

# Table of contents

- MESSAGE TO OUR SHAREHOLDERS
- CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE
- CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
- CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE
- CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
- EXPLANATORY NOTES FOR OPTIONS' SIX MONTHS RESULTS ENDED 30 JUNE
- CORPORATE INFORMATION

## **MESSAGE TO OUR SHAREHOLDERS**

### **SUMMARY**

---

- A. INDICATION OF SIGNIFICANT EVENTS THAT HAVE OCCURRED DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR, AND THEIR IMPACT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
- B. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR**
- C. MANAGEMENT STATEMENT**

## **A. INDICATION OF SIGNIFICANT EVENTS THAT HAVE OCCURRED DURING THE FIRST SIX MONTHS OF THE FINANCIAL YEAR, AND THEIR IMPACT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

At the Option group (the “**Group**” or “**Option**”) level, a number of significant events took place and were communicated via press releases on Option NV's – hereinafter referred to as the “**Company**” - website. Below you will find a summary of the most significant non-financial highlights during the first six months of the financial year 2016:

### **Overview**

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 1<sup>st</sup>, 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.

## **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 were created as the result of the conversion of convertible bonds.

## **B. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR**

### **Risks and uncertainties**

With respect to the main risks and uncertainties which Option is likely to face during the remaining months of the financial year 2016, reference is made to the risk factors and uncertainties as described in detail in the Annual Report 2015 (made available on Option's website ([www.option.com](http://www.option.com)) on April 29th, 2016) which continue to be actual.

In addition hereto, the Board would like to specifically emphasize the following risks and uncertainties for the remaining months of the current financial year:

### **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.

### **Related party transactions – conflict of interests**

During the first six months of the financial year 2016, the below transaction has taken place between the Company and members of the Board of Directors that triggered the application of the conflict of interests procedure prescribed by the Belgian Company Code (Article 523 of the Belgian Company Code).

*The relevant related party transaction can be summarized as follows:*

On 7 January 2016 the Board applied the procedure in accordance with Article 523 of the Belgian Code of Companies in relation to the financing of the acquisition of Innolumis Public Lighting bv and Lemnis Public Lighting bv.

Mr. Jan Callewaert informed the Board in accordance with the provisions of Article 523 of the Code of Companies that as a prospective lender they may have a conflicting interest of a monetary nature with the Company in respect of the decisions that the Board may take in relation hereto. Therefore, in accordance with the provisions of the aforementioned Article 523 of the Code of Companies, Jan Callewaert leaves the call and does not take part in the further discussion, deliberation and voting.

The Board discusses the terms and conditions of the loan agreement (all substantially in the format as previously discussed and agreed). The bridge financing agreement foresees inter alia in an immediate payment of 1 mio EUR to the Company and has a fixed term of 12 months, and an interest rate of 7% per annum (to be paid on quarterly basis). The loan agreement will allow a pledge on the shares of Innolumis Public Lighting as a security to Mr Callewaert for the repayment of the loan.

The Board considers these conditions to be very beneficial for the Company taking into account the current market conditions. Furthermore, the Board is of the opinion that entering into the loan agreements will provide the Company with the liquidity requested to approve the transaction.

Therefore, after discussion, the Board RESOLVES to approve the transaction and the short term funding structure as discussed above.

The Board formally approves the Company entering into of the different share agreements under the conditions described above.

To mandate management to do what is necessary or useful for the execution and further implementation of the above mentioned agreements in accordance with the agreed upon terms and conditions.

On 24 February 2016 the Board applied the procedure in accordance with Article 523 of the Belgian Code of Companies in relation to the financing of the acquisition of Innolumis Public Lighting bv and Lemnis Public Lighting bv.

Mr. Jan Callewaert informed the Board in accordance with the provisions of Article 523 of the Code of Companies that as a prospective lender they may have a conflicting interest of a monetary nature with the Company in respect of the decisions that the Board may take in relation hereto. Therefore, in accordance with the provisions of the aforementioned Article 523 of the Code of Companies, Jan Callewaert leaves the meeting and does not take part in the further discussion, deliberation and voting.

