



OPTION REPORTS FIRST HALF YEAR 2015 RESULTS

Leuven, Belgium – August 27, 2015 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), the company connecting Things to the Cloud, today announced its results for the first half fiscal year ended June 30 2015. The financial information reported in this release is presented in Euros and has been prepared in accordance with the recognition and measurement criteria of IFRS as adopted by the European Union. The accounting policies and methods of computation followed in the attached financial statements are the same as those followed in the most recent annual financial statements.

FINANCIAL HIGHLIGHTS OF THE FIRST HALF FISCAL YEAR 2015

- Total revenues for the first half year of 2015 were EUR 2,6 million compared with EUR 2,8 million realized in the first half of 2014. M2M related revenues increased from EUR 0,3 million to EUR 1,3 million.
- Gross margin for the first half year of 2015 was 42,1 % on total revenues compared with a gross margin of 35,2 % for the comparable period in 2014.
- Thanks to the continuous cost reductions, the operating expenditure decreased with 0,8 Million EUR.
- Financial costs increased, mainly as a result of interests due on the convertible bonds which were issued at the beginning of the second quarter of 2014 and also because of exchange rate losses.
- The first half year of 2015 EBIT amounted to EUR -5,0 million compared to EUR -5,9 million during the corresponding period 2014. The net result amounted to EUR -6,0 million compared to EUR -6,6 million as per June 30 2014.
- The cash position decreased from EUR 1,6 million at the end of 2014 to EUR 0,9 million at the end of June 2015.
- During the first half of 2015, the company received a bridge funding of 2,7 million EUR.
- During the first half of 2015, 2.116.782 new shares were created as the result of the conversion of convertible bonds.

Frank Deschuytere, Option's CEO, commented on the results:

“Despite the fact that the numbers of the first half of 2015 are below our own expectations there are bright spots. Our sales partners indicated that their orders are postponed till later this year. We have developed a next pillar in our business model, which is our ‘engineering development’ capacity. We have won several contracts to develop solutions for the Internet of Things world. Finally, we were also able to generate cash using previous products that were re-worked to neatly fit the customer’s needs.

With the developments I'm seeing within the Company and in the market I'm confident that we'll see a significant improvement of our results in the second half of 2015."

Business Update

In the first half year Option faced postponed sales and as a consequence important orders shifted to the second half of the year. However the Company's sales partners maintained their outlook for 2015.

More importantly, in recent months progress has been made on several fronts: The main focus has been to increase the number of applications that run on the CloudGate platform. Several important application development projects for US Robotics for out of band management, smart housing applications for Asea Brown Boveri (ABB) have been finalized and a rail-certified WIFI access point for general deployment in trains, trams and busses has been developed.

To further lower the barriers to M2M application development for our customers and to decrease the time from concept to working M2M solution, Luvit-RED was developed. Luvit-RED is a visually configurable agent for the design and deployment of smart M2M solutions. By enabling rapid prototyping, development and deployment of M2M applications, Luvit-RED reduces cost, speeds time to market and mitigates risk.

Meanwhile, the number of partners developing applications autonomously on CloudGate is increasing with, amongst others, Skywave, GetWireless, Graphite and Proximus developing applications ranging from connected wireless sensors, surveillance & security solutions to general telematics solutions.

In the first half year we continued to increase our reach into the M2M markets by adding distributors such as TESSCO in the US, Graphite in UK and recently BLUDIS in Italy. Their job is to bring localized solutions and support to channel partners.

In the second half of the year the Company expects significant stock replenishment orders from its partners in North America. The Company expects to successfully continue to convert stock into cash by selling modules & personal routers.

We have continued working at extending Option's business model beyond the selling of CloudGate equipment. The business model remains centered on Internet of Things and is based on the following pillars:

1. Developing & selling solutions based on our CloudGate platform, including equipment sales;
2. Engineering services & turnkey projects in the Internet of Things space.

For the second pillar, Option increased its sales efforts in the go-to-market of "solution development and engineering services" leading to multiple design wins for CloudGate application development and a design win in IoT for the Connected car.

Corporate

Following the continued review by the statutory auditor of the Company of the cash position of the Company and its continuity, the Option Board of Directors has further deliberated in this respect and informed the market accordingly in its press releases of April 21, 2015 and July 3, 2015.

