Crescent NV
Equity valuation of Crescent Smart Lighting BV and Livereach Media Europe BVBA

Fairness opinion

17 December 2019

Christophe De Paepe
Partner
T +32 472 37 83 37
E christophe.de.paepe@finvision.be

finvision.

Date: 17 December 2019

Finvision Bedrijfsrevisoren BVBA

Evolis 102
B-8530 Harelbeke
IBR nr B00829
BTW BE 0849.882.722

Crescent NV
Committee of independent directors
Gaston Geenslaan 14
B-3001 Leuven

Dear madams, dear sir,

We have pleasure in enclosing a copy of our fairness opinion report in accordance with our engagement letter dated 22 November 2019.

The proposed Transaction

Crescent NV (hereafter "Buyer) envisages to acquire a 100% participation in Crescent Smart Lighting BV (hereafter "Crescent Smart Lighting" or "CSL") and a 100% participation in Livereach Media Europe BVBA (hereafter "Livereach" or "LRM") of Van Zele Holding NV (hereafter the "Transaction"). The purchase price consideration for the shares in CSL and LRM amounts to respectively 650 KEUR and 380 KEUR and will be paid to Van Zele Holding NV within 30 days after signing and closing. After the Transaction, we understand that the vendor loans provided by Van Zele Holding will be converted into the capital of Crescent NV.

Background of engagement

In connection with the envisaged transaction of (1) the acquisition 100% shares of Crescent Smart Lighting BV (and subsidiary Melowes BVBA) and (2) the acquisition 100% shares of Livereach Media Europe BVBA by Crescent NV (hereafter "Crescent" or "The company") of Van Zele Holding NV (a related party), the Crescent board has established a committee of independent directors (herafter "the Committee") that will render an advice in the context the transaction pursuant to article 524 (old) BCC / 7:97 (new) BCC (Related Party Procedures). In this respect, the Committee 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 Nr. B00829) as independent expert (hereafter "the Independent Expert") to provide a fairness opinion on the Transaction (hereafter "the Opinion").

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, independent from Crescent Smart Lighting BV (and its subsidiaries) and affiliated entities & persons and independent from Livereach Media Europe BVBA (and its subsidiaries) and affiliated entities & persons.

Sources of information

Our report is primarily based on information provided by Crescent management, 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; (3) research and analysis of relevant industry, economic and market data; and (4) application of the DCF and multiples method to develop estimates of the fair market value.

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,

The Independent Expert
Finvision Bedrijfsrevisoren
Christophe De Paepe

Table of contents

Section 1

Summary of valuations and fairness opinion conclusion

Summary of valuation methods & fairness opinion conclusion

Fairness opinion : valuation summary

in EUR	CSL BV	LRM BVBA
Share purchase price 100% of equity	**650 000**	**380 000**
Assumed net financial debt position at 20 Dec 2019	(349 845)	(405 994)
Implied enterprise value Crescent NV	**999 845**	**785 994**
Fair market enterprise value (based on Crescent management business plan)	**1 719 566**	**2 265 586**
Assumed net financial debt position at 20 Dec 2019	(349 845)	(405 994)
Fair market equity value 100% (based on Crescent management business plan)	**1 369 721**	**1 859 593**
Actual consideration less fair market valuation	**(369 876)**	**(1 073 599)**

Fairness opinion conclusion

- The aside table summarizes the valuation of the proposed transaction and the market equity valuation based on the DCF method.
- Based on the draft SPA's, the negotiated share purchase price for a 100% stake in CSL & LRM was respectively 650 KEUR & 380 KEUR.
- The DCF model (based on Crescent's management business plan for CSL & LRM, including synergy impact of the business combination with Crescent Group) results in the following fair market enterprise values and equity values :
  - The computed enterprise value of CSL amounts to 1,7 MEUR as compared to a computed equity value of CSL of 1,4 MEUR.
  - The computed enterprise value of LRM amounts to 2,3 MEUR as compared to a computed equity value of LRM of 1,9 MEUR.
- The negotiated share purchase prices for CLS and LRM are both below the computed equity values based on Crescent's management business plans (including synergy impact of the business combination), which implies that the synergy effects will have a positive impact on Crescent's valuation.

