



OPTION REPORTS FIRST HALF YEAR 2016 RESULTS

Leuven, Belgium – September 1, 2016 – 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 2016. 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 2016

- Total revenues for the first half year of 2016 were EUR 3,9 million compared with EUR 2,6 million realized in the first half of 2015, an increase of 50%. This increase was mainly the result of Public Lighting sales (EUR 1,9 Mio) resulting from the acquisition of Innolumis Public Lighting BV and Lemnis Public Lighting BV in January 2016. IOT related revenues decreased from EUR 1,3 million to EUR 0,8 million. This decrease is temporary and was the result of a change in strategy by the new management of the company which is expected to result in increased IOT sales in the second half of 2016.
- Gross margin for the first half year of 2016 was 45,8 % on total revenues compared with a gross margin of 42,1 % for the comparable period in 2015.
- Thanks to the continuous cost reductions, the operating expenditure decreased with 1,1 Million EUR. As the Opex includes EUR 780 thousand for the newly acquired Public Lighting business, the actual Opex savings amount to EUR 1,9 million.
- Financial costs increased, mainly as a result of interests due on the bridge loans which were issued in the first half of 2015 and in 2016 and also because of exchange rate losses.
- The first half of 2016 EBIT amounted to EUR -3,2 million compared to EUR -5,0 million during the corresponding period 2015. The net result amounted to EUR -4,5 million compared to EUR -6,0 million as per June 30 2015. The newly acquired Public Lighting Business made a small net profit of EUR 13 thousand.
- The cash position decreased from EUR 4,1 million at the end of 2015 to EUR 0,4 million at the end of June 2016.
- During the first half of 2016, the company received a bridge funding of 0,8 million EUR.
- During the first half of 2016, 1.546.492 new shares we created as the result of the conversion of convertible bonds.

Jan Callewaert, Option's Executive Chairman, commented on the results:

"Since the Board entrusted me with the Management of the Company following the departure of the CEO, I have focused on redirecting the CloudGate go-to-market from an indirect sales to a direct sales model.

Directly understanding the needs from end customers looking for IoT solutions enabled by the complete CloudGate solution is proving successful.

We are experiencing a business shift where we see the majority of sales coming from direct relationships with industrial corporations and manufacturers. I am happy to announce that the Company won business in the field of water pump monitoring, advanced energy monitoring, water consumption measurement in apartment buildings, frozen pipes monitoring in public buildings and connected stores.

Option's daughter Innolumis, operating in the LED public lighting business, since its acquisition, is already at a break-even level and is showing promising opportunities in expanding its sales in Europe and beyond. With the demand of cities and municipalities for energy-efficient street lighting, coupled with smart technology, we are currently in discussions to start piloting several city projects.

We have passed the tipping point and in today's outlook, we are confident to see Option's overall revenues nearly double for 2016 compared to 2015.

We are focusing on sales."

Business Update

In the first half of the year Option still faced postponed sales. However, this trend is changing as after a change in management the focus shifted towards a direct sales model and the Company has now sufficient signed sales orders to be confident to realize increased sales in the second half of the year.

Throughout the first half of 2016 the Company continued to embark on commercializing end-to-end solutions in different business segments.

- Smart Lighting Solutions: through the acquisition of InnoLumis, the Company has a Smart Lighting Solution, generating a vivid interest from numerous cities and municipalities;
- CloudGate customized solutions: strategic partnerships were signed during the first half of 2016 with industrial as well as retail partners, with an expectation to substantially increase our CloudGate sales.
- Connected Car Solutions: through the strategic partnership with Danlaw Inc., the Company, has a complete Connected Car Solution targeted towards insurance companies and fleet managers;

On the financial level, the Company has limited means, but will continue its efforts to search and find funding and restructure its balance sheet in order to facilitate its commercial projects and activities.

Corporate

On January 21, 2016 Option announced the acquisition of the shares of the Dutch LED lighting companies Lemnis Public Lighting BV and Innolumis Public Lighting BV and merges the two companies into a single commercial organization under the name Innolumis Public Lighting.

On January 26, 2016, the Extraordinary Shareholder's Meeting of the Company decided to renew the authorized capital of the Company for a total amount of four million eight hundred forty four thousand eight hundred two euro and seventy cent (EUR 4,844,802.70), 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 takeover bid for securities issued by the Company during a period of three (3) years, running from the Extraordinary Shareholders' Meeting which has resolved on this authorization, to proceed with capital increases under the conditions foreseen by the Belgian Code of Companies. The extraordinary Shareholder's Meeting of the Company decided to authorize the board of directors, in the interest of the company, within the limits and in accordance with the conditions imposed by the Belgian Code of Companies, to limit or suspend the preferential rights of the shareholders, when a capital increase occurs within the limits of the authorized capital. This limitation or suspension may likewise occur for the benefit of one or more specified persons.