In addition to the announced 2.7M EUR bridge financing provided by its existing bond- and other stakeholders in March of this year, the Company started up confidential discussions in order to engage with a number of financial and industrial partners. These discussions have been accelerated and are anticipated to be completed in the second half of 2015 to stabilize its current financial position to ensure its ability to successfully pursue and maximize its potential in the Internet of Things market.

On 26 May 2015 the Board co-opted Jurgen Ingels as director in replacement of Olivier Lefebvre as independent director. Jurgen Ingels (44) is founding and managing partner of Smartfin Capital, a European Private Equity fund investing in Smart Technology growth companies. Previously, he was the founder and CFO of Clear2Pay, a leading payments technology company.

On 29 May 2015 the Ordinary Shareholders' meeting resolved to confirm and approve the appointment as non-executive director of the company of Dimitri Duffeleer BVBA, with registered office at Fazantenlaan 17, 8790 Waregem, having as permanent representative Mr. Dimitri Duffeleer, as was decided by the board of directors dated 24 September 2014 provisionally by way of co-optation. The appointment of Dimitri Duffeleer BVBA entered into force on 1 November 2014 and shall expire after the general meeting that will be invited to approve the annual accounts relating to financial year 2016.

On 29 May 2015 the Ordinary Shareholders' meeting resolved to re-appoint FVDH Beheer BVBA, represented by Mr. Francis Vanderhoydonck, as non-executive director of the company. The appointment of FVDH Beheer BVBA shall expire after the general meeting that will be invited to approve the annual accounts relating to financial year 2017.

On 26 June 2015 the extraordinary Shareholder's meeting of the Company decided to renew the authorized capital of the Company for a total amount of four million seven hundred thirty eight thousand nine hundred sixty four euro and fifty cent (EUR 4,738,964.50), both by means of contribution in cash or in kind, within the limits imposed by the Belgian Code of Companies as well as by conversion of reserves and issue premiums, with or without the issue of new shares, with or without voting right, or through the issue of convertible bonds, subordinated or not, or through the issue of warrants or of bonds to which warrants or other movables are linked, or of other securities, such as shares in the framework of a Stock Option Plan. Furthermore the extraordinary Shareholder's meeting of the Company decided to grant the board of directors special authority, in the event of a public take over bid for securities issued by the Company during a period of three (3) years, running from the extraordinary general shareholders' meeting which will resolve on this authorization, to proceed with capital increases under the conditions foreseen by the Belgian Code of Companies.

In June 2015 the Company appointed Mr Jan Luyckx as senior director finance in replacement of Christine Pollie who left the Company.

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Financial report prepared in accordance with International Financial Reporting Standards (IFRSs)

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

| For the half year period 30 June Thousands Euro except number per share | Jun 30, 2015 | Jun 30, 2014 |
|--|----------------|----------------|
| Revenues | 2 556 | 2 846 |
| <i>Product revenue</i> | 2 556 | 2 689 |
| <i>Software and License revenue</i> | 0 | 157 |
| Cost of products sold | (1 480) | (1 844) |
| Gross Margin | 1 076 | 1 002 |
| Research and development expenses | (2 207) | (2 551) |
| Sales, marketing and royalty expenses | (1 499) | (1 555) |
| General and administrative expenses | (2 403) | (2 836) |
| Total operating expenses | (6 109) | (6 942) |
| Profit / (loss) from operations (EBIT) | (5 033) | (5 940) |
| Depreciation, amortization and impairment losses | 1 485 | 1 633 |
| EBITDA | (3 548) | (4 307) |
| Result from operations | (5 033) | (5 940) |
| Exchange gain / (loss) | (92) | 3 |
| Interest income / (expenses) and other financial income / expense) | (826) | (639) |
| Finance result - net | (918) | (636) |
| profit / (loss) before income taxes | (5 951) | (6 576) |
| Income tax benefits / (expenses) | (7) | (16) |
| Net result of the period attributable to the owners of the company | (5 958) | (6 592) |
| Earning per share | | |
| Basic weighted average number of ordinary shares | 96 896 054 | 91 270 519 |
| Diluted weighted average number of ordinary shares | 96 896 054 | 91 270 519 |
| Basic earnings / (loss) per share | (0,06) | (0,07) |
| Diluted earnings / (loss) per share | (0,06) | (0,07) |

