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## OPTION REPORTS FIRST HALF YEAR 2017 RESULTS

**Leuven, Belgium – August 31, 2017** – 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 2017. 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 2017

- Option realized sales of EUR 2.8 million as opposed to EUR 2.1 million (+34%) in the first half of previous year (without considering sales of the divested Public Lighting division). Engineering Services are up from EUR 712k to EUR 856k (+21%), and sales from products increased from EUR 1 371k to EUR 1 941k (+42%).
- Gross margin for the first half year of 2017 was 59.1% on total revenues compared with a gross margin of 41.3 % for the comparable period in 2016. The increase was mostly explained by a reversal of excess and obsolescence inventory provision for EUR 366k, normalized gross margin would have been 46%. (The financials of the first half of previous year are restated with a re-class of EUR 156k from research and development expenses to cost of products sold for the labour expenses spent on sold engineering services.)
- Thanks to the continuous cost reductions, the operating expenditure decreased with EUR 1.1 million.
- The operational loss decreased from EUR -3.2 million in the first half year of 2016 to EUR -1.3 million.
- EBITDA or profit from operations plus depreciation and amortization evolved from a negative EUR -2.4 million to EUR -1.1 million.
- The financial result increased from EUR -1.3 million in 2016 to EUR 0.7 million in 2017, mainly as a result of the debt restructuring on the convertible bonds and the bridge funding.
- The net result amounted to EUR -0.5 million compared to EUR -4.5 million as per June 30 2016.
- The cash position decreased from EUR 0.8 million at the end of 2016 to EUR 0.1 million at the end of June 2017.
- During the first half of 2017, 199,141,545 new shares were issued as a result of the conversion of financial debts into equity instruments of the Company. Share capital increased by EUR 9.9 million; share premium by EUR 12.1 million; total shareholders' equity amounts to EUR -13.6 million against EUR -35.1 million at the end of 2016.
- Of the 2017 bridge loans (committed total EUR 2.6 million), an amount of EUR 1.1 million remain still to be received by the end of June 2017 and EUR 0.5 million by the end of August 2017.
- Intangible fixed assets decreased from EUR 427k at the end of 2016 to EUR 224k. All

development costs have been directly expensed in the first half of 2017.

- Trade and other payable decreased by EUR 1.9 million from EUR 8.6 million at the end of 2016. New payment plans have been negotiated.

## **Update on Option's restructuring plan**

Earlier this year, Option announced a restructuring plan with a view to restore credibility and viability of the Company.

Seven steps were outlined and progress has been made on each step.

The first step was realized at the end of 2016, by the sale of Innolumis BV and the according cash generation necessary to overcome the first few months of 2017. In that respect the comparative figures for the first half-year of 2016 have been restated in order to present the net results of Innolumis BV as discontinued operations.

Second, we further secured EUR 2.6 million of new bridge loans from key investors to address the financial needs of the first half-year of 2017. As per August 2, an amount of EUR 0.5 million was still to be received.

Third, we converted a substantial amount of debt (EUR 23.8 million) into equity as elaborated in the notes to this report.

Fourth: we aligned operating expenses in better harmony with margin generations and are confident that we will have directed the company for positive EBITDA generation by the end of 2017.

Operating expenses have decreased by 31%, compared to the first half-year of 2016. These expenses comprised still an amount of EUR 0.8 million relating to non-recurring expenses. The sales and support operations of the North American subsidiary have been centralized in the Belgian Headquarters, leaving the Belgian parent company as the sole operational entity of the group.

During the second semester 2017, operating expenses will further decrease by 15% to 25%.

Fifth: We are in the process to refocus the company strategically together with the hiring of a new CEO, based on Option's recognized core competencies related to IoT communication platforms.

Sixth: We have empowered senior management to lead daily operations under review of the Board of directors.

Mr. Jan Callewaert has ended his mandate as interim CEO of the Company effective 31 May 2017.

The daily management of the Company has been transferred to the executive committee, chaired by Mr Eric Van Zele (who joined the Company on 7 March 2017 as new president of the Board) and operating under the general supervision of the Board of directors.

Last and 7th point of the restructuring plan: now that we can demonstrate viability through operational profitability by the end of 2017, the Company will speed up its efforts to secure a credit line for funding of additional 'working capital' needs and cope with the remaining outstanding

liabilities so that the company could enter 2018 leaner than years before and with a clean bill of health and financial stability.

The Board remains cautiously optimistic to continue the above plan and bring it to a positive conclusion and successful completion for the benefit of all stakeholders.

