

## **OPTION REPORTS RECORD REVENUES AND PROFITS IN Q4 AND FY 2004**

For immediate release

Leuven, Belgium – 15 February 2005 - Option N.V. ([EURONEXT Brussels: OPTI; OPIN.BR](#)), the wireless technology company, today reported results for the fourth quarter, and the full year ended December 31, 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 fourth quarter of fiscal 2004 of EUR 31.9 million increased by 123% compared to the EUR 14.3 million generated in the fourth quarter of 2003.
- Gross Margin of 45.8% on these Q4 revenues, which was only related to equipment sales, remained strong and in line with the equipment sales margin of Q3, 2004.
- Net Earnings for the fourth quarter of 2004 were EUR 5.4 million or EUR 0.53 per basic share and EUR 0.52 per diluted share, all more than doubling the net profit of EUR 2.1 million or EUR 0.26 per basic share and EUR 0.22 per diluted share in 2003.

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

- The full year revenues amount to a record of EUR 102.5 million, a year-over-year increase of 81% compared to the 2003 revenues of EUR 56.6 million.
- Gross Margin for the year ended December 31, 2004 was EUR 49.5 million or 48.3% of revenue compared to EUR 27.7 million or 48.9% for the year ended December 31, 2003.
- Net earnings for the year ended December 31, 2004 were EUR 15.0 million, 15% of revenues, or earnings per basic share of EUR 1.54 and per diluted share of EUR 1.48, compared to a net profit in 2003 of EUR 5.6 million or EUR 0.68 per basic share and EUR 0.59 per diluted share.
- The Company generated EUR 18.2 million cash from operating activities during the full year 2004, compared to an amount of EUR 7.4 million in the previous year.

#### **In million of euros**

Except for data per share

	<b><u>Q4/04</u></b>	<b><u>Q4/03</u></b>	<b><u>1H/04</u></b>	<b><u>2H/04</u></b>	<b><u>2004</u></b>
Revenues	31.9	14.3	47.5	55.0	102.5
Gross Profit	14.6	7.4	22.7	26.8	49.5
Operating Income	5.9	1.3	7.7	10.7	18.5
Net Income	5.4	2.1	5.9	9.2	15.0
Earnings per share (basic) Euro	0.53	0.26	0.61	0.91	1.54

Commenting on the results, Mr Callewaert, Chief Executive Officer said: "I am delighted with the results for the fiscal year 2004. During the year we were able to raise our figures systematically. The full year figures exceeded our expectations. For eighth consecutive quarters, we continued to demonstrate our earnings momentum with net profitability and a solid year-end balance sheet. In brief we delivered on our commitments.

As we predicted, 2004 has been the year of 3G. 3G data cards were representing 82% of unit sales during the fourth quarter with 18% of non-3G data cards constituting the remainder. Volume shipments of GlobeTrotter FUSION™, our next generation product combining 3G and WLAN technologies onto a single data card, represented already 25% of unit sales during the fourth quarter.

GlobeTrotter FUSION™ has been well received by the operator community thanks to its enhanced user convenience. We have disclosed to the market eleven operators that are taking GlobeTrotter FUSION™ and I am pleased to now mention that we have another five operators in the pipeline.

We have entered into volume deployment of our GlobeTrotter COMBO EDGE, combining EDGE and WLAN technologies onto a single data card. In particular Cingular Wireless, the largest wireless network operator in the U.S., is expected to launch the data card soon. We embarked upon activities in the United States with a sales and support team to capture the growing U.S. wireless data market and this in line with our strategy.

I believe our Company continues to demonstrate its leadership in servicing over fifty operators with five commercially available wireless data cards.

Wireless data cards combining different technologies will dominate the headlines around the world in 2005. Needless to say this is the core expertise of our Company. During 2005 we will further add a variety of combination data cards to our product portfolio and we will make it the strongest product range in the market. Operators will be able to offer one service comprising of a mix of underlying technologies.