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

For the half year period 30 June

Thousands euro

| | Jun 30, 2015 | Jun 30, 2014 |
|--|----------------|----------------|
| Profit / (Loss) for the period | (5 958) | (6 592) |
| <u>Other comprehensive income</u> | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange difference arising on translation on foreign operations | 105 | (25) |
| Other comprehensive income / (loss) for the period (net of tax) | 105 | (25) |
| Total comprehensive income / (loss) for the period attributable to the owners of the parent | (5 853) | (6 617) |

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**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

| Thousands Euro | Jun 30, 2015 | Dec 31, 2014 |
|---|-----------------|-----------------|
| Assets | | |
| Intangible assets | 2 399 | 3 051 |
| Property, plant and equipment | 181 | 255 |
| Other financial assets | 1 236 | 1 236 |
| Other non-current assts | 18 | 17 |
| Total non-current asstes | 3 834 | 4 559 |
| Inventories | 2 557 | 3 139 |
| Trade and other receivables | 659 | 657 |
| Cash and cash equivalents | 927 | 1 554 |
| Income tax receivable | 11 | 10 |
| Total current assets | 4 154 | 5 360 |
| Total assets | 7 988 | 9 919 |
| Liabilities and shareholders' value | | |
| Issued capital | 4 845 | 4 739 |
| Share premium | 4 175 | 3 763 |
| Reserves | 0 | |
| Retained earnings / (losses) | (29 571) | (23 769) |
| Total shareholders' equity attributable to the owners of the company | (20 551) | (15 267) |
| Financial debt | 20 347 | 17 574 |
| Total non-current liabilities | 20 347 | 17 574 |
| Trade and other payables | 7 899 | 7 353 |
| Deferred revenue | 0 | |
| Provisions | 281 | 258 |
| Income tax payable | 12 | 1 |
| Total current liabilities | 8 192 | 7 612 |
| Total liabilities and shareholders' value | 7 988 | 9 919 |

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CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

| For the half year period 30 June Thousands Euro | 30 Jun 2015 | 30 Jun 2014 |
|---|----------------|----------------|
| OPERATING ACTIVITIES | | |
| Net Result (A) | (5 958) | (6 592) |
| Amortization of intangible assets | 1 411 | 1 523 |
| Depreciation of property, plant and equipment | 74 | 110 |
| Loss / (gains) on sale of property, plant and equipment | 0 | 4 |
| Loss / (gains) on sale of financial assets | 0 | 0 |
| (Reversal of) write-offs on current and non current asstes | 139 | (83) |
| Impairment losses on intangible assets | 0 | 0 |
| Increase / (decrease) in provisions | 23 | 0 |
| Unrealized foreign exchange losses / (gains) | 79 | (18) |
| Interest (income) | 0 | (322) |
| Interest expense | 826 | 411 |
| Equity settled share based payment expense | 52 | 0 |
| Tax expense / (benefit) | 0 | 11 |
| Total (B) | 2 604 | 1 636 |
| Cash flow from operating activities before changes in working capital (C) = (A) + (B) | (3 354) | (4 956) |
| Decrease / (increase) in inventories | 442 | 777 |
| Decrease / (increase) in trade and other receivables | (27) | 458 |
| Decrease / (increase) in trade and other payables | 511 | (1 543) |
| Decrease / (increase) in deferred revenue | 0 | 0 |
| Use of provisions | | (84) |
| Total changes in workig capital (D) | 926 | (392) |
| Cash generated from operation (E) = (C) + (D) | (2 428) | (5 348) |
| Interests and other finance costs (paid) (F) | (96) | (640) |
| Interests and other finance revenue received (G) | 0 | 4 |
| Income tax (paid) / received (H) | 0 | (5) |
| Cash flow from operating activities (I) = (E) + (F) + (G) + (H) | (2 524) | (5 989) |

INVESTING ACTIVITIES

| | | |
|--|--------|---------|
| Expenditure on product development, net of grants received | (758) | (1 191) |
| Acquisition of property, plant and equipment | 0 | (2) |
| Proceeds from the sales of property, plant and equipment | | 3 |

