

Crescent NV

Equity valuation of Crescent NV

Fairness opinion

Report of 17 December 2019

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Date: 17 December 2019

Crescent NV
Gaston Geenslaan 14
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Mr. Eric Van Zele
Mr. Edwin Bex

Finvision Bedrijfsrevisoren BVBA

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B-8530 Harelbeke
IBR nr B00829
BTW BE 0849.882.722

Dear Mr. Van Zele, Mr. Bex,

We have pleasure in enclosing a copy of our fairness opinion report on the equity value of Crescent NV in accordance with our engagement letter dated 18 October 2019.

The proposed Transaction

Crescent NV (hereafter “Crescent”) envisages to perform a capital increase on 20 December 2019 through contribution in kind of 6.046 KEUR in shareholder debts, in order to strengthen the share capital of Crescent NV (hereafter the “Transaction”).

The board of directors of Crescent have proposed an issuance price of 0,0256 EUR/share. As a result, the proposed capital increase will lead to the issuance of 236.164.700 new shares. As the total current shareholdings amount to 1.368.839.925 shares, the capital increase will dilute the current shareholdings to 85,29% of total shares after the capital increase. The proposed issuance price of 0,0256 EUR/share is below the current share price of Crescent on Euronext stock exchange.

Background of our engagement

In connection with the envisaged transaction, the board of directors of Crescent has appointed Finvision Bedrijfsrevisoren BVBA (hereafter “Finvision”) (with registered office at Evolis 100, B-8530 Harelbeke and registered with the Crossroads Bank of Enterprises under company number 0849.882.722 (RPR Gent, division Kortrijk) (registered company auditor IBR B00829) as independent expert (hereafter “the Independent Expert”) to provide a fairness opinion (hereafter “the Opinion”) on the equity valuation of Crescent. Based on the historic services performed by Finvision, Finvision is to be considered as independent from Crescent NV (and its subsidiaries) and affiliated entities & persons.

Sources of information

Our report is primarily based on information provided by Crescent management (Edwin Bex (CFO)), which was received during meetings, emails and conference calls. The list of documents reviewed and/or considered is included in Appendix B.

Scope of work and limitations

A fairness opinion (the “Opinion”) is not the result of a mathematical calculation. It is a synthetic professional opinion on the financial conditions of a transaction, based on a set of observations regarding the past as well as on assumptions regarding the future, with respect to company-specific parameters.

Our valuation work was performed between 18 October 2019 and 17 December 2019 based on the information and explanations made available to us during this period by the management of Crescent. The principal steps of our valuation work comprised of : (1) discussions with management of Crescent; (2) analysis of various corporate documents, including historical and prospective financial information with respect to Crescent and its subsidiaries; (3) research and analysis of relevant industry, economic and market data; and (4) application of the DCF and multiples methods to develop estimates of the fair market value of Crescent.

In preparing our Opinion, we have assumed and relied upon, without independent verification, the information that was publicly available or was furnished to Finvision by Crescent, or that was otherwise reviewed by Finvision for the purposes of our Opinion, as being complete, accurate and not misleading. Finvision does not assume any responsibility or accept any liability for any such independent verification. We have assumed that no information has been withheld from us that could reasonably affect the Opinion.

In relying on financial analyses, projections, assumptions and forecasts provided to us or derived therefrom, we have assumed that they have been prepared with due care based on assumptions reflecting the best currently available estimates and judgments by management of Crescent as to the expected future results of operations and financial condition of Crescent to which such analyses, projections, assumptions or forecasts relate and that no event subsequent to this and not disclosed to us had a material effect on them. We express no view as to such analyses, projections or forecasts or the assumptions on which they were based.

We are not legal, regulatory, actuarial, real estate or tax experts and have relied on the assessments made by advisors to Crescent with respect to such issues.

This Opinion is based upon prevalent financial, economic, monetary, market and other conditions as they exist on, and on the information made available to us, and may be assessed, as at the date of the Opinion. Accordingly, although subsequent events or circumstances, and any other information that becomes available after this date, may affect this Opinion, Finvision has not assumed any responsibility to update, revise or reaffirm this Opinion.

This Opinion is solely for the use and benefit of the board in connection with and for the purposes of the evaluation of the Transaction and shall not be used for any other purpose. We assume no responsibility and accept no liability to any person in relation to the contents of this letter other than to the Committee, even if it has been disclosed with our consent. In addition, the Committee agrees that our liability to the Committee will be limited into the manner as set out in the Engagement Letter. This Opinion may not be relied upon and will not confer any rights or remedies upon, by any employee, creditor or holder of shares of Crescent, or any other party.

Our Opinion is limited to the fairness of the equity valuation, from a financial point of view, and does not in any manner address any other aspect or implication of the Transaction.

We have been engaged by the Company to act as independent expert for the purposes of providing this Opinion connected to the Transaction and will receive a fee from Crescent for our services. We will receive our fee upon the issuance of the Opinion, irrespective of the contents of the Opinion and/or the completion of the Transaction.

This Opinion may be incorporated in full, for information purposes only, or partly in the position statement to be made available by the board in connection with the Transaction.

This Opinion is issued in the English language and reliance may only be placed on this Opinion as issued in the English language. If any translations of this Opinion are delivered they are provided only for ease of reference, have no legal effect and Finvision makes no representation as to, and accepts no liability in respect of, the accuracy of any such translations.

This Opinion and any non-contractual obligations arising out of, or in connection with, this Opinion shall be governed by and construed in accordance with Belgian law and any claims or disputes arising out of, or in connection with, this Opinion shall be subject to the exclusive jurisdiction of the Belgian courts.

For your convenience, this report can be made available to you in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

General

The report is issued on the understanding that the information provided by Crescent management would be complete and that Crescent management have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report. Additionally, we have no responsibility to update this report for events and circumstances occurring after this date.

Contacts

If there are any matters upon which you require clarification or further information please contact Christophe De Paepe.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Christophe De Paepe". The signature is stylized and includes a long horizontal stroke extending to the right.

