REPORTS STRONG THIRD QUARTER RESULTS

For immediate release

Leuven, Belgium – 28 October 2004 - Option N.V. (EURONEXT Brussels: OPTI), the wireless technology company, today reported results for the three and nine-month periods ended September 30, 2004. 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 third quarter of fiscal 2004 of EUR 23.1 million increased by 63% compared to the EUR 14.2 million generated in the third quarter of 2003. Year-to-date revenues amount to EUR 70.6 million. This compares with revenues of EUR 42.3 million for the first nine months of 2003, reflecting an increase of 67%.
- 89% came from equipment sales, mainly the 3G UMTS data cards, shipping into 16 countries; 11% of the Q3 revenues were derived from different development fees.
- The gross margin of 52.8% for the quarter compared to 52.7% in the third quarter of 2003. Year-to-date, the gross margin is 49.5% compared to 47.9% for the first nine months of 2003 and to 47.8% for the first half of 2004.
- Operating results for the quarter showed a profit of EUR 4.8 million compared to EUR 2.5 million in last year's equivalent period. The operating margin of the third quarter is 21% compared to 17.3% in the third quarter of 2003 and 20.6% in the second quarter of the current year.
- The net profit for the quarter amounts to EUR 3.8 million or EUR 0.38 per share compared to a net profit of EUR 1.6 million or EUR 0.19 per share during the third quarter of 2003. The net profit for the first nine months of 2004 was EUR 9.6 million, representing an EPS of EUR 0.98 compared to a net profit EUR 3.5 million or an EPS of EUR 0.42 in last year's equivalent period.
- The Company generated EUR 3.8 million cash from operating activities during the third quarter, bringing the operating cash flow for the first nine months of the year at a level of EUR 14.1 million.

In million of euros Except for data per share	<u>Q3/04</u>	<u>Q2/04</u>	<u>Q1/04</u>	<u>Q3/03</u>	<u>9M 04</u>
Revenues	23.1	30.2	17.3	14.2	70.6
Gross Profit	12.2	14.8	7.9	7.5	34.9
Operating Income	4.8	6.2	1.5	2.5	12.5
Net Income	3.8	4.6	1.2	1.6	9.6
Earnings per (basic) share Euro	0.38	0.47	0.13	0.19	0.98

Commenting on the results, Mr Callewaert, President and CEO said:

“Option continues to strengthen its earnings momentum. Our company is posting again strong figures in sales, gross margin, EBITDA, operating income and net result.

3G data cards now represent 75% of unit sales with non 3G data cards constituting the remainder. It is interesting to see that the GlobeTrotter GPRS data card is still in demand even after two years of commercial availability.

GlobeTrotter FUSION, our next generation wireless data card combining 3G UMTS and WLAN/WiFi technologies, has been shipping in volume to Swisscom Mobile and T-Mobile during third quarter. I am delighted to announce that GlobeTrotter FUSION has also been validated and formally accepted by ten different operators across Europe. The product will be shipping following the commercial rollout plan for each of these operators.

We announced GlobeTrotter COMBO EDGE, the world's first wireless broadband data card integrating EDGE/GPRS and WLAN/WiFi. In the meantime the product has been validated and formally accepted by certain network operators. As a result GlobeTrotter COMBO EDGE is, already now, shipping in initial quantities.

With the addition of our GlobeTrotter COMBO EDGE we currently have five wireless data card products on the market.

For the last quarter of the current financial year, we expect top-line figures slightly above those of the second quarter, resulting again in positive earnings. In doing so, we will have revenues for the fiscal year 2004 north of EUR 100 million. After two outstanding years and looking ahead into next year we feel comfortable with a revenue guidance of 2005 of 25%+ compared to EUR 100 million this year.”

Financial Review

INCOME STATEMENT

Revenues for the third quarter of fiscal 2004 of EUR 23.1 million increased by 63% compared to the EUR 14.2 million generated in the third quarter of 2003. Year-to-date revenues amount to EUR 70.6 million. This compares with revenues of EUR 42.3 million for the first nine months of 2003, reflecting an increase of 67%.

Gross Profit

Taking into account a cost of goods sold of EUR 10.9 million, the gross profit reached EUR 12.2 million (52.8% on revenues). On a year-to-date basis gross margin was 49.5% (47.9% in the first nine months of 2003).

Operating expenses

The quarterly operating expenses, excluding depreciation charges were EUR 6.5 million, coming from EUR 4.5 million in the third quarter of 2003 and from EUR 7.9 million in the second quarter of 2004, mainly indicating the impact of variable operating costs of the IPR costs of UMTS technologies. The operating expenses for the first nine months, excluding depreciation charges were EUR 20.1 million, compared to EUR 13.0 million in the first nine months of 2003.