Fairness opinion conclusion :
Based on our analysis and taking into consideration the Crescent's management business plan of CSL and LRM (including synergy impact of business combination with Crescent Group) and an assumed net financial debt position at acquisition date, the fair market equity value of CSL and LRM is above the Crescent's consideration of 650 KEUR for 100% of CSL shares and 380 KEUR for 100% of LRM shares.
Taking into account and subject to the different elements mentioned in this report, and, when considering the background of the retained valuation for the shares in CSL and LRM by the sellers, we are of the opinion that, as of the date of this opinion, the negotiated purchased price by the board of directors for shares of CSL and LRM be considered fair and justified from a financial point of view.

Section 2

Introduction

Introduction of parties involved and background of transaction

Crescent Smart Lighting BV (including its subsidiary Melowes BVBA)

- We understand the acquisition of CSL would be essential for the integration and development of future "Smart Lighting" solutions from the Lighting division of the Crescent Group. The addition of CSL would allow Crescent Group to use the technology in which CSL has invested to broaden and diversify the existing range of LED luminaires. At the same time, the existing Belgian branch of CSL can be used to develop the Belgian market for public LED lighting.
- The technologies that were developed within Crescent Smart Lighting, will be commercialized as follows : (1) The Smart City Box intended within a wider Smart City platform to measure air quality, fine dust, humidity, temperature, noise with its sensors; and (2) The 4-channel driver that can do the color control of the RGB LED luminaires that Innolumis Public Lighting markets.
- Melowes BVBA (commercial name NozonSolar), a subsidiary of Crescent Smart Lighting BV, would be well positioned with its IOT solutions in a number of ports, and has a number of ongoing projects (in particular in the sea-port of Ostend). NozonSolar develops and manufactures products with a focus on ecological lighting and road safety systems, such as intelligent lighting for bicycle paths.
- We understand that the purchase price of the transaction was determined based on (1) an existing engineering contract and (2) the acquisition of the shares in Melowes BVBA (= NozonSolar), for which CSL paid 300 KEUR in FY17.

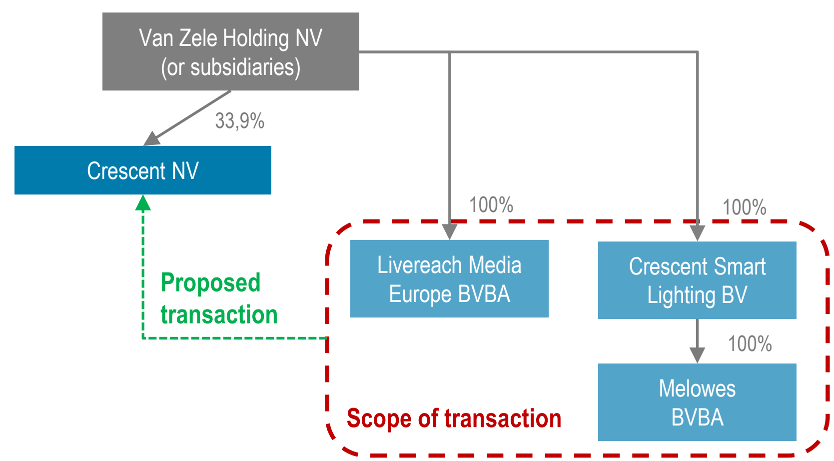
Livereach Media Europe BVBA

- We understand the acquisition of LRM would be a useful addition to Crescent Group in terms of software competencies and would strengthen the IOT integration activities, in which the Group wishes to position itself.
- A number of existing customer contracts and projects are ongoing within LRM, which will form the basis for a contribution to the Group turnover that was estimated at an average of 1,0 MEUR per year.
- The commercialization of the LRM software product has only begun as of the second half of FY19. The company sells software licenses (3 years) together with additional services (hardware, setup and maintenance).
- LRM has incurred historical development costs which resulting in a finished product. We understand that the purchase price of the transaction was determined based on previous equity valuation of LRM (of 141 KEUR in Dec 2017) and the additional shareholder investments in LRM since this transaction (for software development).

Consequences for the acquiring company

- Through the acquisition of both companies, Crescent will acquire a number of additional customers and technologies, which will strengthen its positioning in the Lighting divisions and adds skills to broaden its offer as an IOT integrator.
- Furthermore, Crescent will acquire all assets & liabilities of the acquired companies.