The Independent Expert
Finvision Bedrijfsrevisoren
Christophe De Paepe

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Section 1

Summary of valuations and fairness opinion conclusion

1. Summary of valuations and fairness opinion conclusion
2. Introduction
3. Discounted cash flow analysis
4. Multiples of comparable listed companies
5. Crescent share price evolution

Impact of the envisaged Transaction on capital & shareholding structure

Impact of the envisaged capital increase on the shareholding structure

Party	Situation before transaction				Contribution in kind of debt			Situation after transaction				Delta		
	Shares #	Shares %	Market cap (at 0,0275 EUR/share)	Implied equity value (at 0,0256 EUR/share)	Contribution EUR	Issue price EUR/share	New shares #	Shares #	Shares %	Market cap (at 0,0275 EUR/share)	Implied value (at 0,0256 EUR/share)	Contribution EUR	Shares #	Shares %
Jan Callewaert	131 996 147	9,6%	3 629 894	3 379 101	-	-	-	131 996 147	8,2%	3 629 894	3 379 101	-	-	(1,42)%
Danlaw	103 838 830	7,6%	2 855 568	2 658 274	-	-	-	103 838 830	6,5%	2 855 568	2 658 274	-	-	(1,12)%
Van Zele Holding NV	463 712 343	33,9%	12 752 089	11 871 036	2 828 687	0,0256	+110 495 586	574 207 929	35,8%	15 790 718	14 699 723	2 828 687	+110 495 586	+1,90%
Alychlo NV	160 848 563	11,8%	4 423 335	4 117 723	1 000 000	0,0256	+39 062 500	199 911 063	12,5%	5 497 554	5 117 723	1 000 000	+39 062 500	+0,70%
Nanninga Beheer	46 915 578	3,4%	1 290 178	1 201 039	-	-	-	46 915 578	2,9%	1 290 178	1 201 039	-	-	(0,50)%
Existing shareholders (<3%)	461 528 464	33,7%	12 692 033	11 815 129	2 217 129	0,0256	+86 606 614	548 135 078	34,2%	15 073 715	14 032 258	2 217 129	+86 606 614	+0,43%
Total	1 368 839 925	100%	37 643 098	35 042 302	6 045 816	0,0256	+236 164 700	1 605 004 625	100%	44 137 627	41 088 118	6 045 816	+236 164 700	+14,71%

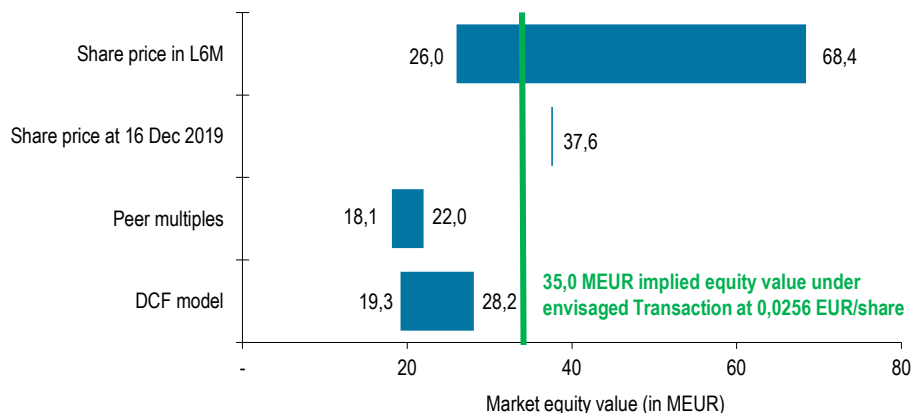
Comments on envisaged transaction

- Crescent NV envisages to perform a capital increase on 20 Dec 2019 through a contribution in kind of 6.046 KEUR in shareholder debts into the capital (the envisaged Transaction), in order to strengthen the share capital of the company.
- The board of directors of Crescent have proposed an issuance price of 0,0256 EUR/share. As a result, the proposed contribution in kind will result in a capital increase of 6.046 KEUR and the issuance of 236.164.700 new shares.
- As the total current share capital is represented by 1.368.839.925 shares, the issuance price of 0,0256 EUR/share, represents an implied equity value of Crescent of 35,0 MEUR.
- The proposed issuance price of 0,0256 EUR/share is below the recent share price of Crescent on Euronext stock exchange. The share price amounted to 0,0275 EUR/share at closing on Euronext at 16 Dec 2019. The market equity value of Crescent at this share price of 0,0275 EUR/share amounts to 37,6 MEUR.
- The envisaged capital increase will dilute the current shareholdings to 85,29% of total shares.
- One day before the announcement of envisaged Transaction, the market price at Euronext amounted to 0,0333 EUR/share. The proposed issuance price communicated at 19 Nov 2019 represented a 23% discount as compared to the market price at previous Euronext stock exchange closing day. Ever since, the market price of the stock has been converging towards the proposed issue price of 0,0256 EUR/share.

The envisaged Transaction will decrease the (shareholder) debt position and strengthen the share capital of the company. As the total current share capital is represented by 1.368.839.925 shares, the issuance price of 0,0256 EUR/share, represents an implied equity value of Crescent of 35,0 MEUR. The proposed issuance price of 0,0256 EUR/share is below the recent share price of Crescent on Euronext stock exchange.

Summary of valuation methods & fairness opinion conclusion

Market equity valuation (before the Transaction)



Summary of valuation methods

- The aside graph summarizes the results of the valuation methods retained for estimating the market equity value of Crescent NV. For each method, we have presented a range of equity values obtained within the method.
- The implied equity value of 35 MEUR (based on the proposed issue price of 0,0256 EUR/share) is also presented as a green vertical line.
- The below table on the left summarizes the impact of the envisaged Transaction on the implied market equity value and the enterprise value of Crescent NV. Taken into consideration an assumed net financial debt position of 12,6 MEUR, the implied equity value of Crescent NV amounts to 35,0 MEUR before the transaction, while it represents 41,1 MEUR after the transaction.

Impact of the envisaged Transaction on the market equity value

in EUR	Before transaction	After transaction
Proposed issue price/share by Crescent management for contribution in kind/warrant plan (in EUR)	0,0256	0,0256
Number of shares	1 368 839 925	1 605 004 625
Implied market equity value 100% Crescent NV	35 042 302	41 088 118
Assumed net financial debt position at 20 Dec 2019	(12 595 059)	(6 549 243)
Implied enterprise value Crescent NV	47 637 361	47 637 361

Fairness opinion conclusion :

Based on our analysis and taking into consideration an assumed net financial debt position of 12,6 MEUR at 20 Dec 2019, the fair market equity value of Crescent before the Transaction can be assessed in a range between 18,1 MEUR (or 0,0132 EUR/share) and 28,2 MEUR (or 0,0206 EUR/share). It should be noted that the issuance price of 0,0256 EUR/share as proposed by the board of directors represents a discount as compared to the current market price at Euronext (share value price of 0,0275 EUR/share at 16 Dec 2019), but is higher than our valuation results. Taking into account and subject to the different elements mentioned in this report, and, when considering the company's historical valuation, we are of the opinion that, as of the date of this opinion, the proposed issuance price by the board of directors for the envisaged Transaction can be considered fair and justified from a financial point of view.

