Executive Summary Financials 2017

1. MESSAGE TO SHAREHOLDERS

Dear Option Shareholders,

Just about one year ago I have committed myself to an emergency rescue operation for this 'once great' technology company' which for many years had long lost the recipe of profitable growth and hence shareholder value creation.

At first, this appeared to be a daunting task but looking back at the progress we made last year I remain optimistic that we can bring this formidable challenge to a successful close. The enormous burden of accumulated financial debts - more Than € 35 million in the aggregate - which suffocated the company, can be wiped out to a point of being fully converted into capital at the upcoming extraordinary shareholders meeting of May 22nd.

Inevitably, this will have caused substantial dilution of our share but the company will survive and will emerge nearly free of long-term financial debts.

I am hence very grateful for this opportunity to thank our many loyal shareholders for their continued support during these probing times! Together with some additional capital provided by our reference shareholders Option can & will emerge 'leaner and meaner' and ‘more capable' than ever before and ready to confront the challenges ahead.

Furthermore, a new top management team under the able leadership of Guy Coen has been installed and empowered to rethink and recalibrate the strategy for Option NV going forward.
Ultimately, that is where and how real and sustainable shareholder value will be created.

Nevertheless, it would be unwise to prematurely declare victory at this stage because difficult obstacles still lie ahead. The immediate one will be to complete our rescue process with a credit line of around € 2 million to address some historic non-financial debts and restructuring charges as well as growing working capital needs.

This was known and anticipated a year ago but we underestimated the very stringent requirements of commercial banks to turn the negative equity position of Option NV into positive before new credit facilities could be made available.

Simply put and in order to avoid bankruptcy proceedings Option was forced to merge with a larger structure in order to survive. We concluded that the days of our historical centric (CloudGate) device strategy are counted and that we need to use a more customer-focused and more solution-oriented business strategy to survive. The idea of a merger with the Crescent group was born.

So here we stand at the beginning of a new era in which Option acquires the share capital of Crescent NV thru an “absorption” in order to deploy full end-to-end IOT integration capabilities including network design services, connectivity devices and software solutions as well as full installation & maintenance capabilities. In addition, smart lighting solutions will be folded into the portfolio. All of this will prove to be a powerful value creation recipe not just because of substantial scale economies but more importantly because of a solution portfolio that spans across the full IOT spectrum.

These scale economies could bring us rapidly into positive rebitda territory while an enhanced spectrum of services and IOT solutions can bring us new customers needed to transition into a market centric rather than technology centric enterprise.

No doubt, this will have been a long and tough journey but the reward will be more than just 'survival' or 'avoiding' defeat. The entire Crescent/Option community stands at the ready to perform and deliver sustainable profitable growth.

Thank you for your support. We will do everything we can to make your patience worthwhile in years to come!

Sincerely,

Eric Van Zele
Non-Executive Chairman

2. CONSOLIDATED AND STATUTORY REPORT 2017 OF THE BOARD OF DIRECTORS OF OPTION NV

Ladies and gentlemen,
Dear shareholders,

We hereby present to you our report relating to the statutory and consolidated results of Option NV (also referred to as the "**Company**") for the financial year that ended on 31 December 2016.

The consolidated results include the financial statements of the parent company Option NV and all of its subsidiaries as per the end of the financial period, i.e.: Option Wireless Ltd. (Cork, Ireland), Option Germany GmbH (Augsburg, Germany), Option Inc. (Carol Stream, IL, United States of America), Option Wireless Japan KK (Tokyo, Japan), Option Wireless Hong Kong Limited (Hong Kong, PR China), Option Wireless Technology Co. Ltd. (Suzhou, PR China), Option Wireless Hong Kong Limited Taiwan Branch (Taipei, Taiwan) (jointly "**Option**" or the "**Group**"). Intra-group trading has been eliminated upon consolidation.

We would like to mention that the only company that still has operational activities is the parent company Option NV, all other companies are no longer operational and will be closed. The company does not have any branches.