## Corporate

### Debt restructuring

In March and June of 2017, two rounds of debt restructuring resulted in the increase of share capital by contribution of in total EUR 9,957,077 details of which are below:

in EUR	Nominal value at emission	Nominal Value 31/12/2016	Capital Increase March 2017	Capital Increase June 2017	Nominal Value 30/06/2017
Convertible debt 2013	9,000,000	5,000,000	-2,600,000	-2,400,000	-
Convertible debt 2014	12,000,000	11,500,000	-6,200,000	-4,800,000	500,000
Convertible debt 2015	6,000,000	6,000,000	-2,921,000	-3,079,000	-
<b>Total</b>	<b>27,000,000</b>	<b>22,500,000</b>	<b>-11,721,000</b>	<b>-10,279,000</b>	<b>500,000</b>
Bridge Loans	4,659,000	4,659,000	-432,600	-1,367,400	2,859,000
<b>Contribution</b>			<b>-12,153,600</b>	<b>-11,646,400</b>	
Issued Capital		4,922,127	4,133,877	5,823,200	14,879,204
Share Premium		3,765,973	8,019,723	5,823,200	17,608,896

In March 2017, a total amount of EUR 12,153,600 of financial liabilities (bridge and bond loans) has been converted into equity instruments of the Company at EUR 0.147 per share, corresponding to the 30 days average closing share price prior to the day of the transaction. For each new share, EUR 0.05 was accounted as new capital and EUR 0.097 was recognized as share premium.

As a result of the capital increase 82,677,545 new shares were issued, bringing the total number of shares, subject to approval for listing on Euronext, from 98,442,546 to 181,120,091 shares after listing.

The share capital of the Company has accordingly been increased with EUR 4,133,877.25 bringing the share capital from EUR 4,922,127.30 before capital increase to EUR 9,056,004.55 after capital increase. A total of EUR 8,019,722.75 has been recognized as share premium.

Furthermore, the Company secured in March new financing for a total amount of EUR 2.6 million. These funds are structured as a new 2 year loan at 1% interest during the first year and 2% in the second year.

In June, a second round of conversion of financial liabilities (bonds and debts) has been executed. A total of EUR 11,646,400.00 of liabilities was converted into equity instruments of the Company at an average share price of EUR 0.10 per share, resulting in an increase of EUR 5,823,200 in share capital from EUR 9,056,004.55 before transaction to EUR 14,879,204.55 after transaction with the issue of 116,464,000 new shares. As such, the total number of shares amounted to 297,584,091 shares without nominal value.

As a result of the debt restructuring during the first half-year of 2017, 199,141,545 new shares have been issued.

At 30 June 2017, the Company had the following significant shareholders in accordance with the received transparency declarations:

- Total share capital                      EUR 14,879,204.55
- Total number of voting securities      297,584,091
- Shareholders (>3%)

Jan Callewaert	23.94%
Danlaw Inc.	17.02%
Eric Van Zele	11.40%
Alychlo <sup>1</sup>	8.00%
Vermec/Michel Verhaeren	3.22%

The updated shareholders information can always be consulted on our website.

The Company is currently working towards the contribution of the remaining balance of EUR 5.4 million of nominal outstanding liabilities into the equity of the Company.

## **Change of Management**

In accordance with Article 21 of the statutory bylaws of the Company, the Board of directors has approved the delegation of powers to the following people, who are authorized to be a member of the Option Executive Management Team, within the context of Option's Corporate Governance Charter:

<b>Areas of responsibility</b>	<b>Authorized representative</b>
Finance, bank authorities, insurance	CFO (Edwin Bex)
Legal, Compliance, investor relations, HR, Board Secretary, intellectual property	General Counsel (Steve Theunissen)
Operations, procurement, facilities, IT, safety	Director of Operations (Rudy Snoeks)
Sales, services, customer relations, marketing	Sales Director (Patrick Willekens)
Engineering, product research and development	Director of Engineering (Ben Cober)

The authorized representatives meet on regular occasions to organise the daily management of the Company, under temporary supervision of Mr Eric Van Zele.

Mr Eric Van Zele has been authorized by the Board on a temporary basis to chair the Executive Management Meeting and report to the Board of its activities, until a new CEO has been found.

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<sup>1</sup> Alychlo NV, Mylecke Management, Art & Invest NV & Marc Coucke.

## Changes in the Board of Directors

The Shareholders' Meeting of 30 June 2017 has decided upon several changes in the Board as follows:

The Meeting has decided to approve the termination of the mandates of directors (1) Sabine Everaet as from 12 July 2016, (2) QUNOVA BVBA, represented by Mr. Jan Vorstermans as from 7 March 2017 and (3) FVDH Beheer BVBA, represented by Mr. Francis Vanderhoydonck as from 27 May 2017.

