



OPTION REPORTS FULL YEAR 2016 RESULTS

FINANCIAL INFORMATION – REGULATED INFORMATION - INSIDE INFORMATION

Leuven, Belgium – March 8, 2017 – Option N.V. ([EURONEXT Brussels: OPTI](#); [OTC: OPNVY](#)), active in smart wireless M2M Solutions, today announced its unaudited results for the full fiscal year 2016 ended December 31, 2016. 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 FULL FISCAL YEAR 2016

- Innolumis Public Lighting BV and Public Lighting BV are not consolidated in Option's financial statements. The sale is reported in discontinued operations.
- Total revenues for the year 2016 were EUR 4.3 million compared with EUR 4.7 million realized in 2015. CloudGate realized an increase of 86% in the second half of the year compared to the first half of the year and an increase of 61% compared to the second half of 2015. This as a result of a change in strateg. Revenues from embedded modules and devices are fading out and therefore decreased with EUR -0.9 million and revenues from engineering services increased with EUR 0.5 million.
- Gross margin for the year 2016 was 51.5 % on total revenues compared with a gross margin of 28.3 % in 2015. Excluding the write-off on inventories of EUR 440 thousand, the normalized gross margin would have reached 61.7 % in 2016 compared with a normalized gross margin of 46.1% in 2015.
- During 2016, the operating expenditure decreased with EUR 5.7 million from EUR 13.1 million in 2015 to EUR 7.4 million in 2016. This resulting from continuous cost reductions.
- The financial result decreased from EUR -2.3 million in 2015 to EUR -2.7 million in 2016, mainly as a result of interests due on the convertible bonds and the bridge funding.
- In 2016, EBIT amounted to EUR -5.1 million compared to EUR -11.8 million in 2015.
- The cash position decreased from EUR 4.1 million at the end of 2015 to EUR 0.8 million at the end of 2016. During 2016, the company received a bridge funding of EUR 2 million.
- The net result for the full year 2016 amounted to EUR -7.5 million or EUR -0.08 per basic and diluted share. This compares to a net result of EUR -14.1 million or EUR -0.15 per basic and diluted share during 2015.
- During 2016, 1,546,492 new shares were created as the result of the conversion of convertible bonds.

CORPORATE

On January 21, 2016 Option announced the acquisition of the shares of the Dutch LED lighting companies Lemnis Lighting BV Public and Innolumis Public Lighting BV and merges the two companies into a single commercial organization under the name Innolumis Public Lighting. On November 22, 2016 Option announced the sale of Innolumis Public Lighting BV and Public Lighting BV.

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, to grant the board of directors special authority, in the event of a public take over 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. 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 4 mio EUR, 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 April 28, 2016 Option secured a bridge loan of 2.0 mio granted by Mr Jan Callewaert to be called off in installments according to the needs of the Company.

Other corporate events and post balance sheet events will be published in a separate press release on the same date (8 March 2017).

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**Unaudited Financial report prepared in accordance with International Financial Reporting Standards
(IFRSs)**

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER (unaudited)**

For the year ended 31 December

Thousands Euro except number per share

	Dec 31, 2016	Dec 31, 2015
Revenues	4 326	4 698
<i>Product revenue</i>	4 326	4 698
Cost of products sold	(2 098)	(3 370)
Gross Margin	2 228	1 328
Research and development expenses	(2 771)	(4 956)
Sales, marketing and royalty expenses	(1 465)	(3 336)
General and administrative expenses	(3 124)	(4 790)
Total operating expenses	(7 360)	(13 082)
Profit / (loss) from operations (EBIT)	(5 132)	(11 754)
Depreciation, amortization and impairment losses	1 022	3 827
EBITDA	(4 110)	(7 927)
Result from operations	(5 132)	(11 754)
Finance costs	(3 102)	(2 534)
Finance income	340	222
Finance result - net	(2 762)	(2 312)
profit / (loss) before income taxes	(7 894)	(14 066)
Income tax benefits / (expenses)	(1)	(18)
profit / (loss) for the year from continuing operations	(7 895)	(14 084)
Discontinued operations	378	0
profit / (loss) from discontinued operations, net of income taxes	378	0
Net result of the period attributable to the owners of the company	(7 517)	(14 084)
Earning per share		
Basic weighted average number of ordinary shares	97 312 417	95 964 132
Diluted weighted average number of ordinary shares	97 312 417	95 964 132
Basic earnings / (loss) per share	(0,08)	(0,15)
Diluted earnings / (loss) per share	(0,08)	(0,15)

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER (unaudited)**

For the year ended 31 December

Thousands euro

	Dec 31, 2016	Dec 31, 2015
Profit / (Loss) for the period	(7 517)	(14 084)
<u>Other comprehensive income</u>		
Items that may be reclassified subsequently to profit or loss		
Exchange difference arising on translation on foreign operations	0	126
Other comprehensive income / (loss) for the period (net of tax)	0	126
Total comprehensive income / (loss) for the period attributable to the owners of the parent	(7 517)	(13 958)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