Section 2

Introduction

1. Summary of valuations and fairness opinion conclusion
2. Introduction
3. Discounted cash flow analysis
4. Multiples of comparable listed companies
5. Crescent share price evolution

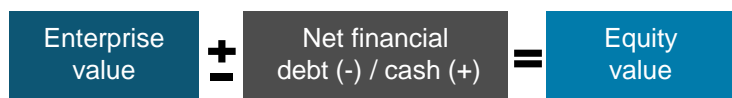
Overview of valuation methods applied

Overview of valuation methods applied

- In order to assess the fairness of the equity valuation of Crescent, Finvision has withheld the following valuation methods :
 - Discounted Cash Flow method : An income approach based on the future expected cash flow generating potential of the business, based on management business plan.
 - Multiples of comparable listed companies : Valuation based on multiples of future operating results of publicly traded peer companies.

Enterprise valuation to equity valuation & value per share

- On the basis of the above valuation methods (DCF, comparable listed companies multiples) an enterprise value is obtained. This valuation represents the value of the company, free of any cash and debt.
- In order to come to the equity value of the company, the enterprise value is adjusted for the net financial debt position of the company.
- In order to come to the value per share, the equity value is adjusted for the number of outstanding shares.



DCF methodology

- The income approach is based on the premise that the value of a business is dependent on the value of the cash flows that the business can be expected to generate in the future.
- The enterprise value is obtained by summing up the discounted future free cash flows generated by the operations (after adjusting for the necessary capital expenditures and changes in working capital requirements). These residual free operational cash flows can be used to reimburse the invested capital (both debt and equity capital). The cash flows expected to be generated by a business are discounted to their present value equivalent, using a rate of return that reflects the relative risk of the investment, as well as the time value of money.
- The free cash flows to the firm (FCFF) are the cash flows before debt servicing (repayment of principal and financial charges) but after taxation, as follows :

Free cash flow calculation	
EBITDA	NOPLAT
- Adjusted taxes	+ Depreciations
- Change in working capital requirements	- Change in working capital requirements
- Capital expenditures	- Capital expenditures
= FCFF	= FCFF

- NOPLAT is defined as Net Operating result Less Adjusted Taxes, which reflects a tax expense based on the operating result before financing expenses.
- Depreciations and amortizations are added back to NOPLAT, because these expenses do not reflect a cash outflow.
- Changes in net working capital are factored into the cash flows.
- Capital expenditures diminish the free cash flow and are to be subtracted. The DCF approach uses following formula to compute the net present value:
- The free cash flows are discounted using the WACC (Weighted Average Cost of Capital) as follows :

$$DCF = \frac{CF_1}{(1+WACC)^1} + \frac{CF_2}{(1+WACC)^2} + \dots + \frac{CF_n}{(1+WACC)^n}$$

- The WACC consists of the cost of equity capital and the cost of debt capital. The WACC critically depends on industry and company specific risks. The discount factor is based on the required return for both debt capital and equity capital employed.
- The main advantages of the DCF method are as follows : (1) The method is not dependent on financial markets; and (2) It captures the company's future growth prospects. The main difficulties involved relate to accurately predicting medium to long term cash flows and the method's highly dependency on certain model parameters (e.g. WACC).

Multiples of comparable listed companies methodology

- The valuation method is relative rather than absolute, but serves as a sanity-check to DCF. The main difficulty lies in the selection of listed peers with real comparability.

The valuation will be performed based on the DCF valuation method and the multiples method (of comparable listed companies).

Adjusted net financial debt

Net financial debt at 30 Jun 2019 (unaudited)

	30 Jun 2019
In KEUR	2019
Cash & cash equivalents	432
Bank debt LT	(3 354)
Bank debt ST	(2 746)
Bank debt	(6 100)
Shareholder debt	(2 835)
Reported net financial debt	(8 503)
Provisions	(734)
Income tax payable	(219)
Income tax receivable	16
Current income tax position	(203)
Deferred tax position	-
Interest payable	(10)
Overdue payables	(1 442)
Other debt-like & cash-like items	(2 379)
Adjusted net financial debt at 30 June 2019	(10 882)

Assumed net financial debt at 20 Dec 2019 (unaudited)

	20 Dec 2019
In KEUR	2019
Adjusted net financial debt at 30 June 2019	(10 882)
Assumed cash flow from operations between 1 Jul 2019 to 20 Dec 2019	(800)
Purchase price shares	0
Shareholder loan ALYCHLO	(550)
Other net financial debt UEST acquired	(450)
Cash out from acquisition UEST (July 2019)	(1 000)
Purchase price shares payable to Van Zele Holding	(650)
Shareholder loan VAN ZELE HOLDING	(300)
Net financial debt Crescent Smart Lighting	0
Cash out from acquisition Crescent Smart Lighting (Dec 2019)	(950)
Purchase price shares payable to Van Zele Holding	(380)
Net financial debt Livereach Media Europe	(157)
Cash out from acquisition Livereach Media Europe (Dec 2019)	(537)
Cash flow from business combinations between 1 Jul 2019 to 20 Dec 2019	(2 487)
Accrued shareholder interest	(51)
Additional cash proceeds from shareholders to fund overdue payables	1 625
Debt service bank loans (installments and interests)	(720)
Assumed cash flow from additional financing activities between 1 Jul 2019 to 20 Dec 2019	1 574
Assumed net financial debt at 20 December 2019 (before conversion debt into capital)	(12 595)

Comments

- The aside top table summarizes the calculation of the adjusted net financial debt based on the interim consolidated financial statements at 30 June 2019 of Crescent.
 - The reported net financial debt position at 30 Jun 2019 amounts to 8.503 KEUR.
 - The additional debt-like items amount to 2.379 KEUR. These include : (1) provisions for risks & costs; (2) current income tax payable; (3) interest payable (included in accrued expenses) and (4) overdue payables with a number of suppliers (with whom an installment plan was agreed).
 - Total adjusted net financial debt amounts therefore to 10.882 KEUR at 30 June 2019.
- The assumed net debt situation at 20 December 2019 was calculated as follows :
 - We started from the adjusted net financial debt at 30 Jun 2019.
 - In the period between 1 July to 20 December 2019, management assumes that the operations were cash negative and absorbed c. 800 KEUR of cash.
 - The company assumed additional debt of 2.487 KEUR from additional business combinations :
 - While the shares of UEST were acquired for only 1 EUR, the transaction (closed in July 2019) resulted in additional debt position of 1.000 KEUR (550 KEUR additional shareholder debt and 450 additional bank debt).
 - On 20 December 2019, the company will acquire 100% of the shares in Crescent Smart Lighting from Van Zele Holding. As a result of the transaction, the company net debt position will increase with 800 KEUR, due to vendor loan (650 KEUR for shares) and as shareholder loan of 300 KEUR will be acquired.
 - On 20 December 2019, the company will acquire 100% of the shares in Livereach Media Europe. As a result of the transaction, the company net debt position will increase with 475 KEUR, due to vendor loan (380 KEUR for shares) and net financial debt position of 95 KEUR will be acquired.
 - During the period between 1 July and 20 December, the following financing cash flows were assumed : (1) Crescent received 1.625 KEUR additional cash from existing shareholders; (2) The interests on shareholder debts amounted to 51 KEUR; (3) Bank and leasing debt servicing amounted to 720 KEUR.