The Board discusses and approves the given updates e.g. the guarantee on blocked account of 300k EUR given by Option and the monthly pay-back commitment to the bank instead of the previously agreed fixed term of 12 months.

The Board considers these conditions to be still beneficial for the Company taking into account the better than expected sales in 2016 for Innolumis Public Lighting and the prospect of profitability of the IPL business in the course of 2016.

On 28 April 2016 the Board applied the procedure in accordance with Article 523 of the Belgian Code of Companies in relation to the reporting under going concern.

Before further discussion on this item, Mr Jan Callewaert informs the Board in accordance with the provisions of Article 523 of the Code of Companies that he may have a conflicting interest of a monetary nature with the Company in respect of the decisions that the Board may take in relation to the financial commitments he made towards the Auditor on behalf of the Company to support the reporting under going concern. Therefore, in accordance with the provisions of the aforementioned Article 523 of the Code of Companies, Mr Jan Callewaert leaves the call and does not take part in the further discussion, deliberation and voting.

The Board is informed about a financial commitment granted by the Chairman on behalf of the Company for a maximum amount of 2 mio EUR, to be called off in installments according to the financial needs of the Company.

The Board has now secured new financial commitments which together with the latest sales outlook should allow the company to fund the next 6 months and secure the short term going concern. The latest sales outlook incorporates a growth compared to actual sales realized in the first months. The Board is confident it will be able to realize the outlook as it was based on concrete discussions with customers. After this period of six months, new financing will be required. The Board will continue to explore means of capital increase or partnering on group or subsidiary level.

The Board considers the commitment of the Chairman to financially support the Company to be very beneficial for the Company. Therefore, after discussion, the Board RESOLVES to approve this commitment of the Chairman and to mandate management to do what is necessary or useful for the execution and further implementation of the above commitment.

Therefore the Board RESOLVES to prepare the annual accounts under the going concern principle.

On 28 April 2016 the Board applied the procedure in accordance with Article 523 of the Belgian Code of Companies in relation to the issue of warrants.

Before further discussion on this item, Mr Raju Dandu informs the Board in accordance with the provisions of Article 523 of the Code of Companies that as beneficiary of the warrants, he may have a conflicting interest of a monetary nature with the Company in respect of the decisions that the Board may take in relation hereto. Therefore, in accordance with the provisions of the aforementioned Article 523 of the Code of Companies, Raju Dandu leaves the call and does not take part in the further discussion, deliberation and voting.

On request of the legal counsel of Danlaw Inc., the Board confirms the issue of warrants by the Extraordinary Shareholders' Meeting of January 26, 2016 and the granting of warrants to Danlaw in execution thereof.

### **C. MANAGEMENT STATEMENT**

Management states that, to the best of their knowledge:

- a) The set of financial statements, prepared in accordance with the applicable accounting standards, gives a true and fair view of the assets, liabilities, financial position and result of the Company and its affiliates.
- b) The interim Report of the Board of Directors provides a fair overview of the major events and the major transactions with related parties that took place during the first six months of the financial year and their respective impact on the financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year.

