

A network diagram with a world map background, featuring various icons in circles connected by lines, representing global connectivity and digital infrastructure. The icons include a truck, a satellite, a building, a location pin, a document, a server rack, a ship, a monitor, a laptop, a smartphone, a tractor, a plug, a microchip, a bicycle, a cloud with data points, a car, a radio tower, a robotic arm, a container, a credit card, and a server rack. The background is a dark blue world map with glowing blue lines connecting the nodes.

BDO CORPORATE FINANCE • BRUNO DUBOIS
CONFIDENTIAL



To the attention of Mr. Edwin Bex, CFO

Option NV
Gaston Geenslaan 14,
3001 Leuven, Belgium

Dear Mr. Bex,

Subject: Fairness opinion re equity value of Option NV

We enclose our Fairness Opinion report on the equity value of Option NV as at 31 December 2017 in accordance with the terms of the engagement letter dated 13 October 2017. This memorandum is confidential to the management or shareholders of Option NV. Our field work started on 21 November 2017 and was completed by 30 March 2018 and we have not updated our work since that date.

Yours faithfully,



Bruno Dubois
Partner, BDO Corporate Finance

PLAN



To navigate this memo on-screen

From this Contents page, click on the title of the section.

From any page, click on the BDO logo to return to this Contents page.

Section	Sub-section	Page(s)
<u>Abbreviations used</u>		4
<u>Mission overview</u>		5-6
<u>Scope of work</u>		7-8
<u>Sources of information</u>		9
<u>Company overview</u>		10
<u>Financial overview</u>	<u>Unaudited consolidated balance sheet</u>	11
	<u>Unaudited consolidated income statement</u>	12
	<u>Financial outlook</u>	13
<u>DCF Approach</u>	<u>Before any debt restructuring</u>	14
	<u>After contemplated debt & capital restructuring</u>	15
	<u>WACC Calculation</u>	16-17
	<u>Other assumptions</u>	18-19
<u>Multiple approach</u>	<u>EV/EBITDA</u>	20
	<u>EV/SALES</u>	21
	<u>Peer Group multiples</u>	22
<u>Conclusion of value</u>		23

ABBREVIATIONS USED

• BDO	BDO Corporate Finance (Belgium)
• CAPM	Capital Asset Pricing Model
• DCF	Discounted Cash-Flow
• E	Earnings
• EBIT	Earnings Before Interest and Taxes
• EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
• EUR	Euro
• EV	Enterprise Value
• FTE	Full Time Equivalent
• K	Thousand (e.g. KEUR: Thousand Euros)
• M	Million (e.g. MEUR: Million Euros)
• P	Price
• S	Sales
• SFP	Small Firm Premium
• WACC	Weighted Average Cost of Capital

MISSION OVERVIEW

- Mission realized by BDO Corporate Finance Belgium (hereafter « BDO ») for the management of Option NV, in accordance with the terms of our engagement letter dated 13 October 2017
- Valuation of 100% of the equity of Option NV (here after «Option», as at 31 December 2017:
 - Value: estimation of a market price at a particular time based on internal and external business information
 - Price: amount resulting from a negotiation between a buyer and a seller during a business transaction
- Fairness opinion report prepared for the management of Option NV in the context of a merger with Crescent NV (no other use allowed without the prior consent in writing of BDO). You informed us that the merger is contemplated in the context of a financial rescue operation for Option NV as Option has no viable future on a stand alone basis and that the further support of the major shareholders is made conditional upon the contemplated transaction.
- « Going concern » value (assuming business continuity and not, for example, a situation of liquidation or takeover) and « stand-alone » assumption (no consideration of potential synergies) but after due consideration that the company will benefit from the listing of the acquirer whereby the usual discount for lack of marketability of no listed shares is in this context neglected.

