OPTION NV

PUBLIC LIMITED COMPANY

GASTON GEENSLAAN 14

3001 LEUVEN

VAT BE: 0429.375.448

(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 5th of March 2013 that as a result of the losses suffered by the Company, its net equity has decreased to less than half of the share capital. In accordance with Article 633 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 decrease in net equity is mainly due to the depreciation of certain assets of the Company.

During the activities performed in connection with the closure of the financial year which ended on 31 December 2012, an analysis was made of the valuation of the most important Company's assets to ascertain whether or not the valuation of these assets should be adjusted. One of the headings which was evaluated relates to the financial fixed assets of the Company including claims (receivables) on subsidiaries. These claims (receivables) are depreciated in the event there is uncertainty regarding the payment of all or part of these claims (receivables) within a reasonable time frame.

In accordance with the aforementioned rules it was decided, after analysis of the valuation of the Company's claims on its subsidiary in Ireland (Option Wireless Ltd. established in Cork), to write them off. The main reason for this decision was the substantial size of the claim, i.e. € 6 million, and the fact that, taking into account the announced restructuring and adjusted focus of the group's activities, it is uncertain whether/by when the subsidiary in Ireland can pay back part of the full amount of the outstanding claim. Under these circumstances, and by way of precaution it was decided to depreciate the claim.

This depreciation negatively impacted the net equity of the Company and made it drop below the level provided for in Article 633 of the Companies' Code.

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. As mentioned in the report drawn up by the Board of Directors in accordance with Article 583 of the Companies' Code, the issue of convertible bonds enables the Company to finance itself at a lower cost than through a credit facility with a financial institution and also at a lower cost than would be the case with the issue of ordinary bonds.

The additional liquidity raised via the issue of the convertible bonds allows the Company to continue with its transformation, away from the standardized (commoditized) market segments, via the sale and further development of the CloudGate product range and associated router products.

2. Financing

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

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.

The net operating costs (the so-called "cash opex") of the group currently represent less than € 17 000 000 per year. In this amount, account has been taken of the full impact of the closure of the offices in Augsburg but not of the impact of the cost savings described above nor with the possible hiving off or stopping of activities that do not sufficiently contribute to the Company's profit. If it is possible to sell such an activity, this could generate a one-off yield which could contribute to an improvement in the cash position. Even if such a sale is not possible, the cessation of that activity could have a major impact on reducing the Company's net operating costs.

4. Focus on continuing earlier transformation

The Board of Directors wishes to refer to the elements which were already mentioned in the report drawn up for the issue of convertible bond in accordance with Articles 583, 596 juncto 598 of the Companies' Code.

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 Company is continuing to work on the development of the CloudGate ecosystem to achieve a good market coverage and presence in the various M2M segments. The first CloudGate products were delivered in the fourth quarter of 2012 and were successfully rolled out in a number of test environments. The Company expects that the sales volumes of CloudGate will increase further in the course of the year.

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 11 April 2013,

on behalf of the Board of Directors,

Jan Callewaert, Chairman