The Meeting has accepted and approved the cooptation as new directors (1) Vermec NV, represented by Mr. Peter Cauwels as from 1 July 2016, (2) Mr. Eric Van Zele as from 7 March 2017 and (3) Crescemus BVBA, represented by Mr. Pieter Bourgeois as from 7 March 2017.

The Meeting has decided to renew the mandate of Mr. Jan Callewaert as director of the Company for a period of 4 years ending at the general shareholders' meeting of 2021.

## **Going concern**

To date the Company has limited financial means of about EUR 670,000 (consolidated), out of which EUR 540,000 are contributions still due under the 2017 bridge loan, which have been confirmed to be paid within the next weeks.

Sales are in line with projections made under current restructuring plan, but need to increase in the second half in order to operationally break even.

The Company is still working to secure a credit line for about EUR 2 million, of funding of additional 'working capital' needs and cope with the remaining outstanding liabilities.

To facilitate this process, the Company is planning to convert the remaining financial debt into the capital (which amounts currently to about EUR 5 million nominal value and EUR 3.7 million interests).

Given the current sales outlook and the ongoing efforts under current restructuring plan, the Board decided to prepare the interim accounts under the going concern principle.

## CONDENSED 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, 2017	Jun 30, 2016 (* Restated)
<b>Revenues</b>	<b>2 797</b>	<b>2 083</b>
<i>Product revenue</i>	2 797	2 083
Cost of products sold (*)	(1 145)	(1 223)
<b>Gross Margin</b>	<b>1 652</b>	<b>860</b>
Research and development expenses (*)	( 957)	(1 569)
Sales, marketing and royalty expenses	( 606)	( 835)
General and administrative expenses	(1 379)	(1 664)
<b>Total operating expenses</b>	<b>(2 942)</b>	<b>(4 068)</b>
<b>Profit / (loss) from operations (EBIT)</b>	<b>(1 290)</b>	<b>(3 208)</b>
Depreciation, amortization and impairment losses	223	797
EBITDA	(1 067)	(2 411)
<b>Result from operations</b>	<b>(1 290)</b>	<b>(3 208)</b>
Exchange gain / (loss)	98	( 15)
Interest income / (expenses) and other financial income / expense)	643	(1 249)
<b>Finance result - net</b>	<b>741</b>	<b>(1 264)</b>
<b>profit / (loss) before income taxes</b>	<b>( 549)</b>	<b>(4 472)</b>
Income tax benefits / (expenses)	0	5
<b>Net result of the period</b>	<b>( 549)</b>	<b>(4 467)</b>
Result of discontinued operations	( 8)	10
<b>Net result of the period attributable to the owners of the company</b>	<b>( 557)</b>	<b>(4 457)</b>
<b>Earning per share</b>		
Basic weighted average number of ordinary shares	151 429 260	97 312 417
Diluted weighted average number of ordinary shares	151 429 260	97 312 417
Basic earnings / (loss) per share before discontinued operations	(0,00)	(0,05)
Diluted earnings / (loss) per share before discontinued operations	(0,00)	(0,05)
Basic earnings / (loss) per share	(0,00)	(0,05)
Diluted earnings / (loss) per share	(0,00)	(0,05)

\*The financials of the first half of previous year are restated:

- With a re-class of EUR 156k from research and development expenses to cost of products sold for the labour expenses spent.
- the net results of Innolumis BV reported as discontinued operations.

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

For the half year period 30 June

Thousands euro

	Jun 30, 2017	Jun 30, 2016
Profit / (Loss) for the period	( 557)	(4 457)
<b><u>Other comprehensive income</u></b>		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation on foreign operations	( 9)	( 9)
Other comprehensive income / (loss) for the period (net of tax)	( 9)	( 9)
<b>Total comprehensive income / (loss) for the period attributable to the owners of the parent</b>	<b>( 566)</b>	<b>(4 466)</b>

**CONDENSED CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION**

Thousands Euro	Jun 30, 2017	Dec 31, 2016
<b>Assets</b>		
Intangible assets	224	427
Property, plant and equipment	0	20
Other financial assets	137	137
Other non-current assets	9	9
<b>Total non-current assets</b>	<b>370</b>	<b>593</b>
Inventories	678	619
Trade and other receivables	767	1 103
Cash and cash equivalents	101	774
Income tax receivable	10	19
<b>Total current assets</b>	<b>1 556</b>	<b>2 515</b>
<b>Total assets</b>	<b>1 926</b>	<b>3 108</b>
<b>Liabilities and shareholders' value</b>		
Issued capital	14 879	4 922
Share premium	17 610	5 466
Reserves	0	0
Retained earnings / (losses)	(46 047)	(45 486)
<b>Total shareholders' equity attributable to the owners of the company</b>	<b>(13 558)</b>	<b>(35 098)</b>
Financial debt	6 475	27 076
<b>Total non-current liabilities</b>	<b>6 475</b>	<b>27 076</b>
Financial debt	1 775	1 984
Trade and other payables	6 778	8 554
Provisions	205	422
Taxes payable	251	170
<b>Total current liabilities</b>	<b>9 009</b>	<b>11 130</b>
<b>Total liabilities and shareholders' value</b>	<b>1 926</b>	<b>3 108</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE**

