

Crescent Half-year results 2019

Leuven, Belgium – 30 September 2019 – 7h30 - Crescent (EURONEXT: OPTI; OTC: OPNVY)

H1 Highlights

- The turnover of the group increases by 14% to EUR 8.9 million compared to EUR 7.8 million in the first half of 2018
- EBITDA amounts to EUR 0.5 million in the first semester compared to EUR 0.3 million in the first half of 2018
- At the beginning of July Crescent acquired UEST NV, (www.zembro.com)
- The group maintains its outlook for double digit revenue growth for 2019 with a positive EBITDA

Results of first half-year

in k€	H1 2019	H1 2018	Pro-Forma H1 2018
Revenue	8.903	7.838	9.966
EBITDA	525	300	-508
Operational result	-320	-20.748	-1.176
Net result	-452	-20.044	-869

The group's revenue amounted to k€ 8,903, compared to k€ 7,838 in the first half of 2018 and an EBITDA of k€ 525, compared to k€ 300 in the first half of last year. The pro forma revenue in the first half of 2018 amounted to k€ 9,966 with an EBITDA of k€ -508. The pro forma results of the 2018 group are presented as if all companies included in the consolidation scope on 30 June 2019 contributed a full half year to the results.

(The reported revenue of k€ 7,838 was increased in the pro forma figures with k€ 1,335 (Crescent NV's revenue for the first five months), and the NE-IT revenue of k€ 793 for the first quarter to bring the total revenue to k€ 9,966.)

The net result of the group amounted to k€ -452 compared to k€ -20,044 in the first half of 2018, which was then mainly due to the goodwill impairment of Crescent NV as a result of the reverse takeover of May22, 2018.

The revenues and EBITDA of the three divisions were in the first semester:

in k€	H1 2019	H1 2018	Pro-Forma H1 2018
Revenue	8.903	7.838	9.966
Solutions	4.250	3.155	4.116
Services	3.122	2.331	3.498
Lighting	1.532	2.352	2.352
EBITDA	525	300	-508
Solutions	98	-28	-916
Services	449	185	266
Lighting	-23	143	143

In the Solutions division, Crescent NV (formerly Option NV) contributed EUR 1.8 million to the revenue increase, the pro forma revenue increase over the entire six months amounted to EUR 0.5 million; SAIT BV's revenue decreased by EUR 0.7 million. As far as EBITDA is concerned, SAIT BV's EBITDA decreased by EUR 0.2 million to EUR -0.3 million, on the other hand Crescent NV's EBITDA improved with EUR 0.3 million to EUR 0.4 million for the half-year. It needs to be noted that a one time net revenue of EUR 0.3 million was included in this result. The pro forma half-year EBITDA of Crescent NV improved by EUR 1.2 million.

The impact of the introduction of the new Cloudgate product family at the end of the second quarter is expected to further improve sales from the fourth quarter onwards.

For SAIT BV, the plan for the second semester was rewritten and a breakeven was targeted as an objective.

Revenue in the Services division improved mainly because of the addition of the activities of Ne-IT Hosting and Automatisering BV which were included for the full semester. Due to the integration of the IT services activities of Any-IT, and 2 Invision Managed Services, including the Belgian company, EBITDA could be improved by EUR 0.2 million.

The turnover of the Lighting division in the first half year reflected the general purchase reluctance in the Dutch home market. Demand is expected to pick up again in the second half of the year, and commercial efforts in South Africa are also expected to lead to sales orders.

Balance Sheet

in k€	30/jun/19	31/dec/18
Total own Equity	9.707	11.362
Financial Debt	6.100	4.814
Cash	432	637
Net Working Capital*	-4.158	-2.859
*Stock, contract assets, trade and other receivables		
less trade and other debts		

Share Capital

The extraordinary shareholders' Assembly of June 20, decided to reduce the capital of Crescent NV from EUR 32,446,419 to EUR 3,857,902, incorporating the same amount from a part of the losses carried forward and also decided to reduce the share premium as booked in the unavailable "Share Premiums" account by EUR 17,608,896 to EUR 0, to incorporate another part of the losses carried forward.

As a result of this balance sheet operation, Crescent NV no longer registers as a company in difficulty.

The major shareholders per June 30 were:

(A) Eric Van Zele/Van Zele Holding	37.50%
(B) Jan Callewaert	10.59%
(C) Alychlo/Marc Coucke/Mylecke	10.29%
(D) Danlaw	7.59%
(E) Nanninga Beheer	3.43%

After June 30, the Company received a transparency declaration from Mr. Callewaert that its shareholding in Crescent was 9.64% on August 6; Alychlo reported the acquisition of an additional 20 million shares since June 30.

The updated shareholder information can be consulted on our website.

Financial debt

On June 30, 2019, the group had outstanding financial debts totaling k€ 6,100. The increase compared to the amount of k€ 4,814 at the end of December 2018 is mainly explained by the recognition of the lease obligations due to the first application of IFRS 16, which increased the financial debt by k€ 1,899. On the other hand, user rights to assets were added to the balance sheet for an amount of k€ 1,877.

Working Capital

Net working capital decreased by EUR 1.3 million, which is fully explained by the increased debt for the acquisition of Any-IT and 2 Invision Managed Services BV. This amount is due to Mr. Van Zele.

Board of Directors

At the Annual General Shareholders' Meeting of June 20, the following independent directors were appointed for a period of six years: Mrs. Prof. dr. Liesbet VAN DER PERRE, S&S BVBA permanently represented Mrs. Prof. Dr. Sarah STEENHAUT and Mrs. Lieve DECLERCQ. Furthermore, MICHIELS INVEST & MANAGEMENT BVBA permanently represented by Mr. Johan MICHIELS was appointed as well.