Entities in scope of Transaction



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 method :
  1. Discounted Cash Flow method : An income approach based on the future expected cash flow generating potential of the business, based on management business plan.
  2. 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.

Enterprise value ± Net financial debt (-) / cash (+) = Equity value

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. These cash flows are then discounted to their present value equivalent, using a rate of return (WACC) that reflects the relative risk of the investment, as well as the time value of money.
- 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 the accurately predicting medium to long term cash flows, while the method is highly dependent 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, the implied multiples were examined compared to the peer group multiples.

Management business plan : main assumptions

Business plan - Crescent Smart Lighting BV

In KEUR	FY20 (12m)	FY21 (12m)	FY22 (12m)	FY23 (12m)	FY24 (12m)
4 - channel driver	38	213	588	825	1 013
Smart city box	350	481	613	744	875
Projects	150	250	350	450	550
Revenue	**538**	**944**	**1 550**	**2 019**	**2 438**
4 - channel driver	(26)	(123)	(333)	(455)	(560)
Smart city box	(200)	(275)	(350)	(425)	(500)
Projects	(120)	(200)	(280)	(360)	(440)
COGS	**(346)**	**(598)**	**(963)**	**(1 240)**	**(1 500)**
Gross Margin	**191**	**346**	**588**	**779**	**938**
Gross margin % of revenue	*36%*	*37%*	*38%*	*39%*	*38%*
Personnel	(121)	(178)	(319)	(465)	(476)
Other opex	(69)	(76)	(96)	(110)	(126)
OPEX	**(190)**	**(255)**	**(415)**	**(574)**	**(602)**
EBITDA	**1**	**91**	**173**	**204**	**335**
EBITDA % of revenue	*0%*	*10%*	*11%*	*10%*	*14%*

Change in working capital	(1)	(350)	(129)	(196)	(141)
CAPEX	-	-	-	-	-

Business plan - Livereach Media Europe BVBA

In KEUR	FY20 (12m)	FY21 (12m)	FY22 (12m)
Client 1 - contract obtained	440	150	150
Client 1 - contract under negociation (proposal phase)	269	174	241
Total Client 1	**709**	**324**	**391**
Client 2	50	50	50
Client 3	13	13	13
Client group A	200	220	242
Client group B	140	150	150
Client group B	60	180	300
Client 4	15	20	20
Other projects	**478**	**633**	**775**
Revenue	**1 187**	**957**	**1 166**
COGS	**(717)**	**(398)**	**(416)**
Gross margin	**470**	**558**	**750**
Gross margin % of revenue	*40%*	*58%*	*64%*
OPEX	**(301)**	**(358)**	**(462)**
EBITDA	**169**	**200**	**288**
EBITDA % of revenue	*14%*	*21%*	*25%*

Change in working capital	(107)	(18)	(18)
CAPEX	(20)	(25)	(25)

Comments

- The above tables summarize Crescent' management business plans for each of the acquired entities (including working capital changes and planned investments), including any synergy impacts from integration Crescent Group. In a standalone scenario, we understand such synergy effects would not apply.
- CSL is forecasted to gradually increase revenue on the Smart city box sales and project sales, while the 4 channel driver revenue is forecasted to have an exponential growth in sales : from 38 KEUR in FY20 to 1.013 KEUR by FY24, becoming the largest revenue generation business line. Gross margin is expected to remain stable at c. 38% of revenue. EBTIDA is expected to increase from 1 KEUR in FY20 to 335 KEUR in FY24.
- LRM is forecasted to generate c. 1,1 MEUR per year in the next 3 years. We understand that currently the company has a large client in the Netherland, with whom a contract was already signed (and part still under negotiation). Gross margin is expected to increase as software licenses revenue is c. 100% gross margin, compared to hardware & set-up costs at the start of the project. EBITDA is forecasted to increase from 169 KEUR in FY20 to 288 KEUR by FY22.

