

OPTION Q104 REVENUES EXCEED EURO 17 MILLION REFLECTING 3G DATA CARD BOOST

For immediate release

Leuven, Belgium - 04 MAY 2004 - Option N.V. ([EURONEXT: OPTI](#)), the wireless technology company, today reported results for its first quarter ended March 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 first quarter of fiscal 2004 reached EUR 17.3 million. This compares with the EUR 10.8 million generated in the first quarter of 2003 (+61%) and the EUR 14.3 million generated in the fourth quarter of 2003 (+21%).
- Almost all first quarter revenues are derived from product sales.
- Gross margin of 45.7% for the quarter compared to 45.1% in last year equivalent period remained strong.
- The quarterly operating expenses, excluding depreciation charges were EUR 5.7 million, reflecting the change in product mix from 2.5G to 3G solutions and indicating, as predicted by the Company, higher IPR expenses relating to UMTS technology.
- Operating results for the quarter showed a profit of EUR 1.5 million compared to EUR 0.7 million in the first quarter of 2003.
- Net earnings for the first quarter of 2004 were EUR 1.2 million or EUR 0.13 per basic and diluted share, compared to a net profit of EUR 0.3 million or an EPS of EUR 0.04 on a basic and diluted basis in the first quarter of 2003.
- In the first quarter 2004 the Company generated EUR 5.5 million cash flow from its operating activities compared to EUR 1.9 million during the first quarter 2003.

Commenting on the results, Mr Callewaert, President and Chief Executive Officer said: "The first quarter of the fiscal year 2004 shows a continued increase in product sales and corresponding improved net results.

Encompassing 2.5G, 3G and WiFi, Option's product line provides a platform for sustainable growth. The early availability of a high-speed data card developed by Option has resulted in a sooner than expected take-off of commercial 3G data services launched by leading operators such as Vodafone ([LSE: VOD.L](#)).

I'm delighted to see our high-speed data card already offered by D2 Germany, Omnitel Italy, Vodafone UK, Libertel The Netherlands, Vodafone Spain, Vodafone Sweden and Vodafone Portugal as the Mobile Connect 3G/GPRS data card. Providing speeds up to 10 times faster than a GPRS connection, 3G data cards are spurring Option's growth in a way that the sales volumes are expected to exceed those of our successful GlobeTrotter GPRS data card.

Our Company will further innovate and will bring its leadership to the high-speed data card market by continuing to execute on a reduced time-to-market for our customers. The data card market will be thrown into sharper focus by the continuing lack of 3G handsets for the mass market. Having identified the emergence of WiFi not as a threat but as a complement to GPRS and 3G, I am pleased to report that Option's next generation product combining both 3G/GPRS and WiFi technologies onto a single data card is currently being field-tested. The interest by the operator community is great. We expect that this new product category will already contribute to our top line as from the second half of the current fiscal year.

The fact that Option starts the fiscal year 2004 with net positive results despite an on-going investment program of more than 12% of our revenues in R&D is a solid message especially to our broadening international investor base.

The recent successful underwriting of Option's 8 million Euro private placement is a strong signal of confidence from our investors for the careful execution of our strategy in order to accelerate developments in combining additional access technologies such as EDGE thereby increasing our global market leadership position.

The second quarter ongoing will be the best quarter so far in Option's history. As such we are able to increase our sales guidance for the first half 2004 to mid forties of million euros and we have good visibility on demand to provide for the full year 2004 our guidance of EUR 90 million with net positive earnings".

Financial Review

INCOME STATEMENT

Revenues for the first quarter of 2004 reached EUR 17.3 million. This compares with the EUR 10.8 million generated in the first quarter of 2003 (+61%) and the EUR 14.3 million generated in the fourth quarter of 2003 (+21%).

Gross Profit

Compared to the first quarter of 2003, the gross margin remained stable around 45%.

Operating expenses

The quarterly operating expenses, excluding depreciation charges were EUR 5.7 million, reflecting the change in product mix from 2.5G to 3G solutions and indicating as predicted by the company higher IPR expenses relating to UMTS technology, accounted as variable operating costs. In order to remain at the forefront of the wireless data communication technology 12% of Option's revenues are spend in R&D efforts that should result in the successful launch in the course of 2004 of new products and solutions combining WLAN and UMTS technologies as requested by several wireless carriers.

Operating Results

The earnings before interests and taxes (EBIT) for the first quarter showed a profit of EUR 1.5 million compared to EUR 0.7 million in the first quarter of 2003 and to a profit of EUR 1.3 million in the fourth quarter of 2003.

Net Results

Based on these profitable results the company reduced its deferred tax asset by EUR 0.2 million.

Net earnings for the first quarter of 2004 were EUR 1.2 million or EUR 0.13 per basic and diluted share, compared to a net profit of EUR 0.3 million or an EPS of EUR 0.04 on a basic and diluted basis in the first quarter of 2003.

BALANCE SHEET

Cash increased from EUR 9.1 million in the fourth quarter of 2003 to EUR 13.0 million at the end of the first quarter 2004.

Accounts Receivable increased from EUR 7.0 million at the end of the fourth quarter 2003 to EUR 9.9 million at the end of the first quarter 2004.

Inventories decreased to EUR 1.7 million, coming from EUR 2.2 million at year-end 2003.

Due to the positive results, the deferred tax assets decreased from EUR 8.9 million at the end of 2003 to EUR 8.6 million at quarter-end.