MISSION OVERVIEW (CONT'D)

- Principal steps of our valuation work:
 - Discussions with management of Option NV
 - Analysis of various corporate documents, including historical and prospective financial information with respect to the main subsidiaries of Crescent
 - Research and analysis of relevant industry, economic and market data
 - Application of the DCF and multiples methods to develop estimates of fair market value of Option
- Valuation work carried out in the period from 21 November 2017 to 30 March 2018 (memorandum not updated since that date) based on information and explanations made available to us during this period by the management of Option NV
- Amounts in EUR unless stated otherwise

SCOPE OF WORK

- Our work in connection with this assignment is of a different nature to that of an audit. Our valuation analysis and recommendations of value are based on historical and prospective information and financial data provided by the management of Option, discussions with the said management and publicly available information. We have not sought to verify the accuracy and completeness of the data or the information and explanations provided by the management of Option. Furthermore, we understand that any prospective information provided is based on expectations of competitive and economic environments as they may impact the future operations, and the management of Option have consistently applied key assumptions during the estimation period and not omitted any factors that may be relevant. In addition, the management understand that any such omissions or misstatements may materially affect our views on valuation.
- This Report was prepared on the specific instructions of the management of Option NV, solely for the purpose described before, and should not be relied upon for any other purpose. It should not be quoted, referred to or shown to any other parties, without our prior consent in writing. BDO assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this Report to parties other than the Management. If others choose to rely in any way on the contents of this Report, they do so entirely at their own risk.
- Our valuation work was carried out in the period from 21 November 2017 to 30 March 2018 and our Report reflects the information and explanations made available to us during this period by the management of Option. We have not updated our work since that date. In these circumstances, we may not be aware of all facts or information that you may regard as relevant.

SCOPE OF WORK (CONT'D)

- This Report was prepared on the basis of the sources of information listed in the following section. BDO has relied upon written representation provided by the management of Option that the facts stated in this Report, so far as they are aware of, are accurate in all material respects and that they are not aware of any material matters relevant to our terms of reference which have been excluded.

SOURCES OF INFORMATION

- Principal sources of information :
 - Public information available on the company
 - [Unaudited] 'Option Report Full Year 2017 Results'
 - The February 2018 version of a 3 years' business plan [OPTION Budget 18 V 2018 1902]
 - Detail of the contemplated capital restructuring (Contribution of Crescent NV shares and debt conversions)
 - Discussions with the management of Option NV
- Information accepted as proper representations of Option's operations, without investigating the accuracy or completeness of the data provided to us.

COMPANY OVERVIEW

- Otion NV is a publicly quoted technology company, headquartered in Leuven, Belgium. Option originally specializes in the design, development, production and commercialization of broadband wireless technology devices. After years of significant financial difficulties, the company shifted its focus to wireless solutions enabling Machine to Machine (M2M) communication. The company is presently pursuing a drastic restructuring plan with the view of allowing a complete turn-around. Within the framework of this turn-around, a merger with Crescent NV is contemplated along with a further reduction of the company indebtedness through conversions of old bonds and other bridge loans.
- The contemplated restructuring measures were considered as essential to the survival of the company.

FINANCIAL OVERVIEW

UNAUDITED CONSOLIDATED BALANCE SHEET AS OF 31/12/2017

	Dec 31, 2017	Dec 31, 2016
Assets		
Intangible assets	86	427
Property, plant and equipment	23	20
Other financial assets	1	137
Other non current assets	45	9
Total non-current assets	155	593
Inventories	432	619
Trade and other receivables	780	1.103
Cash and cash equivalents	480	774
Income tax receivable	15	19
Total current assets	1.707	2.515
Total assets	1.862	3.108
Liabilities and shareholders' value		
Equity	-13.957	-35.098
Financial debt	7.438	27.076
Provisions	138	-
Total non-current liabilities	7.576	27.076
Financial debt	1.784	1.984
Trade and other payables	5.174	7.481
Provisions	191	422
Taxes payable	1.094	1.243
Total current liabilities	8.243	11.130
Total liabilities and shareholders'	1.862	3.108

