

## OPTION

Public limited liability company  
Gaston Geenslaan 14  
3001 Leuven - Heverlee  
VAT BE 0429.375.448 (RLE Leuven)

(the “Company”)

### SPECIAL REPORT OF THE BOARD OF DIRECTORS IN ACCORDANCE WITH ARTICLE 596 AND 598 OF THE BELGIAN COMPANY CODE ON THE CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHT AFTER THE ISSUANCE OF WARRANTS UNDER THE WARRANT PLAN “2012”

## 1 DEFINITIONS

In this report the terms listed below will have the following meaning:

**“Beneficiary”** means (i) an Employee who has entered into an employment agreement with a Member of the Group not less than six (6) months (not interrupted) before the Grant Date, unless the Board of Directors decides to deviate on an individual basis from this six (6) months requirement; and/or (ii) a Consultant who has entered into a Consultancy Agreement (as defined hereafter) with a Member of the Group not less than six (6) months (not interrupted) before the Grant Date, unless the Board of Directors decides to deviate on an individual basis from this six (6) months requirement;

**“Board of Directors”** means the board of directors of the Company;

**“BCC”** means the Belgian Company Code of 7th May 1999, as amended from time to time;

**“Business Day”** means a day on which commercial banks are open for business in Leuven, Belgium;

**“Company”** means Option NV, with registered office at Gaston Geenslaan 14, 3001 Leuven - Heverlee, Belgium, registered with the Crossroads Database for Enterprises under the number: 0429.375.448 (RLE Leuven);

**“Consultant”** means a physical or legal entity, which does not qualify as an Employee and has entered into a Consultancy Agreement with a Member of the Group;

**“Consultancy Agreement”** means the consultancy agreement or similar agreement entered into between a Consultant and a Member of the Group;

**“Control”** means control over a company as defined in Article 5 et seq. of the BCC;

**“Date of Issuance”** means the date on which the Warrants have been issued by the Shareholders’ Meeting of the Company;

**“Employee”** means a person who has entered into an employment agreement with a Member of the Group;

**“Exercise Price”** means the amount payable for each newly issued Share upon the exercise of a Warrant;

**“Grant Date”** means the date on which a Beneficiary is notified in writing by the Board of Directors that he or she is offered a Warrant;

**“Member of the EMT”** means those Employees or Consultants of the Company who are members of the Executive Management Team of the Company;

**“Member of the Group”** means (i) the Company and (ii) its Subsidiaries;

**“Share”** means an issued share in the Company;

**“Shareholders’ Meeting”** means the shareholders’ meeting of the Company;

**“Subsidiary”** means a company over which the Company has Control;

**“Warrant”** means a right to subscribe to one (1) new Share of the Company;

Terms in the plural will also refer to the singular and vice versa.

## 2 THE OPERATION

The Company competes in a rapidly changing and competitive industry. Moreover, competition and substantial pricing pressure in the wireless data market is likely to intensify even more. If the Company should become unable to compete effectively with competitors’ pricing strategies, technological advances and other initiatives, its Shares’ value and revenues may be reduced. Therefore the Company is strategically repositioning within the wireless data market. In order to maintain its position and expand its business, the Company wishes to encourage the persons that contribute to the growth and success of the Company and its Subsidiaries (together the **“Option Group”**). In other words, the Option Group aims at incentivising and persistently motivating its Members of the EMT, Employees and Consultants and attracting new, promising Members of the EMT, Employees and Consultants. Because of the reasons described in the special report drafted in accordance with Article 583 of the BCC, the Board of Directors proposes to introduce a new warrant plan “2012”, which is described in detail in the special report drafted in accordance with Article 583 of the BCC. The Board of Directors hence proposes to the Shareholders’ Meeting to issue, with cancellation of the preferential subscription rights, a maximum of 4,124,930 Warrants, which equals 5% of the current registered capital, each Warrant entitling the holder thereof to subscribe to one new Share of the Company.

The Board of Directors proposes to grant the Warrants to the Members of the EMT, the Employees and Consultants for free.