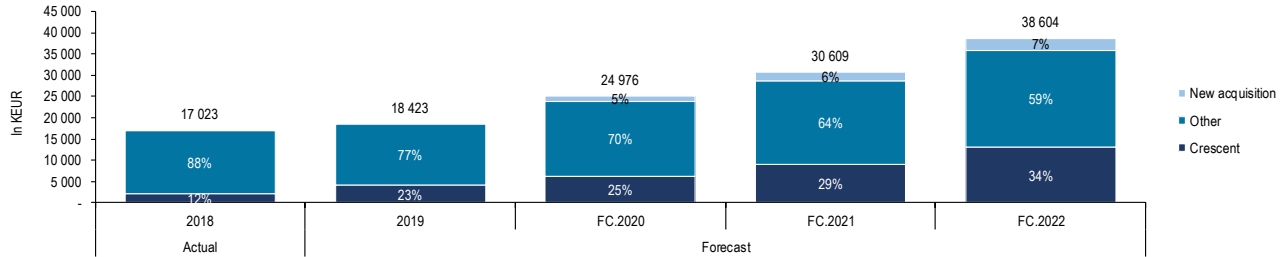
The assumed net financial debt at 20 December 2019 amounts to 12,6 MEUR.

Management business plan : main assumptions

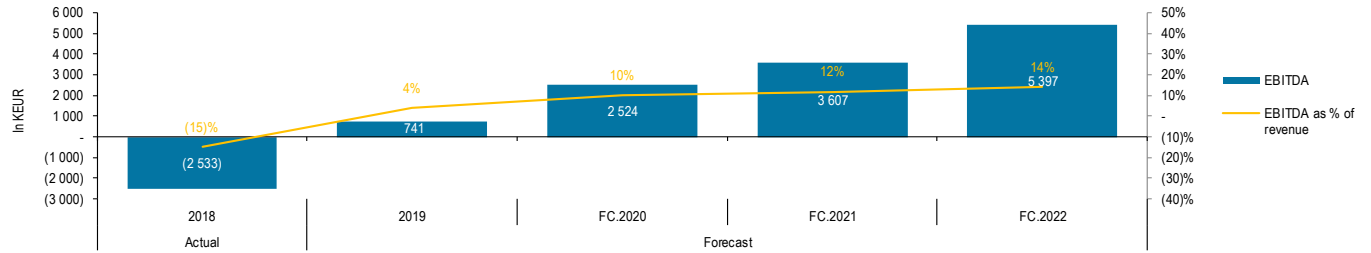
Period forecast	<ul style="list-style-type: none"> The management business plan was forecasted for the years FY20-FY21-FY22. No separate forecasts for the years after were set up by management. Based on follow-up discussion with Crescent management, three additional years (FY23-FY24-FY25) were added to the forecast model to reflect an accelerated growth period in revenue, in line with management's assumptions. The long term growth as reflected in the terminal value (i.e. the years following FY25) was reduced to 2,0%.
Revenue	<ul style="list-style-type: none"> Forecasted revenue represents the consolidated revenues from the Crescent Group (including the recent or envisaged acquisitions of Crescent Smart Lighting BV, Livereach Media Europe BVBA and Uest NV (or Zembro). Revenues were forecasted separately per business line. The forecast revenue growth in the coming years mostly comes from : (1) the launch of the new cloudgate portfolio with new gateways & software, (2) growth in distribution in the US and in EMEA & through new integrators, (3) offering a new business line of 'smart' solutions, (4) growth in new segments and markets, and (5) further growth in strategic accounts & customers.
EBITDA	<ul style="list-style-type: none"> Crescent forecasts a positive EBITDA of 2.524 KEUR for FY20, which is expected to increase to 5.030 KEUR by FY22. Based on the additional parameters, the EBITDA will continue to grow to 8.139 KEUR by FY25. EBITDA as % of revenue is expected to increase further to 10% of revenue in FY20 and further to 14% in FY22. From FY23 onwards EBITDA margin is held stable at 13% of revenue.
Depreciations and amortizations	<ul style="list-style-type: none"> Depreciations are expected to increase due to increased capex. Depreciations forecasts were included in the DCF model to calculate taxable basis.
Taxes	<ul style="list-style-type: none"> The group has a significant amount of tax losses carried forward. No tax cash outflows were forecasted until FY25. In assuming the terminal value (for the years from FY26 onward), a tax rate of 20% was included (as the company will be able to benefit from remaining tax losses carried forward in a number of legal entities afterwards).
Capital expenditures	<ul style="list-style-type: none"> Capex is expected to increase significantly in the coming years . For certain investments, the company has already secured VLAIO subsidies. Such subsidy income was reflected in the (net) capex requirements forecast. For the years between FY23 and FY25, capex is assumed to be stable at 0,9 MEUR, while it is forecasted at 2,0% of revenue afterwards.
Working capital	<ul style="list-style-type: none"> Net working capital evolution reflects the normal amount of working capital required (excluding the arrears payments planned). Net working capital variations were provided by Crescent management. The additional net working capital requirements will absorb c. 16% of revenue growth.
Other assumptions	<ul style="list-style-type: none"> Mid-year discounting was applied. Long-term growth rate of 2,0%, in line with the Belgian inflation rate of the last three years.