Furthermore, the Extraordinary Shareholder's Meeting of the Company decided to grant 17 391 304 warrants to Danlaw Inc. for a total amount of EUR 4 million, if exercised, this would increase the capital of the company with eight hundred sixty-nine thousand five hundred sixty five euro and twenty cent (EUR 869,565.20).

On March 9, 2016 the Board of Directors has decided to terminate the mandate of the CEO, Frank Deschuytere, with immediate effect. The Board has decided to entrust its Executive Chairman, Mr. Jan Callewaert, with the daily management of the Company.

On May 12, 2016, 1.546.492 new shares were created as a result of the conversion of convertible bonds.

The decisions to terminate the mandates of FDVV CONSULT BVBA, represented by Mr. Frank Deschuytere, and JINVEST BVBA, represented by Jurgen Ingels, as directors of the Company, were accepted and approved by the Shareholder's Meeting of May 31, 2016.

On June 3, 2016 the Board decided to co-opt VERMEC NV, represented by Peter Cauwels as new independent non-executive director of the Board for a period of 4 years as from July 1st, 2016.

As of June 30, 2016, the Board was composed of five members, namely: (1) Mr. Jan Callewaert, executive Chairman, (2) Raju Dandu, non-executive director, (3) FVDH Beheer BVBA, represented by Mr. Francis Vanderhoydonck (permanent representative), non-executive independent director, (4) Qunova BVBA, represented by Mr. Jan Vorstermans (permanent representative), non-executive independent director, and (5) Sabine Everaet, non-executive independent director.

Going concern

Given the continued cash drain during the first half of 2016, the Board continues to work on project and financial funding, and further cost alignment.

On the day of the publication of this report, the Company has very limited financial means.

However, the most recent sales forecasts, based on concrete signed orders, indicate a growth compared to actual realized revenues in the first half of the year. On that basis, there is sufficient confidence that the required additional funding will be found.

Thus, The company is taking initiatives to strengthen the group's financial position in the short-term, in addition to the financial commitments until the end of October 2016 as set out in the annual report. The Company continues the negotiations on the balance sheet restructuring as also the search for new investors at the level of the group or its subsidiaries.

The Company is working on a long-term solution. The Company will further report to the market by the end of September and thereafter on an ongoing basis.

Therefore the Board has decided to prepare the interim accounts under the going concern principle.

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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, 2016	Jun 30, 2015
Revenues	3 947	2 556
<i>Product revenue</i>	3 947	2 556
<i>Software and License revenue</i>	0	0
Cost of products sold	(2 141)	(1 480)
Gross Margin	1 806	1 076
Research and development expenses	(1 775)	(2 207)
Sales, marketing and royalty expenses	(1 238)	(1 499)
General and administrative expenses	(1 988)	(2 403)
Total operating expenses	(5 001)	(6 109)
Profit / (loss) from operations (EBIT)	(3 195)	(5 033)
Depreciation, amortization and impairment losses	852	1 485
EBITDA	(2 343)	(3 548)
Result from operations	(3 195)	(5 033)
Exchange gain / (loss)	(15)	(92)
Interest income / (expenses) and other financial income / expense)	(1 252)	(826)
Finance result - net	(1 267)	(918)
profit / (loss) before income taxes	(4 462)	(5 951)
Income tax benefits / (expenses)	5	(7)
Net result of the period attributable to the owners of the company	(4 457)	(5 958)
Earning per share		
Basic weighted average number of ordinary shares	97 312 417	96 896 054
Diluted weighted average number of ordinary shares	97 312 417	96 896 054
Basic earnings / (loss) per share	(0,05)	(0,06)
Diluted earnings / (loss) per share	(0,05)	(0,06)

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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, 2016	Jun 30, 2015
Profit / (Loss) for the period	(4 457)	(5 958)
<u>Other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation on foreign operations	(9)	105
Other comprehensive income / (loss) for the period (net of tax)	(9)	105
Total comprehensive income / (loss) for the period attributable to the owners of the parent	(4 466)	(5 853)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands Euro	Jun 30, 2016	Dec 31, 2015
Assets		
Intangible assets	936	893
Property, plant and equipment	85	120
Other financial assets	490	490
Other non-current assts	322	15
Total non-current asstes	1 833	1 518
Inventories	1 977	1 501
Trade and other receivables	1 665	732
Cash and cash equivalents	385	4 068
Income tax receivable	18	12
Total current assets	4 045	6 313
Total assets	5 878	7 831
Liabilities and shareholders' value		
Issued capital	4 922	4 845
Share premium	5 407	5 076
Reserves	0	0
Retained earnings / (losses)	(42 277)	(37 623)
Total shareholders' equity attributable to the owners of the company	(31 948)	(27 702)
Financial debt	26 375	26 105
Total non-current liabilities	26 375	26 105
Trade and other payables	10 738	9 124
Deferred revenue	0	0
Provisions	697	295
Income tax payable	16	9
Total current liabilities	11 451	9 428
Total liabilities and shareholders' value	5 878	7 831