Van Zele Holding NV, permanently represented by Mr. Eric VAN ZELE, CRESCEMUS BVBA

permanently represented by Mr. Pieter BOURGEOIS AND Mr. Raju DANDU were reappointed for a period of six years.

Acquisition of Uest nv

On July 5, 2019, the Group acquired 100% of the shares in Uest NV. The acquisition fits in with the Crescent group's strategy to grow through integrated IoT solutions and an expansion of the business portfolio. Uest NV produces, sells and supports personal alarm systems for seniors under the Zembro brand name. Zembro has developed a software service platform that will be deployed in other markets and further enhanced by Crescent's know-how. UEST NV will contribute to the group's revenue and EBITDA from the second semester onwards.

The acquisitions of Livereach Media Europe Bvba and Crescent Smart lighting BV have not yet been formally completed; this is expected to happen before the end of the year

Risk and uncertainties

Most of the risks and uncertainties are determined by the specific evolution of the markets in which Crescent is operating.

The reverse takeover in 2018 has de facto changed the risk profile of the Company and, on average, has decreased the level of risk because it is now active in three different markets, each with its own specific risks. Of course, the potential deterioration of the macroeconomic situation for the three segments will play a possible negative role that would not allow one segment to fully absorb the lesser results of the other. Furthermore, the new composition of the Group also influences the continuity position of the Group. Despite the continuing limited cash position, the Service and Lighting segments have shown that they are inherently cash-positive, and therefore able to compensate the negative results of the Solutions segment.

In the Services activities, there is the constant challenge of recruiting sufficient and competent IT profiles, in addition to constantly managing cyber risks both in the internal IT infrastructure and in that of the customers.

In the solutions segment and before addressing the specific risks for the sector in which Crescent NV (formerly Option NV) operates, the Company wishes to point out the cyclicity of the telecom market from which Aardingen Maro derives its most important revenues, and the risks inherent in SAIT BV's project business due to its ultimate responsibility as an integrator of solutions sold.

The market in which Crescent NV is active is characterized by the rapid and continuing introduction of new technologies. These inherently present a number of challenges, such as having the necessary competences available internally in order to be able to keep the products price / qualitatively competitive, and external procurement necessary to keep access to technology licenses within the defined product road map. In addition, every new product that is introduced to the market must be certified for radiation, safety and compatibility with current operator networks. Non-conformity in this certification process increases the risk of additional costs and lost income. Despite the worldwide growth of 18% in gateway sales in 2018, the adoption of IoT is different in the various continents and the correct positioning involves a challenge both for the choice of type of gateway type and for the adequate timing of market introduction, and hence bears a profitability risk. Within the contours of this IoT market, vigilance remains necessary to stay in order with the intellectual property rights of all parties involved, both competitors, suppliers and customers. If the expected explosion of the Internet of Things market continues, the number of devices connected to the Internet will grow enormously, which will also increase the risk of hacking and security incidents exponentially. The solutions that are offered will have to constantly take into account these cyber threats and evolve every time new risks arise.

In the Lighting division, on the one hand, there is the risk that the LED technology will be replaced by other technologies before the majority of existing normal luminaires have been replaced by LED, and on the other hand that the smart lighting solutions would not have filled this declining market in time.

For the entire group, we would like to discuss the continuity risk of the company:

At the end of December 2018, the drawdown of the current Belfius credit amounted to EUR 1.45 million and the drawdown of the additional credit line of Van Zele Holding NV amounted to EUR 0.4 million. The cash position stood at EUR 0.6 million. At the end of June 2019, the Belfius credit was increased to EUR 1.5 million, be it that the group has started to repay the investment credit (EUR 0.08 million during the first semester); the credit line of Van Zele Holding NV was still at EUR 0.4 million and the cash position stood at EUR 0.4 million and therefore remains limited. The gross financial debt amounted to EUR 4.8 million at the end of 2018 and amounted to EUR 4.2 million at the end of June 2019, increased by the EUR 1.9 million in rental and lease obligations resulting from the application of IFRS 16.

The debt position did not change significantly compared to the beginning of the year, although the reference shareholders have allowed the company additional loans to enable it to repay the remaining external bridge financing of EUR 0.5 million.

Management continues to believe that until the moment a positive cash flow is obtained in the Solutions segment, the EBITDA derived from the Services and Lighting segments should be capable of fully offsetting the negative EBITDA of the Solutions segment, which was not yet the case in the first half of the year however.

Anticipating the breakthrough of the new products launched by Crescent NV in the IOT market, the reference shareholders have promised their support to meet the cash needs in this interim period if the Company cannot yet generate the funds itself. For example, they increased their advances in the third quarter by EUR 0.6 million to support the liquidity position of the group.

CRESCENT

The Board of Directors has taken the decision to reduce the company's debt position by year-end by incorporating all existing debts to shareholders as a result of the recent and the two still ongoing acquisitions, as well as the advances made by shareholders to improve the liquidity position, into capital. This contribution in kind will represent a nominal amount of approximately EUR 5 million. The Board of Directors also approved the issuance of a new warrant plan for senior management.

Based on the improvement in EBITDA and the debt reduction described above, the Board of Directors is of the opinion that the Company will have sufficient means to realize its plan in the coming years.

MANAGEMENT STATEMENT

Management declares that, to the best of their knowledge:

- a) The abbreviated financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, the financial situation and the results of the Company and its consolidated companies;
- b) The interim report provides a true and fair view of the important events and transactions that occurred during the first six months of the financial year and its effect on the condensed financial statements, as well as a description of the main risks and uncertainties for the remaining months of the financial year

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