Balance sheet & net financial debt position of CSL & LRM

Balance sheet - Crescent Smart Lighting BV

In KEUR	31 Dec 2017	31 Dec 2018	12 Dec 2019
Tangible fixed assets	**-**	**-**	**-**
Participation Melowes (100%)	**-**	**-**	**300**
Total fixed assets	**-**	**-**	**300**
Trade receivable	348	47	133
Bad debts	-	-	(133)
Trade payable	(54)	(11)	(8)
Trade working capital	**294**	**36**	**(8)**
Social debt	(3)	(4)	-
VAT position	-	-	(5)
Other working capital	**(3)**	**(4)**	**(5)**
Total working capital	**291**	**32**	**(13)**
Total employed assets	**291**	**32**	**287**
Share capital	(18)	(18)	(18)
Reserves	(295)	73	80
Equity	**(313)**	**55**	**62**
C/A Van Zele Holding	-	(100)	(300)
C/A Innolumis Public Lighting BV	-	-	(50)
Cash	22	13	0
Net financial position	**22**	**(87)**	**(350)**
Total financing	**(291)**	**(32)**	**(287)**

Comments

- The above table summarizes the balance sheet position of Crescent Smart Lighting BV.
- In Jan 2019, Melowes BVBA was acquired by CSL for 300 KEUR. The reported equity value of Melowes BVBA at 31 Dec 2018 amounted to 21 KEUR.
- The net financial debt position of CSL amounts to -350 KEUR, while the net cash position of subsidiary Melowes BVBA amounts to +39 KEUR, or a consolidated net debt position of -311 KEUR.
- Note that CSL also has a debt position towards Innolumis (part of Crescent).

Balance sheet - Livereach Media Europe BVBA

In KEUR	31 Dec 2018	31 Oct 2019
Total fixed assets	**32**	**32**
Trade receivables	228	54
Trade payable	(288)	(129)
Social debt	(38)	8
VAT	(7)	11
Deferred costs	8	7
Accrued costs	(6)	(0)
Total working capital	**(104)**	**(50)**
Total employed assets	**(72)**	**(18)**
Share capital	(129)	(129)
Uncalled capital	10	10
Reserves	519	547
Equity	**400**	**427**
Provisions	**(3)**	**(3)**
Shareholder debt	(231)	(249)
Opticash ING BE11 3631 6700 5748	(95)	(95)
Other debt	(9)	(5)
Received advances on capital	(3)	(58)
Cash	14	1
Net financial position	**(324)**	**(406)**
Total financing	**72**	**18**

Comments

- The above table summarizes the balance sheet position of Livereach Media Europe BVBA.
- The reported equity value at 31 Oct 2019 was negative at -427 KEUR.
- The net financial debt position amounted to 406 KEUR, which includes the following shareholder debts (128 KEUR Van Zele Holding NV, 120 KEUR Adisys and 58 KEUR advances on capital).

Section 3

Discounted cash flow analysis

CSL 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 phaze & 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%**	

Discounted cashflow model - Crescent Smart Lighting

KEUR	ACT FY18	FC FY19	BU FY20	BU FY21	BU FY22	BU FY23	BU FY24	Terminal value
Revenue			**538**	**944**	**1 550**	**2 019**	**2 438**	**2 438**
EBITDA			**1**	**91**	**173**	**204**	**335**	**335**
Depreciations			-	-	-	-	-	-
EBIT			**1**	**91**	**173**	**204**	**335**	**335**
Taxes			-	-	-	-	-	-
Depreciations			-	-	-	-	-	-
CAPEX			-	-	-	-	-	-
Delta working capital			5	(350)	(129)	(196)	(141)	-
Pre-tax cash flow			**7**	**(259)**	**44**	**9**	**194**	**335**
Discount period			*0,50*	*1,50*	*2,50*	*3,50*	*4,50*	*4,50*
Discount factor			*0,94*	*0,83*	*0,74*	*0,65*	*0,58*	*0,58*
Discounted pre-tax cash flow			**6**	**(215)**	**33**	**6**	**112**	**193**
Terminal value								**1 779**

Present value of cash flows (FY20-FY22)	(59)
Terminal value (post FY25)	1 779
Enterprise value	**1 720**
Adjusted net financial debt	**(350)**
Equity value	**1 370**

Implied EV/EBITDA multiple FY21	**18,8x**
Implied EV/EBITDA multiple FY24	**5,1x**

Sensitivity analysis - Market equity value

Market equity value		*WACC*				
		11,06%	*12,06%*	*13,06%*	*14,06%*	*15,06%*
	0%	1 486	1 258	1 068	907	770
	1%	1 695	1 427	1 206	1 022	867
Long term growth rate	*2%*	1 949	1 629	**1 370**	1 156	978
	3%	2 267	1 875	1 566	1 315	1 109
	4%	2 674	2 183	1 805	1 505	1 262

Comments

- Finvision has discounted the company's cash flows using a weighted average cost of capital (WACC) of 13,06% of Crescent Group.
- The calculation is shown above and implies the following 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 implied EV/EBITDA FY24 multiple is in line with the peer group market multiples (see Appendix D).