Interest in High Speed Downlink Packet Access (HSDPA) has suddenly exploded with virtually all the major operators trumpeting details of their plans to bring this new technology to the market before year-end. HSDPA, an evolution of the WCDMA technology which offers considerably higher download data speeds compared to the current 3G UMTS services, will provide a wireless DSL capability giving users broadband access on the move and at home where it can for the first time compete successfully with fixed line broadband services such as ADSL.

Our Company has such an HSDPA data card under development for commercial launch in the fourth quarter of 2005 when network infrastructure equipment will be deployed. This HSDPA data card will be backwards compatible with UMTS, EDGE and ultimately GPRS. As we are the only wireless data card Company having field experience with all the necessary combined technologies, I believe we will have a substantial competitive market advantage.

We are able to provide our first half 2005 sales guidance of between 64 - 68 million € with net positive earnings. Traditionally we expect the second quarter to be higher than the first quarter reflecting our current business indicators and expectations that remain in line with our announced 2005 growth guidance of 25%+."

## **Financial Review**

### Income Statement

Revenues for the fourth quarter of fiscal 2004 were EUR 31.9 million, compared to EUR 14.3 million (+123%) generated during the last quarter of 2003. Full year revenues were 102.5 million compared to EUR 56.6 million in 2003 (+81%). 97 % of the annual revenues originated from equipment sales, mainly the 3G-product line; 3 % of 2004 revenues were derived from OEM development agreements. These percentages were respectively 84% and 16 % in the previous year.

### Gross Profit

Taking into account a cost of goods sold of EUR 17.3 million, the gross profit reached EUR 14.6 million (45.8% on pure equipment sales revenues). Important development revenues in the fourth quarter of 2003 positively influenced the 51,8 % posted in that period.

On a year to date basis and although less development fees were invoiced in 2004, gross margin remains solid at 48.3% compared to 48.9% in 2003.

### Operating expenses and depreciation charges

The quarterly operating expenses, including depreciation charges of EUR 1.0 million are EUR 8.7 million, compared to EUR 6.1 million in the fourth quarter of previous fiscal year.

The operating expenses for the full year, including depreciation charges were EUR 31.1 million, compared to EUR 20.8 million in 2003.

The depreciation and amortization charges of 2004 amounted to EUR 3.6 million, compared with EUR 2.8 million in 2003.

### Operating Income

The operating income for the fourth quarter, including depreciation charges were EUR 5.9 million, or 18,5% on Q4 revenues, compared to EUR 1.3 million, or 9.2% on total revenues in last year equivalent period.

The operating income for the full year, including depreciation charges were EUR 18.5 million, or 18.0% on total revenues, compared to EUR 6.9 million, or 12.2% on total revenues in 2003.

### Net Results

The net profit for the fourth quarter amounts to EUR 5.4 million or EUR 0.53 per basic share (or EUR 0.52 per diluted share). This compared to a net profit of EUR 2.1 million or EUR 0.26 per basic share (or EUR 0.22 per diluted share) during the fourth quarter of 2003. The net profit for the fiscal year 2004 is EUR 15.0 million or EUR 1.54 per basic share (or EUR 1.48 per diluted share), compared to EUR 5.6 million or EUR 0.68 per basic share (or EUR 0.59 per diluted share) in 2003.

### Balance Sheet

Cash increased from EUR 9.1 million at the end of 2003 to EUR 31.6 million at the end of the last quarter of 2004.

Accounts Receivable increased from EUR 7.0 million at year-end 2003 to EUR 15.5 million at year-end 2004.

Inventories have increased from EUR 2.2 million at the end of last year to EUR 5.6 million at the end of 2004.

Due to the positive results the Company was able to reduce on a year over year basis its deferred tax asset by an amount of EUR 4.1 million, benefiting as well from its own group structure. 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 5.0 million (net book value) as at December 31st 2004, in line with net book value at the end of the previous year. During 2004 the Company invested mainly in licenses and additional test equipment for the EDGE products.

Total current liabilities increased from EUR 13.0 million at year-end 2003 to EUR 19,8 million. This increase is mainly due to the increase of the accounts payable reflecting the increased business activities of the Company.