Fixed assets were EUR 4.8 million (net book value) as at March 31st, 2004 and down from EUR 5.1 million at year-end 2003.

Total current liabilities increased during the first quarter to EUR 17.3 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 March 31, 2004.

On total assets of EUR 38.7 million the semi-equity, being the total equity with the subordinated long-term debt, amounted to EUR 21.2 million, which gives the company at the end of the first quarter a solvency ratio of 55%.

Operating cash flow for the first quarter was positive by EUR 5.5 million compared to an operating cash flow of EUR 1.9 million during the first quarter of 2003. The total net cash flow of the first quarter was EUR 3.9 million positive.

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

In 000 EUR	March 31, 2004 000 EUR UNAUDITED	December 31, 2003 000 EUR AUDITED
Assets		
Cash & Cash Equivalents	13,029.9	9,136.6
Accounts receivable	9,938.4	6,962.6
Other receivables	610.7	569.6
Inventories	1,679.5	2,167.5
Total current assets	25,258.4	18,836.3
Deferred taxes	8,644.9	8,869.5
Property & equipment	2,935.4	3,192.1
Intangible assets	1,875.5	1,884.4
Total fixed assets	4,810.8	5,076.5
Total Assets	38,714.1	32,782.3
Liabilities & shareholders' equity		
Accounts payable	12,573.9	6,403.2
Salaries and payroll related liabilities	1,231.3	1,093.5
Short-term debt	411.5	1,964.5
Accrued expenses & Deferred Income	3,038.7	3,550.2
Total current liabilities	17,255.4	13,011.4
Subordinated long-term debt	221.7	221.7
Long-term debt	294.6	399.2
Common Stock (no par value)	5,510.9	5,474.2
Share premium	35,678.9	35,149.1
Paid-in capital	8.0	8.0
Accumulated other comprehensive income/loss	-2.9	-2.9
Retained earnings	-20,252.5	-21,478.4
Total Equity	20,942.4	19,150.0
Total liabilities + Equity	38,714.1	32,782.3

OPTION N.V.
USGAAP Consolidated Income Statement for Q1/2004 and Q1/2003

In 000 EUR	Q1/2004 000 EUR UNAUDITED	Q1/2003 000 EUR UNAUDITED
Net Sales	17,320.0	10,773.3
Cost of sales	-9,409.9	-5,916.4
Gross Profit	7,910.1	4,856.9
Gross Margin %	45.7%	45.1%
Research & Development	-2,106.8	-1,625.4
Sales & Marketing	-2,720.7	-1,047.7
General & Administrative	-893.0	-843.1
EBITDA	2,189.6	1,340.7
EBITDA / Turnover %	12.6%	12.4%
Depreciation Expenses	-676.0	-611.1
Income/(Loss) from Operations	1,513.6	729.6
Operational Profit / Turnover %	8.7%	6.8%
Exchange gain/(Loss)	-49.1	51.8
Extraordinary Item	0.0	0.0
Finance Income/(Expense)	-11.0	-280.0
Income/Loss before Taxes	1,453.5	501.4
Income tax	-227.5	-153.9
Net Result	1,226.0	347.5
Average # Shares Outstanding	9,286,614	8,218,985
Average diluted Shares Outstanding	9,676,126	9,390,082
Net Result per Share in EUR	0.13	0.04
Net Result per diluted share in EUR	0.13	0.04

OPTION N.V.
USGAAP Consolidated Statement of Cash Flow at March 31, 2004
and March 31, 2003

In 000 EUR	March 31, 2004 000 EUR	March 31, 2003 000 EUR
Cash Flows from Operating Activities	UNAUDITED	UNAUDITED
Net earnings (A)	1,226.0	347.5
Non Cash adjustments		
Depreciation & amortization	791.6	647.6
Deferred taxes	224.5	150.0
Write-off inventories	-46.0	18.4
Write-off trade debtors	0.0	0.0
Provision for risks & charges.	0.0	-31.5
Total non cash adjustments (B)	970.1	784.5
Change in assets and liabilities		
Accounts receivable	-2,975.7	1,345.1
Inventories	534.0	-35.7
Other assets	-41.1	-822.3
Accounts payable	6,170.6	399.7
Salaries and payroll related liabilities	137.7	-212.0
Provision for Risk & charges	0.0	-51.0
Accrued expenses & Deferred Income	-511.4	174.8
Total change in assets & liabilities (C)	3,314.1	798.5
Cash Flows from Operating Activities	5,510.2	1,930.5
Cash Flows from Investing Activities		
Purchases of intangible fixed assets	-309.4	-205.9
Purchases of property & equipment	-216.4	-153.9
Total cash flow from investing activities (D)	-525.8	-359.8
Cash Flows from Financing Activities		
Proceeds from long term debt	-104.5	0.0
Repayments from long term debt	0.0	0.0
Short term debt	-1,553.0	-11.2
Capital increase & related costs	566.4	0.0
Net cash provided by financing activities (E)	-1,091.1	-11.2
Net Cash Flow (A)+(B)+(C)+(D)+(E)	3,893.3	1,559.5
Net Increase / Decrease in Cash and Cash Equivalents		
Cash at beginning of period	9,136.6	2,558.6
Cash at end of period	13,029.9	4,118.1
Difference	3,893.3	1,559.5

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. April 28, 2004

Actual Market Capitalization: EUR 184 million --- Share Price: EUR 18.6

About Option - "Wireless Technology"- 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.