OVERVIEW OF RESULTS AND ALLOCATION OF RESULTS OF THE COMPANY

Consolidated results

For a detailed report on the consolidated Income Statement and Balance Sheet, we refer to the financial report below.

The highlights of the consolidated results include the following (in thousands EUR):

	2017	2016
Full year revenues:	5 246	4 210
Gross profit:	2 700	1 913
Operating expenses:	(4 623)	(7 502)
EBIT:	(1 923)	(5 589)
EBITDA:	(1 424)	(4 274)
Financial Result	(12 167)	(2 673)
Result before taxes:	(14 090)	(8 262)
Result of discontinued operations	0	340
Net result:	(14 090)	(7 921)

Revenues for the year 2017 amounted to € 5.2 million compared to € 4.2 million during 2016. CloudGate revenues increased by 57% in 2017 compared to last year. The total product turnover, however, only increased by 30% compared to last year, because in addition to the increase in CloudGate revenues, the revenues from embedded modules and devices further decreased. Revenues from engineering services increased by € 0.2 million.

The gross margin for the year 2017 was 51.5% of the total revenue compared to a gross margin of 45.4% in 2016. The normalized gross margin, i.e. the gross margin excluding the reversal of write-downs on inventories of k € (227), amounted to 47.1% in 2017 compared to a normalized gross margin of 55.9% in 2016, excluding a write-down on inventories of k € 440.

In 2017, operating expenses decreased by € 2.9 million from € 7.5 million in 2016 to € 4.6 million in 2017. The company will continue its strategy for cost-saving measures and debt restructuring.

The financial result decreased from € (2.7) million in 2016 to € (12.2) million in 2017, mainly as a result of a financial cost of € 12.3 million relating to the amended terms and conditions of the convertible bond loans in 2017. Since the terms of the convertible bonds have been changed to promote early conversion, according to IFRS, a calculation must be made of the additional value that would be created for the potential shareholders. The change in conditions will ensure that the beneficiaries obtain additional shares at the time of the conversion. As a result, the conversion option (i.e. the equity component recognized in equity) is worth more because the company may have to issue more shares. Thus this additional value is calculated for the beneficiaries (based on the additional potential shares multiplied by the price of the share on the date of the change) and represents a financial cost in the result. This is a pure accounting entry to be able to value the potential shares, and therefore has no effect on the cash position of the company.

EBIT in 2017 amounted to € (1.9) million compared to € (5.6) million in 2016

EBITDA in 2017 amounted to € (1.4) million compared to € (4.3) million the previous year.

The cash position decreased from k € 774 at the end of the year 2016 to k € 480 at the end of the year 2017. Of the two bridging loans committed in 2017, respectively for a total of € 2.6 million and a total of € 1.625 million, only € 195 from the latter on 31 December 2017. This is now also fully paid.

The net result for 2017 amounts to € (14.1) million or € (0.06) per ordinary or diluted share. This compares with a net result of € (7.9) million or € (0.08) per ordinary or diluted share in 2016.

In 2017, 199 141 545 new shares were issued as a result of the conversion of financial debts into equity instruments of the Company. The share capital increased by € 10 million and the share premium by € 12.1 million. The total shareholders' equity amounted to € (14.0) million against € (35.1) million at the end of 2016. The financial debts fell from € 29.1 million at the end of 2016 to € 9.2 million at the end of 2017.

The intangible fixed assets decreased from k € 427 at the end of 2016 to k € 87. All development costs were directly included in the income statement in 2017.

Trade and other payables decreased by € 3.4 million, coming from € 8.6 million at the end of 2016. New payment plans have been agreed.

Statutory results

The operating income for the full year amounted to € 5.4 million, consisting of a turnover of € 5.2 million, a decrease of stocks of finished products, goods in progress and orders in progress for € (0.25) million and recovered costs of € 0.4 million. These operating revenues increased compared to 2016, when the revenues amounted to € 4.7 million (composed of a turnover of € 4.2 million, capitalized development costs of € 0.4 million, a decrease of inventories of finished products, work and current contracts. for € (0.6) million and other intra-group revenues and recuperated costs of € 0.8 million).