Since the Warrants will be granted in the future, the identity of the Beneficiaries is not known at this point in time. Subject to these persons qualifying as Beneficiaries in the sense of the terms of issuance of the Warrants, as set forth in the special report drafted in accordance with Article 583 of the BCC, the Board of Directors proposes to grant the Warrants to (i) the Employees; (ii) the Consultants designated in Annex I; and (iii) the Members of the EMT designated in Annex I.

The Board of Directors of the Company proposes to resolve in the interest of the Company to cancel the preferential subscription rights of the existing shareholders in connection with the issuance of the Warrants in favour of the aforementioned Members of the EMT, Employees and Consultants.

This special report is drawn up for the purpose of justifying the proposal to cancel the preferential subscription right, and more in particular with regard to the Exercise Price, the financial consequences of the operation for the existing shareholders and the possible capital increase of the Company as a result thereof.

### **3 RATIONALE**

The Option Group is currently repositioning strategically within the wireless data market. This is deemed necessary as fierce price competition from (mainly) Chinese competitors resulted during 2010 and 2011 in the further decline of selling prices and profit margins on USB devices. In addition, the difficult economic environment increased customers' focus on price, favouring low end volume products. Therefore, the Option Group has responded by repositioning itself to hardware independent software solutions, end-to-end services for mobile operators and specific segments where the Option Group may create an added value by means of their embedded module portfolio.

In order to do so successfully, the Option Group needs to support and realize the following business and personnel objectives:

- (i) encouraging and rewarding Members of the EMT, Employees and Consultants who are able to contribute to the success and long-term growth of the Option Group;
- (ii) assisting the Option Group to attract and retain Members of the EMT, Employees and Consultants with the required experience and skills; and
- (iii) to align more closely the interests of the Employees and Consultants with those of the Option Group's shareholders by providing them the opportunity to share in the added value and the growth of the Option Group.

The Board of Directors believes that the aforementioned can be achieved by offering the Members of the EMT, the Employees and the Consultants the opportunity to participate in the share capital of the Company. The positive evolution of the Option Group's share value, which is one of the objectives of the issuance of Warrants, is also in the interest of

the existing shareholders. Hence the issuance of the Warrants with cancellation of the preferential subscription rights serves the interest of the Company as well as the interest of the shareholders.

The Board of Directors is of the opinion that, in order to achieve these objectives, it is necessary to introduce a new warrant plan "2012". The Board of Directors is also of the opinion that the issuance of 4,124,930 Warrants suffices to achieve these objectives. Consequently, the new warrantplan 2012 may possibly lead to a dilution of the existing shareholders.

## **4 ISSUANCE PRICE AND EXERCISE PRICE**

### **4.1 General**

The Warrants are granted to the Members of the EMT, the Employees and the Consultants free of charge.

Each Warrant entitles the Beneficiary to subscribe to one (1) new Share in the Company to be exercised at the Exercise Price determined in the terms of issuance of the Warrants, as set forth in the special report drafted in accordance with Article 583 of the BCC.

The Board of Directors proposes to the Shareholders' Meeting to delegate the decision on the grant of the Warrants and the determination of the Exercise Price, to the Board of Directors. At the discretion of the Board of Directors, the Exercise Price would then be equal to the Market Value (as defined hereafter) of a Share in the Company on the Date of Issuance, it being understood that for the Consultants and Members of the EMT, in accordance with Article 598 of the BCC, the Exercise Price shall never be less than the average of the closing stock prices on Euronext during thirty (30) calendar days preceding the Date of Issuance of the Warrants.

The "**Market Value**" of a Share shall be determined at the discretion of the Board of Directors, either (i) the average of the closing stock prices during thirty (30) calendar days preceding the Date of Issuance (as derived from the daily official list of the Stock Exchange) or (ii) the closing stock price on the Business Day immediately preceding the Date of Issuance. If the Market Value is less than the par value of the Share, then the Exercise Price will be equal to the par value of the Share.