On total assets of EUR 63.3 million the equity, amounted to EUR 43.0 million, which results in a solvency ratio of nearly 68% at year-end.

The Company generated EUR 18.2 million cash from operating activities during the full year 2004, compared to EUR 7.4 million generated in 2003.

The annual meeting will be hold in the Headquarters of the Company in Leuven on March 31<sup>st</sup>, 2005 at 10 A.M. The mandatory information, such as the Annual Report 2004, will be available 15 days in advance. The Annual Report will include quantitative elements about the transition to IFRS reporting standard, as explained in the first half earnings release of August 3<sup>rd</sup>, 2004.

#### Auditors Statement from Deloitte

"The auditor has confirmed that he has substantially completed his audit regarding 2004 and that no material corrections are required to be made to the financial information relating to 2004 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.

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

In 000 EUR	December 31, 2004 000 EUR AUDITED	December 31, 2003 000 EUR AUDITED
<b>Assets</b>		
Cash & Cash Equivalents	31,612.1	9,136.6
Accounts receivable	15,507.1	6,962.6
Other receivables	883.9	569,6
Inventories	5,559.8	2,167.5
<b>Total current assets</b>	<b>53,562.9</b>	<b>18,836.3</b>
Deferred taxes	4,811.0	8,869.5
Property & equipment	3,189.9	3,192.1
Intangible assets	1,770.0	1,884.4
<b>Total fixed assets</b>	<b>4,959.9</b>	<b>5,076.5</b>
<b>Total Assets</b>	<b>63,333.8</b>	<b>32,782.3</b>
<b>Liabilities &amp; shareholders' equity</b>		
Accounts payable	15,711.6	6,403.2
Salaries, tax and payroll related liabilities	1,196.0	1,093.5
Short-term debt	911.2	1,964.5
Accrued expenses & Deferred Income	1,997.9	3,550.2
<b>Total current liabilities</b>	<b>19,816.7</b>	<b>13,011.4</b>
Subordinated long-term debt	221.7	221.7
Long-term debt	286.2	399,2
Common Stock (no par value)	5,940.6	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	-6,453.6	-21,478.4
<b>Total Equity</b>	<b>43,009.2</b>	<b>19,150.0</b>
<b>Total liabilities + Equity</b>	<b>63,333.8</b>	<b>32,782.3</b>

OPTION N.V.

USGAAP Consolidated Income Statement for Q4/2004 and Q4/2003 and for the period ending December 31, 2004 and December 31, 2003 (audited)

In 000 EUR	Q4/2004 000 EUR	Q4/2003 000 EUR	December 31,2004 000 EUR	December 31,2003 000 EUR
<b>Net Sales</b>	<b>31,938.4</b>	<b>14,300.4</b>	<b>102,511.7</b>	<b>56,639.9</b>
Cost of goods sold	-17,317.7	-6,893.4	-52,978.1	-28,915.4
<b>Gross Profit</b>	<b>14,620.7</b>	<b>7,407.0</b>	<b>49,533.6</b>	<b>27,724.5</b>
<b>Gross Margin %</b>	<b>45.8%</b>	<b>51.8%</b>	<b>48.3%</b>	<b>48.9%</b>
Research & Development	-4,499.4	-3,436.4	-14,339.6	-11,032.1
Sales & Marketing	-3,217.2	-1,785.5	-12,818.2	-5,866.5
General & Administrative	-997.9	-870.5	-3,896.7	-3,932.0
<b>Operating Income</b>	<b>5,906.2</b>	<b>1,314.6</b>	<b>18,479.1</b>	<b>6,893.9</b>
<b>Oper Profit / Turnover %</b>	<b>18.5%</b>	<b>9.2%</b>	<b>18.0%</b>	<b>12.2%</b>
Exchange gain/(Loss)	664.4	-9.6	573.4	-71.0
Extraordinary Item	0.0	-0.6	0.5	-0.6
Finance Income/(Expense)	120.2	-319.2	50.3	-881.8
<b>Income/Loss before Taxes</b>	<b>6,690.8</b>	<b>985.2</b>	<b>19,103.3</b>	<b>5,940.5</b>
Income tax	-1,319.3	1,137.7	-4,078.5	-360.6
<b>Net Result</b>	<b>5,371.5</b>	<b>2,122.9</b>	<b>15,024.8</b>	<b>5,579.9</b>
<b>Average # Shares Outstanding</b>	<b>10,105,354</b>	<b>8,230,575</b>	<b>9,780,568</b>	<b>8,221,906</b>
<b>Average # diluted Shares Outstanding</b>	<b>10,317,606</b>	<b>9,749,250</b>	<b>10,124,988</b>	<b>9,503,939</b>
<b>Net Result per Share in EUR</b>	<b>0,53</b>	<b>0,26</b>	<b>1,54</b>	<b>0,68</b>
<b>Net Result per diluted Share in EUR</b>	<b>0,52</b>	<b>0,22</b>	<b>1,48</b>	<b>0,59</b>