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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 2016	30 Jun 2015
OPERATING ACTIVITIES		
Net Result (A)	(4 457)	(5 958)
Amortization of intangible assets	785	1 411
Depreciation of property, plant and equipment	67	74
Loss / (gains) on sale of property, plant and equipment	0	0
Loss / (gains) on sale of financial assets	0	0
(Reversal of) write-offs on current and non current asstes	193	139
Impairment losses on intangible assets	0	0
Increase / (decrease) in provisions	0	23
Unrealized foreign exchange losses / (gains)	0	79
Interest (income)	0	0
Interest expense	1 076	826
Equity settled share based payment expense	28	52
Tax expense / (benefit)	(5)	0
Total (B)	2 144	2 604
Cash flow from operating activities before changes in working capital	(2 313)	(3 354)
(C) = (A) + (B)		
Decrease / (increase) in inventories	(661)	442
Decrease / (increase) in trade and other receivables	(1 270)	(27)
Decrease / (increase) in trade and other payables	95	511
Decrease / (increase) in deferred revenue	0	0
Use of provisions	403	0
Total changes in workig capital (D)	(1 433)	926
Cash generated from operation	(3 746)	(2 428)
(E) = (C) + (D)		
Interests and other finance costs (paid) (F)	(388)	(96)
Interests and other finance revenue received (G)	0	0
Income tax (paid) / received (H)	0	0
Cash flow from operating activities (I) = (E) + (F) + (G) + (H)	(4 134)	(2 524)

INVESTING ACTIVITIES

Expenditure on product development, net of grants received	(471)	(758)
Acquisition of property, plant and equipment	(389)	0
Acquisition of participation	(216)	0

CASH FLOW USED IN INVESTING ACTIVITIES (J) **(1 076)** **(758)**

FINANCING ACTIVITIES

Proceeds of borrowings	1 527	2 655
Finance lease liabilities	0	0
Repayment of borrowings	0	0

CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K) **1 527** **2 655**

Net increase / (decrease) of cash and cash equivalents = (I) + (J) + (K) **(3 683)** **(627)**

Cash and cash equivalents at beginning of year	4 068	1 554
Effect of foreign exchange difference	0	0
Cash and cash equivalents at end of period	385	927
Difference	(3 683)	(627)

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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 2015	4 739	3 763	26	73	(2 617)	(21 251)	(15 267)
Net result of the year	-	-	-	-	-	(14 084)	(14 084)
Other comprehensive income for the year, net of income tax	-	-	-	126	-	-	126
Total comprehensive loss for the year	-	-	-	126	-	(14 084)	(13 958)
Equity component of the convertible loan	-	812	-	-	-	-	812
Transfer to/from	-	-	-	-	-	-	-
Capital increase	106	501	-	-	-	-	607
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	104	-	-	-	104
At 31 December 2015	4 845	5 076	130	199	(2 617)	(35 335)	(27 702)
Net result of the year	-	-	-	-	-	(4 457)	(4 457)
Other comprehensive income for the year, net of income tax	-	-	-	(9)	-	-	(9)
Total comprehensive loss for the year	-	-	-	(9)	-	(4 457)	(4 466)
Equity component of the convertible loan	-	(48)	-	-	-	-	(48)
Transfer to/from	-	-	-	-	-	-	-
Capital increase	77	379	-	-	-	-	456
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	28	-	-	-	28
Other changes	-	-	-	-	-	(216)	(216)
At 30 June 2016	4 922	5 407	158	190	(2 617)	(40 008)	(31 948)

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	Opbrengsten van externe klanten		Resultaat van het operationeel segment	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Devices & Embedded Solutions	558	699	(166)	(494)
IOT	813	1 349	(1 509)	(1 660)
Engineering Services	712	508	590	508
Public Lighting	1 864	-	13	-
Totals	3 947	2 556	(1 072)	(1 646)
Unallocated Operating Expenses			(2 123)	(3 386)
Finance (costs) / income			(1 266)	(918)
Income taxes / (expenses)			5	(7)
Net result			(4 457)	(5 958)

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 2015 of the Board of Directors which can be found in the Annual Report 2015 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 and Australia.

More information: www.option.com

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