Based on indicative data, the closing stock price of the Share of the Company on Euronext Brussels showed the following evolution during the last months:

Date	Stock Price (EUR)
29 February 2012	0.48
31 January 2012	0.30
31 December 2011	0.30
30 November 2011	0.34
31 October 2011	0.39
30 September 2011	0.40
31 August 2011	0.42
31 July 2011	0.44

The Exercise Price will be booked as follows: (i) the amount corresponding to the par value of an existing Share will be booked on the "Equity" account of the Company and (ii) the balance will be booked on the "Share Premium" account and that (apart from the possibility to convert it into equity) can only be disposed of in accordance with the rules applicable to a modification of the articles of association.

## 4.2 Impact on the value of the Share<sup>1</sup>

### 4.2.1 Hypothesis 1 (Exercise Price of EUR 0.60)

Under the assumption that, hypothetically, the Exercise Price is fixed at EUR 0.60 being the average of the closing stock price during thirty (30) calendar days preceding the Date of Issuance, the effect on the value of the Share is as follows:

- Number of Shares in the Company at present 82,498,592
- Net asset value of the Company (on the basis of the approved annual accounts as of 31 December 2010) EUR 3,714,092
- Value per Share (A) EUR 0.045
- Net asset value following maximum capital increase through the exercise of Warrants EUR 6,189,050
- Value per Share following maximum capital increase through the exercise of Warrants (B) EUR 0.071
- Difference between (A) and (B) EUR 0.026

<sup>1</sup> Regarding the impact on the value of the Shares, the issued and accepted warrants "V" have not been taken into consideration because the Board of Directors deems it highly unlikely, given the valuation at which the warrants "V" were granted and the present value of the Company's Shares, that the warrants "V" will be exercised.

If the Warrants are exercised, the net asset value will increase with an amount equal to the Exercise Price. The Board of Directors believes that by the issuance of the Warrants the existing shareholders are not prejudiced or differently treated as far as the value of their Shares is concerned.

#### 4.2.2 Hypothesis 2 (Exercise Price of EUR 0.40)

Under the assumption that, hypothetically, the Exercise Price is fixed at EUR 0.40 being the average of the closing stock price during thirty (30) calendar days preceding the Date of Issuance, the effect on the value of the share is as follows:

- Number of Shares in the Company at present 82,498,592
- Net asset value of the Company (on the basis of the approved annual accounts as of 31 December 2010) EUR 3,714,092
- Value per Share (A) EUR 0.045
- Net asset value following maximum capital increase through the exercise of Warrants EUR 5,364,064
- Value per Share following maximum capital increase through the exercise of Warrants (B) EUR 0.062
- Difference between (A) and (B) EUR 0.017

If the Warrants are exercised, the net asset value will increase with an amount equal to the Exercise Price. The Board of Directors believes that by the issuance of the Warrants the existing shareholders are not prejudiced or differently treated as far as the value of their Shares is concerned.

#### 4.2.3 Hypothesis 3 (Exercise Price of EUR 0.50)

Under the assumption that, hypothetically, the Exercise Price is fixed at EUR 0.50 being the average of the closing stock price during thirty calendar days preceding the Date of Issuance, the effect on the value of the Share is as follows:

- Number of Shares in the Company at present 82,498,592
- Net asset value of the Company (on the basis of the approved annual accounts as of 31 December 2010) EUR 3,714,092
- Value per Share (A) EUR 0.045
- Net asset value following maximum capital increase through the exercise of Warrants EUR 5,776,557

- Value per Share following maximum capital increase through the exercise of Warrants (B) **EUR 0.067**
- Difference between (A) and (B) **EUR 0.022**

If the Warrants are exercised, the net asset value will increase with an amount equal to the Exercise Price. The Board of Directors believes that by the issuance of the Warrants the existing shareholders are not prejudiced or differently treated as far as the value of their Shares is concerned.

#### 4.3 Dilution of voting powers, liquidation- and dividend interests

The creation of new Shares through the exercise of the Warrants will cause a dilution of the voting powers of the existing shareholders, as well as a dilution of their share in the Company's profits and the liquidation balance.