Thousands Euro	Dec 31, 2016	Dec 31, 2015
Assets		
Intangible assets	581	893
Property, plant and equipment	20	120
Other financial assets	226	490
Other non-current assets	309	15
Total non-current assets	1 136	1 518
Inventories	567	1 501
Trade and other receivables	1 164	732
Cash and cash equivalents	774	4 068
Income tax receivable	19	12
Total current assets	2 524	6 313
Total assets	3 660	7 831
Liabilities and shareholders' equity		
Issued capital	4 922	4 845
Share premium	5 358	5 076
Retained earnings / (losses)	(45 083)	(37 623)
Total shareholders' equity attributable to the owners of the company	(34 803)	(27 702)
Financial debt	27 076	26 105
Total non-current liabilities	27 076	26 105
Trade and other payables	10 945	9 124
Provisions	422	295
Income tax payable	20	9
Total current liabilities	11 387	9 428
Total liabilities and shareholders' equity	3 660	7 831

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**CONSOLIDATED CASH FLOW STATEMENT FOR THE
TWELVE MONTHS ENDED 31 DECEMBER (unaudited)**

For the 12 month period ending 31 December
Thousands Euro

	31 Dec 2016	31 Dec 2015
OPERATING ACTIVITIES		
Net Result (A)	(7 517)	(14 084)
Amortization of intangible assets	921	2 533
Depreciation of property, plant and equipment	100	135
Impairment of Financial assets	222	746
Loss / (gains) on sale of property, plant and equipment	0	(65)
Loss / (gains) on sale of financial assets	(380)	0
(Reversal of) write-offs on current and non current assets	273	916
Impairment losses on intangible assets	0	413
Increase / (decrease) in provisions	122	36
Unrealized foreign exchange losses / (gains)	49	42
Interest (income)	(1)	(4)
Interest expense	2 503	2 129
Equity settled share based payment expense	57	104
Tax expense / (benefit)	(1)	18
Total (B)	3 865	7 003
Cash flow from operating activities before changes in working capital	(3 652)	(7 081)
(C) = (A) + (B)		
Decrease / (increase) in inventories	674	835
Decrease / (increase) in trade and other receivables	(705)	67
Decrease / (increase) in trade and other payables	(451)	1 450
Use of provisions	5	0
Total changes in working capital (D)	(477)	2 352
Cash generated from operation	(4 129)	(4 729)
(E) = (C) + (D)		
Interests and other finance costs (paid) (F)	(841)	(705)
Interests and other finance revenue received (G)	0	4
Income tax (paid) / received (H)	0	(8)
Cash flow from operating activities (I) = (E) + (F) + (G) + (H)	(4 970)	(5 438)

INVESTING ACTIVITIES

Expenditure on product development, net of grants received
Acquisition of property, plant and equipment

CASH FLOW USED IN INVESTING ACTIVITIES (J)**FINANCING ACTIVITIES**

Proceeds of borrowings

CASH FLOW PROVIDED BY / (USED IN) FINANCING ACTIVITIES (K)**Net increase / (decrease) of cash and cash equivalents = (I) + (J) + (K)**

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of period

Difference

	(609)	(788)
	0	65
	(609)	(723)
	2 285	8 675
	2 285	8 675
	(3 294)	2 514
	4 068	1 554
	774	4 068
	(3 294)	2 514

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

In Thousand EUR	Issued Capital	Share premium	share-based payment reserve	Foreign Currency translation reserves	Share issue costs	retained earnings / (losses)	Total
At 1 january 2015	4 739	3 763	26	73	(2 617)	(21 251)	(15 267)
Net result of the year	-	-	-	-	-	(14 084)	(14 084)
Other comprehensive income for the year, net of income tax	-	-	-	126	-	-	126
Total comprehensive loss for the year	-	-	-	126	-	(14 084)	(13 958)
Equity component of the convertible loan	-	812	-	-	-	-	812
Transfer to/from	-	-	-	-	-	-	-
Capital increase	106	501	-	-	-	-	607
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	104	-	-	-	104
At 31 December 2015	4 845	5 076	130	199	(2 617)	(35 335)	(27 702)
Net result of the year	-	-	-	-	-	(7 517)	(7 517)
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	0
Total comprehensive loss for the year	-	-	-	-	-	(7 517)	(7 517)
Equity component of the convertible loan	-	(97)	-	-	-	-	(97)
Transfer to/from	-	-	-	-	-	-	-
Capital increase	77	379	-	-	-	-	456
Capital decrease	-	-	-	-	-	-	-
Share based payments	-	-	57	-	-	-	57
Other changes	-	-	-	-	-	-	0
At 31 December 2016	4 922	5 358	187	199	(2 617)	(42 852)	(34 803)

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SEGMENT REPORTING FOR THE YEAR ENDED 31 DECEMBER (unaudited)

Thousand Euros	Revenues from external customers		Operating segment result	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Devices & Embedded Solutions	626	1 559	(318)	(2 140)
IOT Solutions	2 328	2 291	(1 663)	(4 083)
Engineering Services	1 372	848	897	381
Totals	4 326	4 698	(1 084)	(5 842)
Unallocated Operating Expenses			(4 048)	(5 912)
Finance (costs) / income			(2 383)	(2 312)
Income taxes / (expenses)			(1)	(18)
Net result			(7 517)	(14 084)

Option is currently finalizing its IFRS financial statements for the year ended 31 December 2016. The auditor has not yet completed his audit procedures as of today. Should any material changes arise during the audit finalization, an additional press release will be issued. Option expects to be able to publish its fully audited Annual Financial Report for the year 2016 on or before April 28, 2017.

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 from 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.. 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 25 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

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