The DCF model (based on realization of the management business plan), a WACC of 13,06% and a terminal value based on 2% terminal growth assumption, results into an estimated market equity value of CSL of 1,4 MEUR.

LRM 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 phaze & 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%**	

Discounted cashflow model - Livereach Media Europe

KEUR	ACT FY18	FC FY19	BU FY20	BU FY21	BU FY22	Terminal value
Revenue			**1 187**	**957**	**1 166**	**1 166**
EBITDA			**169**	**200**	**288**	**288**
Depreciations			-	-	-	(5)
EBIT			**169**	**200**	**288**	**283**
Taxes			-	-	-	-
Depreciations			-	-	-	5
CAPEX			(20)	(25)	(25)	(5)
Delta working capital			(107)	(18)	(18)	-
Pre-tax cash flow			**42**	**156**	**244**	**283**
Discount period			*0,50*	*1,50*	*2,50*	*2,50*
Discount factor			*0,94*	*0,83*	*0,74*	*0,74*
Discounted pre-tax cash flow			**39**	**130**	**180**	**208**
Terminal value						**1 916**

Present value of cash flows (FY20-FY22)	349
Terminal value (post FY25)	1 916
Enterprise value	**2 266**
Adjusted net financial debt	**(406)**
Equity value	**1 860**

Implied EV/EBITDA multiple FY20	**11,0x**
Implied EV/EBITDA multiple FY22	**6,5x**

Comments

- Finvision has discounted the company's cash flows using a weighted average cost of capital (WACC) of 13,06% of Crescent Group.
- The calculation is shown above and implies the following 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 implied EV/EBITDA FY22 multiple is in line with the peer group market multiples (see Appendix D).

Sensitivity analysis - Market equity value

Market equity value		*WACC*				
		11,06%	*12,06%*	*13,06%*	*14,06%*	*15,06%*
	0%	1 920	1 711	1 534	1 383	1 253
	1%	2 137	1 889	1 684	1 510	1 361
Long term growth rate	*2%*	2 401	2 103	**1 860**	1 657	1 485
	3%	2 732	2 364	2 071	1 830	1 630
	4%	3 155	2 690	2 328	2 039	1 802

The DCF model (based on realization of the management business plan), a WACC of 13,06% and a terminal value based on 2% terminal growth assumption, results into an estimated market equity value of LRM of 1,9 MEUR.

Appendices

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

A. List of abbreviations

BV(BA)	Besloten Vennootschap (met Beperkte Aansprakelijkheid)
c.	Circa
Capex	Capital Expenditure
CSL	Crescent Smart Lighting BV
EBIT	Earnings before Interest and Taxes
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
KEUR	Thousand Euro
LRM	Livereach Media Europe BVBA
MEUR	Million Euro
NV	Naamloze Vennootschap (type of limited liability company in Belgium)
P&L	Profit and loss statement
WACC	Weighted Average Cost of Capital
WC	Working Capital
YTD	Year-to-date

B. List of key documents reviewed

Documents provided by Crescent management

A. 3 year business plan Crescent Group

B. SPA draft Crescent Smart Lighting BV

C. SPA draft Livereach Media Europe BVBA

D. Crescent Smart Lighting BV interim trial balances

E. Melowes BVBA trial balance FY18 (1 Jan 2018 – 31 Dec 2018)

F. Livereach Media Europe interim trial balance (1 Jan 2019 – 31 Oct 2019)

G. Detailed budget FY20-FY24 Crescent Smart Lighting BV

H. SPA Melowes BVBA (NozonSolar)

I. NRE agreement public lighting Crescent Smart Lighting BVBA

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 Ezentis 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 sector Telecommunications Equipment.
- 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.

D. Peer group : valuation multiples

Peer group multiples

		EV / Net Sales								EV / EBITDA								EV / EBIT							
Company	EfCode	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
Spirent 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
Accton 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**	

Comments

- The obtained forecasted multiples in the valuation are below the mutliples of the peer group. However, given the size of the companies valued, the multiples can be considered reasonable.