In order to remain at the forefront of the wireless data communication technology 11% of Option's YTD revenues were spend in R&D efforts that resulted in the successful launch in the course of 2004 of new products and solutions combining UMTS or EDGE with WLAN technologies as requested by several wireless carriers in different continents.

Operating Results

The earnings before interests and taxes (EBIT) for the third quarter showed a profit of EUR 4.8 million compared to EUR 2.5 million in the third quarter of 2003 and to a profit of EUR 6.2 million in the second quarter of 2004.

The operating margin of the third quarter is 21%, compared to 17.3% in the third quarter of 2003 and 20.6% in the second quarter of the current year.

The operating results for the first nine months showed a profit of EUR 12.5 million (margin of 17.8%) compared with EUR 5.6 million (margin of 13.2%) in last year's equivalent period.

Net Results

The net profit for the quarter amounts to EUR 3.8 million or an EPS of EUR 0.38 per basic and EUR 0.37 per diluted share compared to a net profit of EUR 1.6 million or an EPS of EUR 0.19 per basic and EUR 0.17 per diluted share during the third quarter of 2003.

The net profit for the first nine months of 2004 was EUR 9.6 million, representing an EPS of EUR 0.98 per basic and of EUR 0.96 per diluted share, compared to a net profit EUR 3.5 million or an EPS of EUR 0.42 per basic and of EUR 0.37 per diluted share in last year's equivalent period.

BALANCE SHEET

Cash increased from EUR 9.1 million in the fourth quarter of 2003 to EUR 27.9 million at the end of the third quarter 2004, coming from EUR 23.9 million at the end of the previous quarter.

Accounts Receivable increased from EUR 7.0 million at the end of the fourth quarter 2003 to EUR 13.0 million at the third quarter 2004, coming from EUR 15.7 million at the end of the second quarter 2004.

Inventories increased to EUR 3.8 million, coming from EUR 2.2 million at year-end 2003 and EUR 2.8 million at the end of the second quarter 2004, reflecting the procurements of components for the first build of the EDGE combined WiFi wireless data card.

Due to the positive results, the deferred tax assets decreased from EUR 8.9 million at the end of 2003 to EUR 6.1 million at quarter-end.

Fixed assets were EUR 5.7 million (net book value) as at September 30th, 2004, slightly up from EUR 5.1 million at year-end 2003 and from 5.5 million at the end of previous quarter.

Total current liabilities increased to EUR 19.1 million at quarter-end compared to a level of EUR 13 million at year-end 2003. This increase is due to higher accounts payable at September 30, 2003. Compared to previous quarter the current liabilities decreased with EUR 3.2 million.

On total assets of EUR 57.4 million the equity amounted to EUR 37.6 million, which gives the company at the end of the third quarter a solvency ratio of 66%.

The Company generated EUR 3.8 million cash from operating activities during the third quarter, bringing the operating cash flow for the first nine months of the year at a level of EUR 14.1 million.

OPTION N.V.
US GAAP Consolidated Balance Sheet at September 30, 2004 and December 31, 2003

In 000 EUR	September 30, 2004 000 EUR UNAUDITED	December 31, 2003 000 EUR AUDITED
Assets		
Cash & Cash Equivalents	27,926.0	9,136.6
Accounts receivable	13,001.6	6,962.6
Other receivables	819.2	569.6
Inventories	3,790.9	2,167.5
Total current assets	45,537.8	18,836.3
Deferred taxes	6,123.9	8,869.5
Property & equipment	3,445.9	3,192.1
Intangible assets	2,298.8	1,884.4
Total fixed assets	5,744.7	5,076.5
Total Assets	57,406.3	32,782.3
Liabilities & shareholders' equity		
Accounts payable	13,476.2	6,403.2
Salaries, tax and payroll related liabilities	927.4	1,093.5
Short-term debt	883.8	1,964.5
Accrued expenses & Deferred Income	3,796.0	3,550.2
Total current liabilities	19,083.3	13,011.4
Subordinated long-term debt	221.7	221.7
Long-term debt	463.7	399.2
Common Stock (no par value)	5,940.5	5,474.2
Share premium	43,517.1	35,149.1
Paid-in capital	8.0	8.0
Accumulated other comprehensive income/loss	-2.9	-2.9
Retained earnings	-11,825.1	-21,478.4
Total Equity	37,637.7	19,150.0
Total liabilities + Equity	57,406.3	32,782.3