For the half year period 30 June Thousands Euro	Jun 30, 2017	Jun 30, 2016 (* Restated)
<b>OPERATING ACTIVITIES</b>		
<b>Net Result (A)</b>	<b>( 557)</b>	<b>(4 467)</b>
Amortization of intangible assets	203	744
Depreciation of property, plant and equipment	20	53
(Reversal of) write-offs on current and non current assets	( 328)	163
Loss/(gains) on sale of property, plant and equipment	0	0
Loss/(gains) on financial fixed assets	8	0
Increase / (decrease) in provisions	( 211)	0
Unrealized foreign exchange losses / (gains)	( 139)	0
Interest income	( 778)	0
Interest expense	177	1 076
Equity settled share based payment expense	5	28
Tax expense / (benefit)	0	( 5)
<b>Total (B)</b>	<b>(1 043)</b>	<b>2 059</b>
<b>Cash flow from operating activities before changes in working capital (C) = (A) + (B)</b>	<b>(1 600)</b>	<b>(2 408)</b>
Decrease / (increase) in inventories	253	163
Decrease / (increase) in trade and other receivables	362	661
Decrease / (increase) in trade and other payables	( 831)	( 999)
Use of provisions	( 4)	68
<b>Total changes in working capital (D)</b>	<b>( 220)</b>	<b>( 107)</b>
<b>Cash generated from operation (E) = (C) + (D)</b>	<b>(1 820)</b>	<b>(2 515)</b>
Interests and other finance costs (paid) (F)	( 143)	( 388)
<b>Cash flow from operating activities (I) = (E) + (F) + (G) + (H)</b>	<b>(1 963)</b>	<b>(2 903)</b>
<b>INVESTING ACTIVITIES</b>		
Expenditure on product development, net of grants received	0	( 471)
Acquisition of property, plant and equipment	0	( 391)
Acquisition of participation	0	(1 701)
<b>CASH FLOW USED IN INVESTING ACTIVITIES (J)</b>	<b>0</b>	<b>(2 563)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds of borrowings	1 490	1 511
Repayment of borrowings	( 200)	0
<b>CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K)</b>	<b>1 290</b>	<b>1 511</b>
<b>Cash flow from discontinued operations</b>	<b>0</b>	<b>272</b>
<b>Net increase / (decrease) of cash and cash equivalents = (I) + (J) + (K)</b>	<b>( 673)</b>	<b>(3 683)</b>
Cash and cash equivalents at beginning of year	774	4 068
Cash and cash equivalents at end of period	101	385
<b>Difference</b>	<b>( 673)</b>	<b>(3 683)</b>

\*The 2016 comparative cash flow statement has been restated to present the cash flows from discontinued operations related Innolumis. The cash flows from discontinued operations amounting to EUR 272k consists of a cash outflow from operating activities of EUR 1.231k, a cash inflow from investing activities of EUR 1.487k, and a cash inflow from financing activities of EUR 16k

### CONDENSED 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
<b>At 1 January 2016</b>	<b>4 845</b>	<b>5 076</b>	<b>130</b>	<b>199</b>	<b>(2 617)</b>	<b>(35 335)</b>	<b>(27 702)</b>
Net result of the year	-	-	-	-	-	(7 920)	(7 920)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 920)</b>	<b>(7 920)</b>
Equity component of the convertible loan	-	11	-	-	-	-	11
Transfer to/from Capital increase	77	379	-	-	-	-	456
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	57	-	-	-	57
<b>At 31 December 2016</b>	<b>4 922</b>	<b>5 466</b>	<b>187</b>	<b>199</b>	<b>(2 617)</b>	<b>(43 255)</b>	<b>(35 098)</b>
Net result of the year	-	-	-	-	-	(557)	(557)
Other comprehensive income for the year, net of income tax	-	-	-	(9)	-	-	(9)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>(557)</b>	<b>(566)</b>
Equity component of the convertible loan	-	(1 699)	-	-	-	-	(1 699)
Transfer to/from Capital increase	9 957	13 843	-	-	-	-	23 800
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	5	-	-	-	5
<b>At 30 June 2017</b>	<b>14 879</b>	<b>17 610</b>	<b>192</b>	<b>190</b>	<b>(2 617)</b>	<b>(43 812)</b>	<b>(13 558)</b>

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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**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](http://www.option.com)

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