OPTION NV

PUBLIC LIMITED COMPANY

GASTON GEENSLAAN 14

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(hereafter the "Company")

SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 633 OF THE COMPANY CODE

Dear shareholders,

The Board of Directors has established on the 28th of August 2013 that as a result of the losses suffered by the Company, its net equity has decreased to less than a quarter of the share capital. In accordance with Article 633, forth paragraph, of the Companies' Code, a General Assembly needs to meet within a period of two months after determining the loss. This General Assembly must deliberate and decide on the dissolution of the Company and possibly also on other measures proposed in the agenda. Prior to the meeting, the Board of Directors draws up a Special Report in which it formulates an advice. If the Board opts for continuity of the Company, it must indicate in the report the remedial measures that it is considering to maintain the continuity of the Company.

The General Assembly must, on the basis of this report, take a decision on the continuity of the Company.

Reasons for the decrease in net equity

The incurred losses and the consequent decrease in net equity is mainly due to the extensive transformation of the Company from the development of pure commodity hardware devices towards complex solutions for specific vertical segments, namely the costs linked to the development en commercialization of CloudGate.

Option started a new business model focused on the M2M-market that is expected to grow in the coming years when the vision of the 'Internet of Things' gradually becomes reality.

With CloudGate Option targets niche and specialised markets that are less volume driven and more focused on added value, local presence, services and product related features (both soft- and hardware) that will allow CloudGate to be better adapted for the targeted segment or desired application.

However, given the fact that Option is a new name in the M2M-market, the sales cycle is longer than anticipated with lengthy pilot programs prior to final acceptance. While the length of the sales cycle is a challenge, it emphasizes the customer's interest on reliability and product quality when selecting an M2M gateway and this comes to Option's strengths as a company.

These developments demonstrate that the Group changed from standard hardware devices for mobile operators, towards end-to-end solutions for both business and consumer markets. The product portfolio is focused on vertical markets such as automotive, financial services, security and surveillance.

As a result of the additional losses incurred during the first half of 2013, the net equity of the Company has decreased to EUR -1.3 million and fourth paragraph of Article 633 of the Belgian Companies' Code should be applied.

Remedial measures

The Board of Directors is convinced that the continuity of the company can be maintained and therefore suggests continuing the Company's activities based on the following reasons and remedial measures:

1. Convertible bond loan

In order to increase the Company's working capital and to acquire the necessary liquidity to be able to execute the business plan, the Board of Directors has issued a convertible bond loan for a total amount of € 9 million. This loan was subscribed by five partners: the Flemish Investment company PMV for 2 million EUR, Athos Investments for 1 million EUR, Life Science Research Partners for 0.5 million EUR, Mondo for 0.5 million EUR and Jan Callewaert for 5 million EUR. The convertible bond loan has a 5 year term and expires in March 2018. The bonds can be converted in 31,034,483 new shares of Option NV. The convertible bond has a annual interest of 5% with an initial conversion price of 0.285 EUR, being the average price of the share during 30 days prior to the issuance of the convertible bond. In case of conversion the capital of the Company will be increased and thus the net equity of the Company will be strengthened.

2. External Financing and investors

In order to provide additional working capital, the Company has started discussions with the aim to raise additional liquid assets. Preference will be given to raising capital. In order to facilitate the transaction, the Board of Directors has taken the initiative to request the shareholders of the Company the authorization to increase the capital of the Company. This has been elaborated in the report drawn up in accordance with article 604 of the Companies' Code that has been submitted to the shareholders for review and approval.

Partly as a result of the successful transformation of the Company, there is also a noticeable revival of interest among potential investors, both in Europe and the United States. It is the goal of the Board of Directors to convert this renewed interest into a capital operation.

To date, the Company has no ongoing loans with financial institutions; the Company has therefore no bank debts. The Company intends, strengthened by the issue of convertible bonds, to re-engage in discussions with financial institutions regarding further financing of the growth of the Company's activities (and those of its subsidiaries) in the M2M segment.

3. Cost savings

Compared to the first half year 2012, total operating expenses in the first half year 2013 decreased from EUR 14.1 million to EUR 8.7 million as a result of downsizing the group, additional savings and a correction on the incentives received from the Belgian government agency for salaries of research personnel. The normalized operating expenses amounts to EUR 9.9 million for half year 2013 compared to EUR 11.5 million comparable period 2012. The one-off cost for 2013 includes recovered professional taxes (EUR 1.0 million), redundancy costs (EUR -0.6 million) and reduction of provisions and write-back on stock (EUR 0.9 million).

In addition, the Company will continue to focus on cost savings. In line with this, restructurings at Option Wireless Ltd. (Ireland) and Option France (France) have started. It is expected that these restructuring activities will have a positive impact on the cost base in the second half of 2013.

4. Focus on continuing earlier transformation

4.1 Focus on sale of assets

Since some quarters, the Company has embarked on a real transformation. In this context it was decided to evolve from developing pure hardware commodity products to more complex solutions for specific vertical segments. The Company still has a stock of XYFI and embedded modules which will continue to be sold over the next quarters. From a cash flow perspective, such a sale has a major impact as it causes existing stock to be converted into cash; i.e. in order to realise such a sale, no additional production costs have to be incurred.

4.2 Focus on sale of new product line

The most important new product line launched by the Company at the end of 2012 was CloudGate. The various developments which the Company has made over the last ten years come together in this product. CloudGate is aimed at the M2M market and tries to take advantage of the heterogeneous character of this market by working with various hardware and software applications which enable the product to easily adapt to the environment or business process in which it is being integrated.

From the feedback that it gets from the various partners with which it cooperates on CloudGate, the Company is convinced of the success of this product. These include various leading companies such as ILS, Get Wireless, ClearConnex, Exosite and Hilton Development Group. The interest shown by these companies in this product is a clear sign of its potential success.

The ecosystem for Cloud Gate continues to grow in the United States. There have been agreements concluded with 'Application Enablement Platform' partners offering middleware and platforms hosted service. Resellers have also taken Cloud Gate products in stock and marketing campaigns are being run. Furthermore, there are also customer projects, both in pilot as in rollout phase. Finally, CloudGate was approved by several mobile operators active in the United States, Canada and Latin America.

In Europe, the ecosystem also starts to develop since the commercial launch of CloudGate in the second quarter.

CloudGate gives the Company the opportunity to address the 'Machine-to-Machine'-Market (M2M), which is expected to grow at a compound annual growth rate of 33% to a market size of $ 85 billion in 2017, and this according to both Machina Research and Markets and Markets.

5. Conclusion

The Board of Directors believes that the further implementation of the above-mentioned measures should allow the Company to improve its financial situation.

Drawn up in Leuven, on 24 September 2013,

on behalf of the Board of Directors,