Management business plan : evolution in revenue, EBITDA & other KPI's

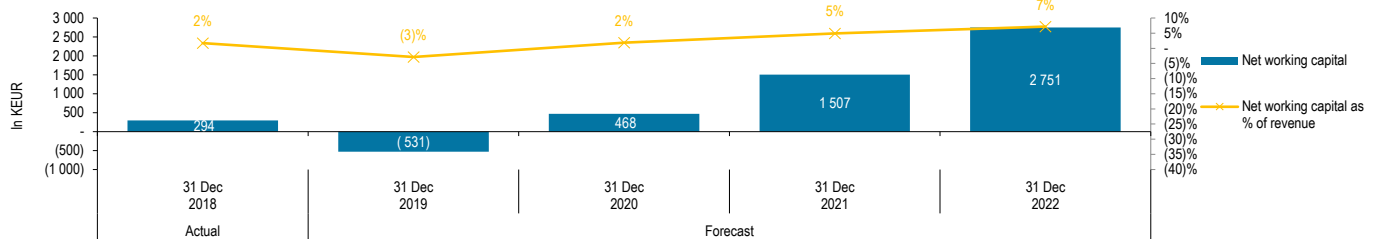
Revenue management forecast



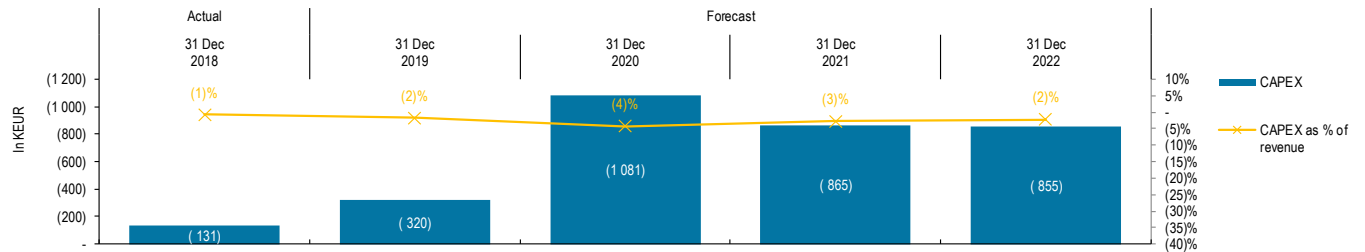
EBITDA management forecast



Net working capital management forecast



CAPEX management forecast



Section 3

Discounted cash flow analysis

1. Summary of valuations and fairness opinion conclusion
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WACC calculation & DCF valuation based on management business plan

WACC calculation - Crescent NV

	Rate	Source
Cost of equity		
Risk free rate	0,58%	Belgian OLO 10y. Monthly average over last 5 years
Beta adjusted (unlevered)	0,81	Median of selected comparable companies (5 year average)
Beta (levered by calculation)	0,90	Based on target capital structure
Equity market risk premium	5,80%	Belgian risk premium (Damodaran Jul 2019)
Unsystematic factors	4,55%	Duff & Phelps 2017 - size premium (on market cap)
Unsystematic factors	4,00%	Company specific risk factor (turnaround phase & growth plans)
Cost of equity	14,34%	
Cost of debt		
Risk free rate	0,58%	Belgian OLO 10y. Monthly average over last 5 years
Debt margin	5,00%	Based on company specific loans
Pre-tax cost of debt capital	5,58%	
Tax rate	25,0%	Belgian long term corporate tax rate
Cost of debt after tax	4,19%	
Capital structure		
Equity	87%	Average of selected comparable companies (5 year average)
Debt	13%	and representative of average market participant
D/E-ratio	0,14	
WACC - post tax	13,06%	

Comments

- Finvision has discounted the company's cash flows using a weighted average cost of capital (WACC) of 13,06%.
- The WACC calculation is shown above and implies the following main assumptions :
 - Target capital structure of 14% (net financial debt / enterprise value).
 - Cost of equity was based on the capital asset pricing model formula (unlevered beta of 0,81).
 - Cost of debt is composed of OLO 10 years increased with a debt margin, i.e. a current pre-tax debt cost of 4,19%.
- The management forecast including the assumed further growth parameters represent the base case for valuation. The impact on the market equity value of Crescent of any changes in the long term growth rate and in the WACC is shown in the sensitivity table on the right.

Discounted cashflow model - Crescent NV - Base case

KEUR	ACT FY18	FC FY19	BU FY20	BU FY21	BU FY22	BP FY23	BP FY24	BP FY25	Terminal value
Revenue	17 023	18 423	24 976	30 609	38 604	46 604	54 604	62 604	62 604
EBITDA	(2 533)	741	2 524	3 607	5 397	6 059	7 099	8 139	8 139
Depreciations			(186)	(462)	(780)	(1 030)	(1 280)	(1 530)	(1 252)
EBIT			2 338	3 145	4 616	5 028	5 818	6 608	6 886
Taxes			-	-	-	-	-	-	(1 377)
Depreciations			186	462	780	1 030	1 280	1 530	1 252
Capex			(1 081)	(865)	(855)	(855)	(855)	(855)	(1 252)
Movement in working capital			(998)	(1 039)	(1 245)	(1 280)	(1 280)	(1 280)	-
Pre-tax cash flow			445	1 702	3 297	3 924	4 964	6 004	5 509
Discount period			0,50	1,50	2,50	3,50	4,50	5,50	5,50
Discount factor			0,94	0,83	0,74	0,65	0,58	0,51	0,51
Discounted pre-tax cash flow			419	1 416	2 426	2 553	2 856	3 056	2 804
Terminal value									
Present value of cash flows (FY20-FY22)			4 260	11%					
Present value of cash flows (FY23-FY25)			8 465	22%					
Terminal value (post FY25)			25 850	67%					
Enterprise value			38 576	100%					
Adjusted net financial debt			(12 595)						
Equity value			25 981						

Sensitivity analysis - Market equity value base case

Market equity value		WACC				
		11,06%	12,06%	13,06%	14,06%	15,06%
Long term growth rate	0%	28 959	24 963	21 594	18 719	16 239
	1%	32 045	27 435	23 606	20 378	17 622
	2%	35 810	30 398	25 981	22 311	19 217
	3%	40 510	34 015	28 828	24 594	21 076
	4%	46 541	38 529	32 303	27 331	23 271

The base case DCF (based on realization of the management business plan), a WACC of 13,06% and a terminal value based on 2% terminal growth assumption, points to an estimated equity value of 26,0 MEUR.

Key sensitivities : impact on DCF valuation

Discounted cashflow model - Crescent NV - More conservative case

KEUR	ACT FY18	FC FY19	BU FY20	BU FY21	BU FY22	BP FY23	BP FY24	BP FY25	Terminal value
Revenue	17 023	18 257	22 479	27 548	34 744	41 944	49 144	56 344	56 344
EBITDA	(2 533)	741	2 020	2 885	4 317	4 847	5 679	6 511	7 325
Depreciations			(186)	(462)	(780)	(1 030)	(1 280)	(1 530)	(1 127)
EBIT			1 833	2 423	3 537	3 817	4 399	4 981	6 198
Taxes			-	-	-	-	-	-	(1 240)
Depreciations			186	462	780	1 030	1 280	1 530	1 127
Capex			(1 081)	(865)	(855)	(855)	(855)	(855)	(1 127)
Movement in working capital			(998)	(1 039)	(1 245)	(1 152)	(1 152)	(1 152)	-
Pre-tax cash flow			(59)	981	2 218	2 840	3 672	4 504	4 958
Discount period			0,50	1,50	2,50	3,50	4,50	5,50	5,50
Discount factor			0,94	0,83	0,74	0,65	0,58	0,51	0,51
Discounted pre-tax cash flow			(56)	816	1 632	1 848	2 113	2 292	2 524
Terminal value									23 265

Sensitivity analysis on equity value - More conservative case

Market equity value	WACC				
	11,06%	12,06%	13,06%	14,06%	15,06%
0%	21 840	18 323	15 367	12 853	10 691
1%	24 617	20 547	17 178	14 345	11 935
2%	28 006	23 214	19 315	16 085	13 370
3%	32 236	26 470	21 878	18 140	15 043
4%	37 663	30 532	25 005	20 603	17 019