Leuven, 1 September 2016

## CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE

For the half year period 30 June	Jun 30, 2016	Jun 30, 2015
Thousands Euro except number per share		
<b>Revenues</b>	<b>3 947</b>	<b>2 556</b>
<i>Product revenue</i>	3 947	2 556
<i>Software and License revenue</i>	0	0
Cost of products sold	(2 141)	(1 480)
<b>Gross Margin</b>	<b>1 806</b>	<b>1 076</b>
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)
<b>Total operating expenses</b>	<b>(5 001)</b>	<b>(6 109)</b>
<b>Profit / (loss) from operations (EBIT)</b>	<b>(3 195)</b>	<b>(5 033)</b>
Depreciation, amortization and impairment losses	852	1 485
EBITDA	(2 343)	(3 548)
<b>Result from operations</b>	<b>(3 195)</b>	<b>(5 033)</b>
Exchange gain / (loss)	( 15)	( 92)
Interest income / (expenses) and other financial income / expense)	(1 252)	( 826)
<b>Finance result - net</b>	<b>(1 267)</b>	<b>( 918)</b>
<b>profit / (loss) before income taxes</b>	<b>(4 462)</b>	<b>(5 951)</b>
Income tax benefits / (expenses)	5	( 7)
<b>Net result of the period attributable to the owners of the company</b>	<b>(4 457)</b>	<b>(5 958)</b>
<b>Earning per share</b>		
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)

**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)
<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)	105
Other comprehensive income / (loss) for the period (net of tax)	( 9)	105
<b>Total comprehensive income / (loss) for the period attributable to the owners of the parent</b>	<b>(4 466)</b>	<b>(5 853)</b>

All items of the comprehensive income are recyclable to the income statement.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

## 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
<b>OPERATING ACTIVITIES</b>		
<b>Net Result (A)</b>	<b>(4 457)</b>	<b>(5 958)</b>
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
<b>Total (B)</b>	<b>2 144</b>	<b>2 604</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>(2 313)</b>	<b>(3 354)</b>
(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
<b>Total changes in workig capital (D)</b>	<b>(1 433)</b>	<b>926</b>
<b>Cash generated from operation</b>	<b>(3 746)</b>	<b>(2 428)</b>
(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
<b>Cash flow from operating activities (I) = (E) + (F) + (G) + (H)</b>	<b>(4 134)</b>	<b>(2 524)</b>

**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)**

## 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 2015</b>	<b>4 739</b>	<b>3 763</b>	<b>26</b>	<b>73</b>	<b>(2 617)</b>	<b>(21 251)</b>	<b>(15 267)</b>
Net result of the year	-	-	-	-	-	(14 084)	(14 084)
Other comprehensive income for the year, net of income tax	-	-	-	126	-	-	126
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>-</b>	<b>(14 084)</b>	<b>(13 958)</b>
Equity component of the convertible loan	-	812	-	-	-	-	812
Transfer to/from	-	-	-	-	-	-	-
Capital increase	106	501	-	-	-	-	607
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	104	-	-	-	104
<b>At 31 December 2015</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	-	-	-	-	-	(4 457)	(4 457)
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>(4 457)</b>	<b>(4 466)</b>
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)
<b>At 30 June 2016</b>	<b>4 922</b>	<b>5 407</b>	<b>158</b>	<b>190</b>	<b>(2 617)</b>	<b>(40 008)</b>	<b>(31 948)</b>

## **EXPLANATORY NOTES FOR OPTIONS' AUDITED SIX MONTHS RESULTS ENDED 30 JUNE 2016**

### **Note 1: Accounting policies and Corporate information**

IAS 34 was applied to the half year financial report. The accounting policies applied by the Group in the consolidated interim financial statement are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

### **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.

**Note 2: New IFRS standards**

The accounting policies used for preparing the 2016 interim financials are consistent with the ones used at the end of 2015 with the exception that the company adopted changes in the IFRS standards which became applicable since January 1st 2016. These changes had no material impact on the financial statements.

**Standards and interpretations applicable for the annual period beginning on 1 January 2016**

- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- IAS 16 and IAS 38 'Clarification of Acceptable Methods of Amortisation and Depreciation'
- IFRS 11 'Acquisition of an Interest in a Joint Operation'
- IAS 1 'Disclosure Initiative'
- IAS 27 'Equity Method in Separate Financial Statements'

### Note 3: Segment report

The Group has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the management of the Group in order to allocate resources to the segments and to assess their performance.