For the purpose of calculating the effects of dilution, following elements should be taken into account, in the following two scenarios:

##### 1. Scenario 1:

In this scenario 1, the assumption is that all granted, accepted and non-lapsed warrants "V" have been exercised, and that all Warrants "2012" will be exercised

- Number of Shares at present 82,498,592
- Maximum number of new Shares under the warrant plan "V" (accepted Warrants "V" minus the lapsed or already exercised warrants "V") 1,191,556
- Maximum number of new Shares under the warrant plan "2012" 4,124,930
- Number of Shares following exercise of all warrants (warrants "V" and the Warrants under this warrant plan "2012") 87,815,078
- Maximum dilution resulting from the exercise of the Warrants issued under the warrant plan "2012", under the assumption that all granted, accepted and non-lapsed warrants "V" have been exercised 4.70%
- Maximum dilution resulting from the exercise of all Warrants in the framework of the warrant plan "2012" and the exercise of all granted, accepted and non-lapsed warrants "V" 6.05%

##### 2. Scenario 2

In this scenario 2, the assumption is that none of the granted, accepted and non-lapsed warrants "V" have been exercised, and solely the dilution following from this warrant plan "2012" is reflected.

•	Number of Shares at present	82,498,592
•	Maximum number of new Shares under the warrant plan "2012"	4,124,930
•	Number of Shares following exercise of all Warrants	86,623,522
•	Maximum dilution resulting from the exercise of all Warrants	4.76%

The impact of the envisaged operation on the result per Share following the exercise of the Warrants will be as follows:

- on the one hand an increase of the result of the Company as the financial costs will decrease due to the application of the issued net asset value; and
- on the other hand a spread of the result over a greater number of Shares.

The extra motivation and incentive of the Members of the EMT, the Employees and the Consultants through the grant of the Warrants will enable the Company to grow and generate profits, an advantage that largely outweighs the relative dilution and financial consequences related thereto.

## 5. CONCLUSION

The Board of Directors deems the cancellation of the preferential subscription right to be in the interest of the Company and of its shareholders and therefore justified.

Executed in Leuven-Heverlee on \_\_\_\_\_ 2012.

For the Board of Directors

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Jan Callewaert  
Managing Director



## **Annex I**

Persons in favour of which the preferential subscription right is cancelled, and who are not Employees:

<b>Beneficiaries, no-personnel</b>	
<b>1</b>	Consultants (50,000 Warrants maximum for each Beneficiary).
	SOLVEIDA BVBA, having its registered office at 3201 Langdorp, Mouthorensteenweg 44, registered with the Crossroads Bank of Enterprises under number 0867.327.379
	EVISA BVBA, having its registered office at 3052 Blanden, Onze-Lieve-Vrouwstraat 51, registered with the Crossroads Bank of Enterprises under number 0472.247.270
	JAJOCHIN BVBA, having its registered office at 3010 Kessel-Lo, Meugenslaan 30, registered with the Crossroads Bank of Enterprises under number 0899.553.155
	<i>Including those Consultants with whom the Company or the Option Group will have established and maintained at the latest on 30 June 2013, for a period of at least six (6) months, a long-term relationship with regard to activities identical or similar to those that are exercised by the above persons.</i>
<b>2</b>	Members of the EMT (300,000 Warrants maximum for each Beneficiary, and with the exception of the managing director, to whom a maximum of 500,000 Warrants shall be allocated).
	Mondo NV, having its registered office at 3000 Leuven, Vanden Tymplestraat 43 box 5, registered with the Crossroads Bank of Enterprises under number 0440.904.887
	SWAP NV, having its registered office at 2600 Berchem, Deken de Winterstraat 8, registered with the Crossroads Bank of Enterprises under number 0465.919.209
	Adrimaar BVBA, having its registered office at 3550 Heusden-Zolder, De Drij Dreven 30, registered with the Crossroads Bank of Enterprises under number 0472.786.215
	Mr Patrick Hofkens residing at 2650 Edegem, Mechelsesteenweg 414
	Mr Jérôme Nadel, residing at 75015 Paris, France, Rue de la Croix Nivert 204
	Mr Frédéric Nys, residing at 1150 Sint-Pieters-Woluwe, Paul Wemaere Straat 38

**Beneficiaries, no-personnel**

And the persons with whom the Company or the Group no later than June 30, 2013 for a period of at least six (6) months, have entered into and maintained a lasting relationship for activities identical or similar to those presently performed or observed by the persons listed above.