Long term growth rate

Discounted cashflow model - Crescent NV - More optimistic case

KEUR	ACT FY18	FC FY19	BU FY20	BU FY21	BU FY22	BP FY23	BP FY24	BP FY25	Terminal value
Revenue	17 023	18 257	26 225	32 139	40 534	48 934	57 334	65 734	65 734
EBITDA	(2 533)	741	2 651	3 787	5 666	6 361	7 453	8 545	8 545
Depreciations			(186)	(462)	(780)	(1 030)	(1 280)	(1 530)	(1 315)
EBIT			2 465	3 325	4 886	5 331	6 173	7 015	7 231
Taxes			-	-	-	-	-	-	(1 446)
Depreciations			186	462	780	1 030	1 280	1 530	1 315
Capex			(1 081)	(865)	(855)	(855)	(855)	(855)	(1 315)
Movement in working capital			(998)	(1 039)	(1 245)	(1 344)	(1 344)	(1 344)	-
Pre-tax cash flow			572	1 883	3 567	4 162	5 254	6 346	5 785
Discount period			0,50	1,50	2,50	3,50	4,50	5,50	5,50
Discount factor			0,94	0,83	0,74	0,65	0,58	0,51	0,51
Discounted pre-tax cash flow			538	1 566	2 624	2 708	3 024	3 230	2 944
Terminal value									27 143

Sensitivity analysis on equity value - More optimistic case

Market equity value	WACC				
	11,06%	12,06%	13,06%	14,06%	15,06%
0%	31 378	27 175	23 632	20 607	17 998
1%	34 618	29 771	25 744	22 349	19 450
2%	38 572	32 882	28 238	24 379	21 124
3%	43 507	36 680	31 227	26 776	23 076
4%	49 839	41 420	34 877	29 649	25 380

Long term growth rate

Comments on more conservative case

- Crescent NV has a history of underperformance against initial budgets. There is still considerable uncertainty on the conversion of existing proposal into contracts.
- The conservative case differs from base case as to the following assumptions :
 - Revenues only 90% of base case revenues.
 - EBITDA only 80% of base case EBITDA.
- The working capital movements, capex and depreciations were assumed to be equal to the base case for the years FY20-FY25. However, the terminal value CAPEX and taxes were adjusted according to the revenue and EBIT forecasts.
- The impact on equity value of any sensitivity in WACC and terminal value growth rate were reflected in the sensitivity analysis tables above.

Comments on more optimistic case

- According to Crescent management, there is also a likelihood that performance could be better than included in the management business plan. This assumption has been reflected in the “More optimistic case”.
- The more optimistic case differs from base case as to the following assumptions :
 - Revenues amount to 105% of base case revenues;
 - EBITDA amounts to 105% of base case EBITDA.

Taken into consideration further sensitivities to the management business plan, the calculated market equity value ranges between 19,3 MEUR (more conservative case) and 28,2 MEUR (more optimistic case).

Section 4

Multiples of comparable listed companies

1. Summary of valuations and fairness opinion conclusion
2. Introduction
3. Discounted cash flow analysis
4. Multiples of comparable listed companies
5. Crescent share price evolution

Valuation based on multiples of comparable listed companies

Peer group multiples

Company	EiCode	EV / Net Sales							EV / EBITDA						EV / EBIT										
		2014	2015	2016	2017	2018	2019(e)	2020(e)	2021(e)	2014	2015	2016	2017	2018	2019(e)	2020(e)	2021(e)	2014	2015	2016	2017	2018	2019(e)	2020(e)	2021(e)
Doro AB	30234SS	0,6	0,9	0,7	0,6	0,5	0,6	0,6	0,6	6,1	11,4	10,5	8,1	4,8	5,9	5,2	4,9	9,1	16,7	23,6	14,7	7,6	10,2	8,4	8,0
Bredband2 i Skandinavien AB	30454SS	1,1	1,2	1,5	1,4	1,2	1,2	1,1	1,0	10,0	11,5	12,0	11,3	11,2	10,7	9,4	8,6	17,8	21,5	19,2	16,8	17,8	15,9	13,1	11,5
Spirit Communications plc	01562EX	1,4	1,1	1,4	1,6	1,7	3,2	3,0	2,9	10,9	10,3	12,3	10,1	10,1	15,5	14,1	13,4	27,4	67,0	N/M	14,9	13,2	19,7	17,2	16,1
Nokia Oyj	90006SF	1,3	1,4	0,9	0,8	1,1	0,7	0,6	0,6	16,8	8,6	40,7	10,4	16,3	6,2	5,6	4,7	6,9	6,2	N/M	146,4	N/M	7,7	6,7	5,7
Juniper Networks Inc.	31395NU	1,9	2,2	2,1	2,0	1,7	1,5	1,5	1,5	14,2	10,3	9,5	9,1	10,1	7,2	7,0	6,9	N/M	12,4	11,6	11,6	13,8	9,2	8,7	8,3
Unizyx Holding Corp.	30125FC	0,3	0,2	0,2	0,3	0,3	0,4	0,3	N/A	8,2	58,5	4,9	N/M	N/M	8,0	6,9	N/A	12,6	N/M	7,7	N/M	N/M	10,6	8,9	N/A
Cisco Systems Inc.	30031NU	2,2	N/A	2,4	2,5	3,6	3,6	3,6	3,5	8,8	N/A	8,0	8,8	11,5	9,9	10,0	9,7	10,6	N/A	9,2	10,3	14,4	11,1	11,0	10,7
Accbn Technology Corp.	30066FC	0,2	0,5	0,7	1,5	1,2	1,6	1,4	1,2	3,9	6,1	7,0	14,9	13,1	13,0	11,5	9,1	6,2	7,8	8,0	15,6	14,4	14,1	12,0	10,0
Grupo Ezentis SA	20124EE	0,8	0,7	0,7	0,7	0,6	0,5	0,5	N/A	28,1	8,4	7,4	9,4	21,1	5,4	4,7	N/A	27,3	17,3	10,5	16,4	N/M	9,6	7,7	N/A
LM Ericsson Telefon AB	01439SS	1,2	0,9	0,7	0,9	1,2	1,2	1,2	1,1	9,8	7,2	10,1	N/M	24,9	9,2	7,8	7,2	15,6	10,6	25,1	N/M	149,6	12,2	10,1	9,0
Ascom Holding AG	30008ES	1,1	1,3	1,6	2,9	1,5	1,2	1,2	1,1	7,9	11,9	31,9	20,3	12,3	16,4	10,5	8,5	9,9	18,7	N/M	26,1	17,8	48,1	16,7	12,1
ZTE Corp.	30262PC	1,0	0,8	0,8	1,4	1,1	1,6	1,4	1,2	19,2	14,3	14,5	7,8	52,2	14,2	13,4	10,9	10,7	7,1	16,7	9,1	N/M	18,2	16,5	13,9
NETGEAR Inc.	35525NU	0,7	0,8	1,1	1,1	1,3	0,5	0,5	0,4	7,2	9,2	9,8	13,5	23,8	6,2	4,9	4,3	31,1	12,7	12,6	17,5	40,2	7,2	5,6	4,2
HMS Networks AB	30682SS	3,3	4,2	4,2	5,2	4,5	5,0	4,7	4,3	15,0	22,0	20,1	23,3	20,3	23,3	20,0	17,4	19,6	29,4	25,1	28,8	24,4	29,0	24,9	21,0
Alpha Networks Inc.	31083FC	0,3	0,3	0,3	N/A	0,2	0,4	0,4	N/A	6,8	8,3	5,4	N/A	11,6	8,5	7,5	N/A	32,6	N/M	7,2	N/A	N/M	30,4	19,0	N/A
ADVA AG Optical Networking	30318ED	0,3	1,1	0,6	0,7	0,7	0,8	0,7	0,7	2,3	7,8	6,0	6,6	5,3	6,1	5,2	4,7	11,4	18,6	18,4	76,8	22,0	25,6	16,3	13,5
Extreme Networks Inc.	35173NU	0,5	0,6	1,6	1,0	0,8	0,8	0,7	0,7	N/M	18,0	38,2	92,0	20,4	N/A	N/A	N/A	N/M	N/M	N/M	N/M	N/M	7,9	6,0	5,5
Viavi Solutions Inc.	30573NU	1,5	1,3	2,3	2,7	2,8	3,0	2,9	2,8	29,0	14,9	26,3	26,7	17,4	13,6	12,5	12,1	N/M	N/M	127,5	N/M	45,2	17,0	15,2	14,3
Peer Median		1,0	0,9	1,0	1,4	1,2	1,2	1,1	1,1	9,8	10,3	10,3	10,4	13,1	9,2	7,8	8,5	12,6	16,7	14,7	16,4	17,8	13,1	11,5	10,7
Average last 5 year				1,2								13,1								17,8					
Average forecasted next 3 years									1,1								8,4								10,7