Operating expenses decreased from € 10.2 million to € 7.5 million, resulting in a negative operating result or EBIT of € 2.1 million compared to a negative EBIT of € 5.5 million in 2016.

The financial revenues remained the same, both € 0.4 million in 2016 and € 0.4 million in 2017. Whereas last year this was mainly the result of exchange rate gains, this concerns revenue from remission of interests in 2017.
The financial costs decreased from € 2.8 million in 2016 to € 0.4 million in 2017, mainly due to the decrease in both interest on the convertible bonds and impairments on the financial assets and translation differences.

As a result of the above, the net result of a loss of € 7.9 million in 2016 changed to a loss of € 2.1 million in 2017.

Intangible fixed assets decreased from € 0.4 million to € 0.1 million, mainly due to no capitalization of development costs in 2017. Tangible fixed assets remained virtually unchanged from k € 20 to k € 23. Financial fixed assets decreased from € 0.2 million in 2016 to € 0.1 million in 2017, mainly due to the write-down of k € 137 on the participation in Autonet Mobile, Inc.

Stocks decreased from € 0.6 million to € 0.4 million, mainly due to stricter management of working capital.

Trade and other receivables decreased from € 7.4 million in 2016 to € 0.7 million in 2017, as a result of the settlement of the intercompany balance sheets.

The cash and cash equivalents decreased during the financial year from € 0.7 million in 2016 to € 0.4 million at the end of 2017, with the additional financing of € 4 million being taken into account, resulting in a cash burn of € 4.3 million.

The long-term debts decreased from € 28 million in 2016 to € 7.4 million in 2017, mainly due to the contribution of the existing convertible loans that took place in March and June of the year 2017.

The debts within one year decreased from € 16.6 million in 2016 to € 8.9 million at the end of 2017 as a result of settlement of the intercompany balances.

On a balance sheet total of € 1.8 million, total equity amounted to € (14.9) million on 31 December 2017.

Allocation of the statutory result

The statutory accounts of the Company (Belgian GAAP) reported a net loss for the year 2017 of EUR 2.1 million, compared with a net loss of EUR 7.9 million in 2016.

The Board of Directors proposes to add the non-consolidated net loss of EUR 2.1 million of 2017 to the loss carried forward from the previous years.

Abridged allocation account (According to Belgian Accounting Standards)		
December 31- in Thousands EUR	2017	2016
Profit/(loss) carried forward from previous year	(45 914)	(38 020)
Profit/(loss) for the period available for appropriation	(2 124)	(7 894)
Profit/(loss) to be appropriated	(48 038)	(45 914)

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT AND THE POSITION OF THE COMPANY AND THE GROUP

Option has more than 30 years of experience in the design of high quality wireless products. The impressive know-how and infrastructure around RF and EMC design within Option allows customers to support the design and / or pre-certification of wireless products in order to achieve greater reach, greater autonomy and / or a smaller form factor.

The most important own product besides the aforementioned engineering services is CloudGate. This intelligent combination of IoT Gateway and Application Platform in a compact industrial grade box allows IoT and M2M solutions to be built in a simple and fast way. CloudGate distinguishes itself in a number of areas from other products in this domain:

• Due to the modular architecture of the product and the availability of a wide portfolio of plug-in cards, a wide range of sensors and actuators can be connected to the Cloud via CloudGate with a single box.
• CloudGate supports a wide range of open communication interfaces and protocols in one product, and can even be used as a translator between different protocols. Users can thus choose the optimal communication for each connection in customer projects, and change during and after the project of communication technology while maintaining a very large part of the investment in both hardware and software.
• The LuvitRed application platform (an optimization of NodeRed) allows to build full IoT applications without software development or ICT knowledge and to run on CloudGate itself. The user only has to drag some blocks to a canvas in a graphical interface, connect these blocks to lines and configure some parameters.
• Stronger ICT-based users can not only develop their own applications via the software development kit (SDK) and run it on CloudGate, but also develop their own plug-in cards via the hardware development kit (HDK), e.g. for support of proprietary interfaces.