**OPTION N.V.**  
**USGAAP Consolidated Statement of Cash Flow at December 31, 2004**  
**and December 31, 2003 (audited)**

In 000 EUR	December 31, 2004 000 EUR	December 31, 2003 000 EUR
<b>Cash Flows from Operating Activities</b>		
<b>Net earnings (A)</b>	<b>15,024.8</b>	<b>5,579.9</b>
Non Cash adjustments		
Depreciation & amort.	3,558.1	2,784.7
Translation differences	0.0	-2.3
Deferred taxes	4,058.4	344.9
Write-off inventories	-89.9	1,106.8
Write-off trade debtors	32.4	70.6
Provision for risks & charges.	0.0	-474.4
<b>Total non cash adjustments (B)</b>	<b>7,559.0</b>	<b>3,830.3</b>
Change in assets and liabilities		
Accounts receivable	-8,576.8	-2,039.0
Inventories	-3,302.4	-673.0
Other assets	-314.3	746.6
Accounts payable	9,308.4	-997.5
Sal. and payroll rel. liabil.	102.5	-852.4
Provision for Risk & charges	0.0	-160.2
Accrued expenses & Deferred Income	-1,552.3	1,933.1
<b>Total change in assets &amp; liabilities (C)</b>	<b>-4,334.9</b>	<b>-2,042.4</b>
<b>Cash Flows from Operating Activities</b>	<b>18,248.9</b>	<b>7,367.8</b>
<b>Cash Flows from Investing Activities</b>		
Intangible fixed assets	-1,526.1	-1,237.8
Purchases of plant equipment	-2,940.1	-2,943.8
<b>Total cash flow from investing activities (D)</b>	<b>-4,466.2</b>	<b>-4,181.6</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from long and short term debt	-113.0	2,573.5
Repayments from long and short term debt	-1,053.3	-6,295.8
Capital Increase	8,834.3	-27.0
<b>Net cash provided by financing activities (E)</b>	<b>7,668.0</b>	<b>-3,749.3</b>
<b>Non Cash Investing and Financing Activities</b>		
Acquisitions of property and equipment utilizing capital leases	1,024.8	845.3
Increase in capital as a result of the conversion convertible debt	0.0	6,295.8
<b>Total Non Cash adjustments from Investing and Financing Activities (F)</b>	<b>1,024.8</b>	<b>7,141.1</b>

<b>Net Cash Flow (A)+(B)+(C)+(D)+(E)+(F)</b>	<b>22,475.5</b>	<b>6,578.0</b>
<b>Net Increase / Decrease in Cash and Cash Equivalents</b>		
Cash at beginning of period	9,136.6	2,558.6
Cash at end of period	31,612.1	9,136.6
<b>Difference</b>	<b>22,475.5</b>	<b>6,578.0</b>

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

**February 9, 2005**

**Actual Market Capitalization: EUR 262.7 million**

**About Option ([www.option.com](http://www.option.com)) - Euronext Brussels OPTI – OPIN.BR**

Option is the wireless technology company and is a leading innovator in the design, development and manufacture of 3G (HSDPA and UMTS), 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) and an ISO 9002 production engineering and logistics facility in Cork, Ireland.