Source: Infront Analytics search on 12 Dec 2019

Comments

- This valuation method obtains an estimated enterprise value for Crescent by multiplying the multiples on net sales, EBITDA and EBIT (in median) observed among the comparable listed companies (sector : telecom equipment) with the expected financials of Crescent. Afterwards, the market equity value of Crescent NV is calculated by adjusting the estimated enterprise value for the assumed net financial debt at 20 Dec 2019.
- A number of companies have been selected that are considered comparable to Crescent. However, comparability of the selected peers with Crescent is only partial, amongst others due to differences in size, geographical presence, product portfolio, technology, profitability or financial structure.

Based on the market multiples and the forecasted FY21 financials, the market equity value of Crescent NV ranges between 18,1 MEUR and 22,0 MEUR.

Market multiples method valuation

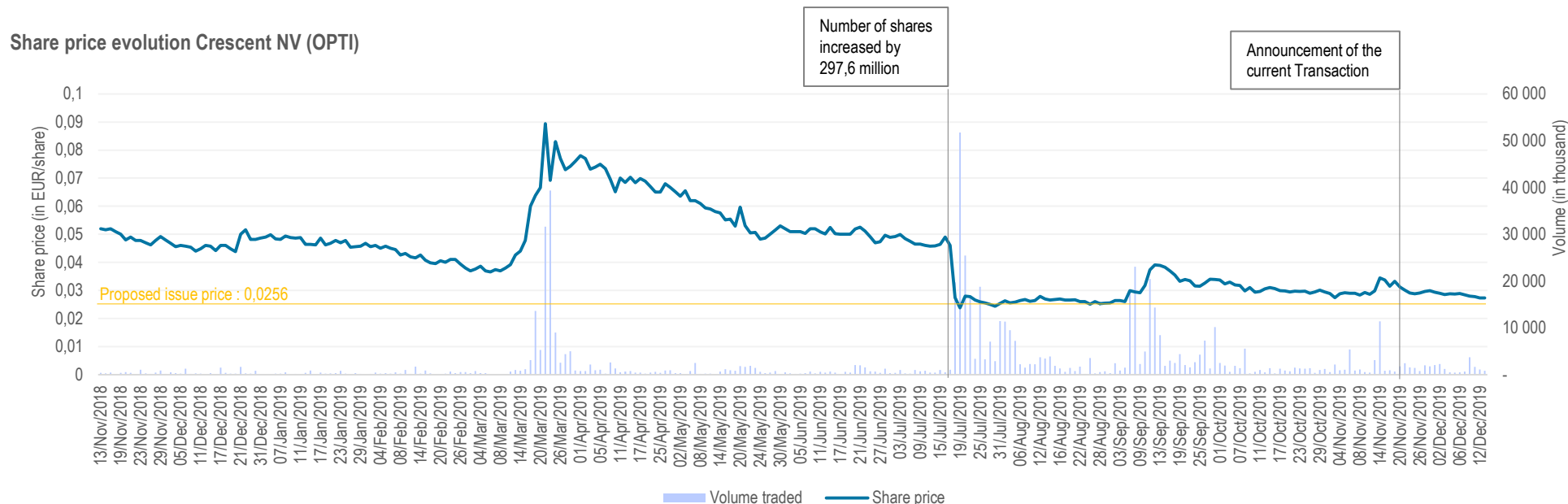
In KEUR	FY19	FY20	FY21
Forecasted financials			
Revenue	18 423	24 976	30 609
EBITDA	741	2 524	3 607
EBIT	538	2 338	3 145
Median multiples peer group			
Revenue	1,2x	1,1x	1,1x
EBITDA	9,2x	7,8x	8,5x
EBIT	13,1x	11,5x	10,7x
Estimated enterprise value			
On basis of EV/revenue	21 924	27 849	34 588
On basis of EV/EBITDA	6 788	19 640	30 730
On basis of EV/EBIT	7 052	26 891	33 553
Adjusted net financial debt		(12 595)	
Estimated market equity value			
On basis of EV / revenue	9 329	15 254	21 993
On basis of EV / EBITDA	(5 807)	7 045	18 135
On basis of EV / EBIT	(5 543)	14 296	20 958

Section 5

Crescent share price evolution

1. Summary of valuations and fairness opinion conclusion
2. Introduction
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5. Crescent share price evolution

Crescent share price evolution



Comments

- The above graph shows the share price evolution of the Crescent stock over the last 12 month. The date of the announcement of the proposed transaction and the proposed issue price are also shown on the graph.
- Based on the stock price evolution of the last 6 months, the average market equity value amounted to 41,1 MEUR (0,0300 EUR/share).
 - The lowest traded share price in the last 6 months amounted to 0,0190 or an implied equity value of 26,0 MEUR;
 - The highest traded share price in the last 6 months amounted to 0,0500 or an implied equity value of 68,4 MEUR;