In addition, CloudGate also offers out-of-the-box interfaces to many existing IoT cloud platforms and offers a simple way to manage large installations remotely via CloudGate Universe.

Apart from the above technical elements, Option also distinguishes itself by building strong strategic partnerships with end customers, system integrators, resellers and value-added distributors, technology providers and network operators.

All this makes it possible for CloudGate customers to put IoT solutions on the market very quickly, whereby the customer can focus on his vertical core competences, relying on the robust, proven and highly secure communication and application infrastructure of CloudGate and CloudGate. Universe.

In the past year, Option started to further support its customers towards total solutions, as an extension of the position as a purely gateway provider. For example, various sensors and multi-sensor boxes were developed for use in smart metering, anti-theft prevention for valuable assets, cyclist safety, monitoring of air quality, monitoring of traffic flows, remote control and management of machines and much more.

CloudGate Platform

As simple or full featured as you need it

SIGNIFICANT EVENTS THAT TOOK PLACE AFTER THE END OF THE FINANCIAL YEAR

At the date of this report, several additional bridge financing was obtained in 2018:

- An additional amount of k € 750 in interest-free bridge financing by various investors;
- Bridge financing by Alychlo NV and Van Zele Holding NV of each k € 150 with a view to possible future acquisitions;
- Financing for € 488,211.56, the withholding tax on certain interest on bond loans, agreed by the relevant investors to contribute into the capital;
- Additional funding for € 531,605.47 by Sainte Catherine to repay another bridge loan for 2015.

On the date of this report, the financing by Sainte Catherine is still to be received. All other bridges have been received.

All the aforementioned financial debts and loans will be offered for contribution to the capital of the Company at 2 cents per share, subject to shareholder approval.

On 2nd May 2018, the Extraordinary General Meeting was convened to bring the remaining outstanding financial debts (€ 11,300,116.81) into the Company's capital on the one hand, and to bring in 100% of the shares of Crescent NV (€ 10,125,000), each time at 2 cents per share. As the attendance quorum was not met, the Extraordinary General Meeting will meet again on 22 May 2018.

The contribution of the debts and the contribution of the shares will be compensated by a total issue of 1,071,255,834 new shares in the Company.

Finally, Option announced the following change within the Board of Directors:

On February 20th, 2018, Mr. Jan Callewaert informed the Company of his resignation as director of the Company.

CRITICAL JUDGEMENTS

Going concern

Despite the € 2.1 million in additional financing that has already been received and secured in 2018, the current cash position remains limited. We refer to the section above: 'SIGNIFICANT EVENTS THAT TOOK PLACE AFTER THE END OF THE FINANCIAL YEAR' for further information on the 2018 additional financing.

The Board of Directors decides to prepare the financial information according to the going concern assumption, given:

- Already received and promised additional financing in 2018, whereby all these loans were offered to contribute to the capital of the Company as a result of the transaction scheduled for May 22, 2018, since the quorum was not achieved, on May 2, 2018.
- Growing trust after discussions with various parties to obtain short-term credit lines of around € 2 million, to finance additional working capital needs and remaining historical debt obligations.
- the expected realization of the various three-year plans, including this of Option NV itself with the continuation of the trend towards a positive EBITDA (driven by revenue growth and cost reductions), and the subsidiaries brought in with Crescent NV, which from 2019 should make a positive contribution to the group's overall liquidity position.

The aforementioned evolutions allow to present a liquidity plan for the next fourteen months that the new group will push into a new, larger dimension after the acquisition of Crescent and allow it to meet its cash requirements, including the continuation of current repayment plans.