USGAAP Consolidated Income Statement for Q3/2004 and Q3/2003 and for the period ending September 30, 2004 and September 30, 2003 (unaudited)

In 000 EUR	Q3/2004 000 EUR	Q3/2003 000 EUR	September 30,2004 000 EUR	September 30, 2003 000 EUR
Net Sales	23,054.3	14,240.2	70,573.2	42,339.5
Cost of goods sold	-10,871.2	-6,738.8	-35,654.3	-22,064.0
Gross Profit	12,183.1	7,501.4	34,918.9	20,275.5
Gross Margin %	52.8%	52.7%	49.5 %	47.9 %
Research & Development	-2,652.7	-2,208.3	-7,700.2	-6,095.9
Sales & Marketing	-3,014.8	-1,402.1	-9,587.1	-4,062.4
General & Administrative	-844.3	-878.4	-2,816.1	-2,817.8
EBITDA	5,671.4	3,012.6	14,815.5	7,299.4
EBITDA / Turnover %	24.6 %	21.2 %	21.0 %	17.2 %
Depreciation Expenses	-838.0	-555.8	-2,242.7	-1,720.2
Income/(Loss) from Operations	4,833.4	2,456.8	12,572.8	5,579.2
Oper Profit / Turnover %	21.0 %	17.3 %	17.8 %	13.2 %
Exchange gain/(Loss)	164.2	-135.4	-91.0	-61.3
Extraordinary Item	0.0	0.0	0.5	0.0
Finance Income/(Expense)	46.3	-35.2	-69.8	-562.6
Income/Loss before Taxes	5,043.9	2,286.2	12,412.5	4,955.3
Income tax	-1,248.2	-689.1	-2,759.1	-1,498.4
Net Result	3,795.7	1,597.1	9,653.4	3,456.9
Average # Shares Outstanding	9,940,008	8,218,985	9,671,515	8,218,985
Average # diluted Shares Outstanding	10,289,124	9,491,478	10,029,748	9,422,218
Net Result per Share in EUR	0.38	0.19	0.98	0.42
Net Result per diluted Share in EUR	0.37	0.17	0.96	0.37

OPTION N.V.
USGAAP Consolidated Statement of Cash Flow at September 30, 2004
and September 30, 2003 (unaudited)

In 000 EUR	September 30, 2004 000 EUR	September 30, 2003 000 EUR
Cash Flows from Operating Activities		
Net earnings (A)	9,653.3	3,456.9
Non Cash adjustments		
Depreciation & amortization.	2,471.6	2,052.3
Translation differences	0.0	-0.1
Deferred taxes	2,745.6	1,485.0
Write-off inventories	33.7	910.1
Write-off trade debtors	13.6	80.1
Provision for risks & charges.	0.0	-474.4
Total non cash adjustments (B)	5,264.5	4,053.0
Change in assets and liabilities		
Accounts receivable	-6,052.6	1,078.6
Inventories	-1,657.1	-2,012.2
Other assets	-249.6	141.3
Accounts payable	7,072.9	295.7
Salaries and payroll related liabilities	-166.2	-640.2
Provision for Risk & charges	0.0	-160.2
Accrued expenses & Deferred Income	245.8	1,211.3
Total change in assets & liabilities (C)	-806.8	-85.7
Cash Flows from Operating Activities	14,111.0	7,424.2
Cash Flows from Investing Activities		
Purchases of intangible fixed assets	-1,506.3	-1,077.1
Purchases of property & equipment	-1,633.4	-1,108.3
Total cash flow from investing activities (D)	-3,139.7	-2,185.4
Cash Flows from Financing Activities		
Proceeds from long debt	64.5	221.7
short term debt	-1,080.7	-11.8
Capital increase & related costs	8,834.3	8.0
Net cash provided by financing activities (E)	7,818.1	217.9
Net Cash Flow (A)+(B)+(C)+(D)+(E)	18,789.4	5,456.7
Net Increase / Decrease in Cash and Cash Equivalents		
Cash at beginning of period	9,136.6	2,558.6
Cash at end of period	27,926.0	8,015.3
Difference	18,789.4	5,456.7

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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Company Profile Option N.V. October 27, 2004

Actual Market Capitalization: EUR 223 million --- Share Price: EUR 21,64

About Option - EURONEXT: OPTI

Option is the wireless technology company and is a leading innovator in the design, development and manufacture of GSM, GPRS, WLAN, EDGE and 3G UMTS technology products for wireless connectivity solutions. Option has built up an enviable 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) and an ISO 9002 production engineering and logistics facility in Cork, Ireland. More information can be found at www.option.com.