CASH FLOW USED IN INVESTING ACTIVITIES (J)**(758) (1 190)****FINANCING ACTIVITIES**

| | | |
|---------------------------|-------|--------|
| Proceeds of borrowings | 2 655 | 12 000 |
| Finance lease liabilities | 0 | (7) |
| Repayment of borrowings | 0 | (500) |

CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K)**2 655 11 493****Net increase / (decrease) of cash and cash equivalents = (I) + (J) + (K)****(627) 4 314**

Cash and cash equivalents at beginning of year 1 554 1 623

Effect of foreign exchange difference 0 1

Cash and cash equivalents at end of period 927 5 939

Difference (627) 4 315

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In Thousand EUR | Issued Capital | Share premium | share-based payment reserve | Currency translation reserve | Share issue costs | retained earnings / (losses) | Total |
|--|-------------------|------------------|-----------------------------------|------------------------------------|----------------------|------------------------------------|-----------------|
| At 1 January 2014 | 4 125 | 1 078 | | (39) | (2 617) | (8 395) | (5 848) |
| Net result of the year | - | - | - | - | - | (12 856) | (12 856) |
| Other comprehensive income for the year, net of income tax | - | - | - | 112 | - | - | 112 |
| Total comprehensive loss for the year | - | - | - | 112 | - | (12 856) | (12 744) |
| Equity component of the convertible loan | - | (201) | - | - | - | - | (201) |
| Transfer to/from | - | - | - | - | - | - | - |
| Capital increase | 614 | 2 886 | - | - | - | - | 3 500 |
| Capital decrease | - | - | - | - | - | - | 0 |
| Share based payments | - | - | 26 | - | - | - | 26 |
| At 31 December 2014 | 4 739 | 3 763 | 26 | 73 | (2 617) | (21 251) | (15 267) |
| Net result of the year | | | | | | (5 958) | (5 958) |
| Other comprehensive income for the year, net of income tax | | | | 105 | | | 105 |
| Total comprehensive loss for the year | - | - | - | 105 | - | (5 958) | (5 853) |
| Equity component of the convertible loan | | (90) | | | | | (90) |
| Transfer to/from | | | | | | | |
| Capital increase | 106 | 501 | | | | | 607 |
| Capital decrease | | | | | | | |
| Share based payments | | | 52 | | | | 52 |
| At 30 June 2015 | 4 845 | 4 174 | 78 | 178 | (2 617) | (27 209) | (20 551) |

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SEGMENT REPORT

| Thousand Euros | Revenues from external customers | | Operating segment result | |
|--------------------------------|----------------------------------|--------------|--------------------------|----------------|
| | 30 Jun 2015 | 30 Jun 2014 | 30 Jun 2015 | 30 Jun 2014 |
| Devices & Solutions | 12 | 1 078 | (93) | (76) |
| Embedded & Solutions | 687 | 1 045 | (337) | 38 |
| M2M | 1 349 | 298 | (474) | (1 199) |
| Engineering Services | 508 | 268 | 508 | 268 |
| Other | - | 157 | - | 208 |
| Totals | 2 556 | 2 846 | (396) | (761) |
| Unallocated Operating Expenses | | | (4 637) | (5 180) |
| Finance (costs) / income | | | (918) | (636) |
| Income taxes / (expenses) | | | (7) | (16) |
| Net result | | | (5 958) | (6 593) |

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. Some of these risk factors were highlighted in the Consolidated and Statutory Report 2014 of the Board of Directors which can be found in the Annual Report 2014 page 25-26. 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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Interim Financial Statement (IAS34)

http://www.option.com/about_sub_pages/half-year-reports/

ABOUT OPTION

Option connects Things to the Cloud. With more than 20 years of experience and many industry's firsts in the wireless industry, the Company is ideally positioned to bring the most efficient, reliable and secure wireless solutions to business markets (B2B) and industrial markets (M2M). The Company partners with system integrators, value added resellers, application platform providers, value add distributors and network operators to bring tailor made solutions to end-customers. Option is headquartered in Belgium and maintains offices in Europe, the US, Greater China, Japan and Australia. More information: www.option.com

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