OPTI share price evolution 12/2018-12/2019

	EUR/share				Market equity value (in KEUR)			
	Average				Average			
	Price	Open	High	Low	Price	Open	High	Low
price 12/12/19	0,0273	0,0270	0,0277	0,0269	37 369	36 959	37 917	36 822
1 month (12/12/19 - 12/11/2019)	0,0297	0,0299	0,0355	0,0265	40 708	40 940	48 594	36 274
3 months (12/12/2019 - 12/09/2019)	0,0309	0,0311	0,0434	0,0250	42 270	42 552	59 408	34 221
6 months (12/12/2019 - 12/06/2019)	0,0300	0,0303	0,0500	0,0190	41 064	41 506	68 442	26 008
12 months (12/12/2019 - 12/12/2018)	0,0429	0,0430	0,1050	0,0190	58 686	58 850	143 728	26 008

Based on the stock price evolution of the last 6 months, the average market equity value fluctuated between 26,0 MEUR and 68,4 MEUR.

Appendices

- A. List of abbreviations
- B. List of key documents reviewed
- C. Peer group : unlevered beta & debt-to-equity ratio

A. List of abbreviations

BV(BA)	Besloten Vennootschap (met Beperkte Aansprakelijkheid)	P&L	Profit and loss statement
c.	Circa	WACC	Weighted Average Cost of Capital
Capex	Capital Expenditure	WC	Working Capital
EBIT	Earnings before Interest and Taxes	YTD	Year-to-date
EBITDA	Earnings before interest, taxes, depreciation and amortization		
EUR	Euro		
EV	Enterprise value		
FCF	Free Cash Flow		
FY17	Calender year 2017, from 1 Jan 2016 to 31 Dec 2017		
FY18	Calender year 2018, from 1 Jan 2017 to 31 Dec 2018		
FY19	Calender year 2019, from 1 Jan 2018 to 31 Dec 2019		
i.e.	In other words		
IAS	International Accounting Standards		
IFRS	International Financial Reporting Standards		
L6M	Last 6 months		
KEUR	Thousand Euro		
MEUR	Million Euro		
NV	Naamloze Vennootschap		

B. List of key documents reviewed

Documents provided by Crescent management

- A. 3 year business plan Crescent Group
- B. BP & Strategy 2020 presentation for the board of directors
- C. Innolumis strategy plan 2020 including budget
- D. Draft SPA Crescent Smart Lighting
- E. Draft SPA Livereach Media Europe
- F. Historical trial balances Crescent Group
- G. Transaction summary overview, debt of shareholders
- H. Livereach Media Europe interim trial balance at 31 Oct 2019
- I. Crescent Smart Lighting interim trial balance at 12 Dec 2019
- J. Underlying budget excel files of entities with Crescent Group
- K. Overview of shareholder loans
- L. Overview of suppliers debt

C. Peer group : unlevered beta & debt-to-equity ratio

Peer group - Crescent NV

Company	EfCode	Country	Reference Index	Market cap (MEUR)	Sector	Levered Beta 5-Year	R ² 5-Year	T-value 5-Year	Error Standard 5-Year	Average D/(D+E) 5-Year	Average E/(D+E) 5-Year	Unlevered beta 5-Year
Doro AB	30234SS	SWE	OMXS30	107	Telecommunications Equipment	0,66	0,09	5,19	0,13	0,13	0,87	0,58
Bredband2 i Skandinavien AB	30454SS	SWE	OMXS30	86	Telecommunications Equipment	0,27	0,03	2,59	0,11	0,06	0,94	0,25
Spirent Communications plc	01562EX	GBR	Cboe UK 100	1 566	Telecommunications Equipment	0,37	0,02	2,58	0,14	0,00	1,00	0,37
Nokia Oyj	90006SF	FIN	OMXH25	17 771	Telecommunications Equipment	1,14	0,32	11,07	0,10	0,13	0,87	1,00
Juniper Networks Inc.	31395NU	USA	DJIA	7 225	Telecommunications Equipment	1,00	0,28	10,09	0,10	0,19	0,81	0,81
Unizyx Holding Corp.	30125FC	TWN	TSEC weighted	274	Telecommunications Equipment	1,08	0,25	9,31	0,12	0,08	0,92	1,00
Cisco Systems Inc.	30031NU	USA	NASDAQ 100	167 493	Telecommunications Equipment	0,96	0,48	15,51	0,06	0,22	0,78	0,75
Accton Technology Corp.	30066FC	TWN	TSEC weighted	2 645	Telecommunications Equipment	0,69	0,06	4,13	0,17	0,00	1,00	0,69
Grupo Ezenis SA	20124EE	ESP	IBEX 35	156	Telecommunications Equipment	1,30	0,26	9,48	0,14	0,37	0,63	0,81
LM Ericsson Telefon AB	01439SS	SWE	OMXS30	27 565	Telecommunications Equipment	0,98	0,25	9,24	0,11	0,10	0,90	0,88
Ascom Holding AG	30008ES	CHE	SMI	327	Telecommunications Equipment	0,74	0,15	6,69	0,11	0,08	0,92	0,68
ZTE Corp.	30262PC	CHN	SSE Composite	15 915	Telecommunications Equipment	1,20	0,38	12,73	0,09	0,30	0,70	0,85
NETGEAR Inc.	35525NU	USA	NASDAQ 100	670	Telecommunications Equipment	0,88	0,13	6,16	0,14	0,00	1,00	0,88
HMS Networks AB	30682SS	SWE	OMXS30	665	Telecommunications Equipment	0,80	0,14	6,52	0,12	0,29	0,71	0,57
Alpha Networks Inc.	31083FC	TWN	TSEC weighted	353	Telecommunications Equipment	1,26	0,22	8,47	0,15	0,03	0,97	1,22
ADVA AG Optical Networking	30318ED	DEU	DAX 30	396	Telecommunications Equipment	1,11	0,19	7,69	0,14	0,14	0,86	0,95
Extreme Networks Inc.	35173NU	USA	NASDAQ 100	752	Telecommunications Equipment	1,04	0,12	5,83	0,18	0,20	0,80	0,83
Viavi Solutions Inc.	30573NU	USA	NASDAQ 100	3 090	Telecommunications Equipment	0,78	0,13	6,10	0,13	0,35	0,65	0,51
Median						0,97				0,13	0,87	0,81
Average						0,90				0,15	0,85	0,76

Source: Infront Analytics search on 12 Dec 2019

Comments

- Beta values were obtained using monthly observation of the past 60 months (5 years) for the Telecommunications Equipment sector.
- T-values of the comparatives are > 2,0 (critical value).
- D/E structures were obtained through FactSet.
- Beta was unlevered using the average gearing ratio over the last 5 years : equity beta / (1+(D/E)) = asset beta.