The primary segment reporting format is determined to be the business segment; each segment is a distinguishable component of the Group that is engaged in either providing products or services:

- The "Devices & Solutions" operating segment produces data cards, USB devices, routers as well as the new end to end service offerings;
- The "Embedded & Solutions" operating segment is principally the production of embedded devices or module offerings and associated integration and certification services;
- The "IOT" operating segment is related to revenues generated by Option's newest device, called Cloudgate;
- The "Engineering services" operating segment is related to revenues generated through engineering or product design deals, closed with third parties;
- The "Public lighting" operating segment is related to revenues generated by sales of outdoor LED lighting, resulting from the acquisition of Innolumis Public Lighting BV and Lemnis Public Lighting in January 2016.

Thousand Euros	Revenues from external customers		Operating segment result	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Devices & Embedded Solutions	558	699	(166)	(430)
M2M	813	1 349	(1 509)	(474)
Engineering Services	712	508	590	508
Public Lighting	1 864	-	13	-
<b>Totals</b>	<b>3 947</b>	<b>2 556</b>	<b>(1 072)</b>	<b>(396)</b>
Unallocated Operating Expenses			(2 123)	(4 637)
Finance (costs) / income			(1 266)	(918)
Income taxes / (expenses)			5	(7)
<b>Net result</b>			<b>(4 457)</b>	<b>(5 958)</b>

The segment result represents the result for each segment including the operating expenses which could be allocated to the operating segment. The operating expenses which can be allocated are mainly amortizations, royalty expenses and staff related expenses, dedicated to the operating segment. The remaining operating expenses, mainly including the general and administrative, depreciations and staff related expenses not dedicated to a specific segment, have been reported under the "unallocated operating expenses".

#### **Note 4: Other disclosures**

As a result of the further downsizing of the group, operating expenditure decreased by EUR 1.1 million during the first half of 2015. Of which:

- Movements in Research and Development expenses: the Research and Development expenses decreased in the first half year of 2015 (decrease of EUR 432 thousand).
- Movements in Sales, Marketing and Royalties expenses: the Sales, Marketing and royalties expenses decreased in the first half year of 2015 (decrease of EUR 261 thousand).
- Movements in General and Administrative expenses: compared to the first half year of 2014, the general and administrative expenses decreased by EUR 415 thousand, as a result of the further optimization of the Group.

Taking into account the new Public Lighting business, which had operational expenses of EUR 780 thousand, the total Opex decreased with EUR 1.9 million.

#### Bridge financing:

Starting on 2 June 2016, the company received bridge loan for an aggregate amount of EUR 2,000,000 (See also related parties transactions). At the end of the half year, the company had called EUR 800,000 of the total amount.

Other than the events mentioned before, no other significant events have occurred during the first six months of the financial year that have a material financial impact on the consolidated interim financial statements.

#### Financial assets:

In January, the company acquired (asset deal) two Dutch businesses specialized in Public Lighting (outdoor LED) with the intention to develop a Smart Lighting segment. At this point in time the two businesses, Innolumis Public Lighting BV and Lemnis Public Lighting BV, have been consolidated into one organization, Innolumis Public Lighting BV based in Amersfoort.

In the first half of 2016, the new Public Lighting activity was showing a small net profit.

## CORPORATE INFORMATION

This interim report 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.

### **For further information please contact:**

Jan Callewaert – Executive Chairman  
Jan Luyckx – CFO  
Gaston Geenslaan 14  
B-3001 Leuven, Belgium  
TEL: +32 (0) 16 31 74 11  
FAX: +32 (0) 16 31 74 90  
E-mail: [investor@option.com](mailto:investor@option.com)

### **Interim Financial Statement (IAS34)**

[www.option.com/about](http://www.option.com/about)

### **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, has a production engineering and logistics facility and maintains offices in Europe, the US, Greater China, Japan and Australia. More information: [www.option.com](http://www.option.com)**

Copyright ©2016 OPTION. All rights reserved. All product and company names herein may be (registered) trademarks or trade names.