FINANCIAL OVERVIEW

UNAUDITED CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December	2017	2016
Revenue		5.246	4.210
<i>Product revenue</i>		5.246	4.210
Cost of products sold		-2.546	-2.297
Gross Margin		2.700	1.913
Research and development		-1.866	-2.673
Sales, marketing & reoyalty expenses		-690	-1.394
General and administrative expenses		-2.079	-3.435
Total Operating expenses		-4.635	-7.502
Profit/ (loss from operations)		-1.935	-5.589
Deprexciation, amortization and impairment losses		499	1.315
EBITDA		-1.436	-4.274
Result from operations		-1.935	-5.589
Finance costs		-298	-3.013
Finance income		1.274	340
Finance result net		976	-2.673
Profit/(loss) before income tax		-959	-8.262
Income tax benefits / (expenses)		-	1
Net result of the period		-959	-8.261
Result of the discontinued operations		-	340
Net result of the period attributable to the owners of the company		-959	-7.921

FINANCIAL OVERVIEW

FINANCIAL OUTLOOK

For the year ended 31 December	Actual 2017	Business plan		
		2018	2019	2020
Revenue	5.246	5.862	6.579	7.400
Product revenue	5.246	5.862	6.579	7.400
Cost of products sold	-2.546	-2.897	-3.338	-3.845
Gross Margin	2.700	2.965	3.241	3.555
Operating expenses	-4.635	-3.219	-2.819	-2.822
Profit/ (loss from operations)	-1.935	-254	422	733
Depreciation, amortization and impairment losses	499	91	5	5
EBITDA	-1.436	-163	427	738
Result from operations	-1.935	-254	422	733
Net financial results	976	-68	-77	-46
Non-recurring expenses	-	-218	-	-
Profit before tax	-959	-540	345	687
Income tax	-	-	-	-
Profit before tax	-959	-540	345	687
Capex		-	-	-
Change in working capital needs		-295	-143	-164

- Figures were extracted from business plans prepared by the management of Option
- No Capex as development costs are not capitalized
- Perpetuity is based upon 2020 + 2% LTGR and EBITDA of the latest period (rounded).
- No Income tax as huge tax recoverable losses available (in excess of 130 MEUR)
- Assumptions for change in working capital were derived from discussions with the management (2 months of sales on average)

DCF Approach - Result -

Before any debt restructuring

		WACC						
		9,0%	10,0%	11,0%	12,0%	13,0%	14,0%	15,0%
Long term growth rate	3,0%	24.483	22.127	20.277	18.769	17.505	16.422	15.477
	2,5%	23.680	21.556	19.856	18.449	17.255	16.223	15.317
	2,0%	22.992	21.057	19.481	18.160	17.028	16.041	15.169
	1,5%	22.396	20.618	19.147	17.900	16.821	15.874	15.032
	1,0%	21.875	20.227	18.846	17.663	16.632	15.720	14.906

Enterprise value 18.160

Cash	480
Convertible debt	-500
Other financial debt	-678
Bridge loans	-6.260
Current installments LT Debt	-1.784
RV bridge loans	-325
Provision	-138
Interests payable	-70
Arrears	-2.433
Termination indemnity (March 2018)	-218

Equity value 31-12-2017 6.234

- The contemplated debt restructuring plan is now finalized and will result in the conversion/contribution of most of the financial debts and accrued interest thereon.

DCF Approach - Result -

After contemplated debt & capital restructuring

		Committed conversion	Additional bridge committed for conversion	
Enterprise value	18.160			18.160
Cash	480		1.683	2.163
Convertible debt	-500	500		-
Other financial debt	-678	678		-
Bridge loans	-6.260	6.260		-
Current installments LT Debt	-1.784	1.784		-
RV bridge loans	-325	325		-
Provision	-138			-138
Interests payable	-70	70		-
Arrears	-2.433			-2.433
Termination indemnity (March 2018)	-218			-218
Equity value 31-12-2017	6.234	9.617	1.683	17.534

The additional conversion is due to additional bridge financing during the first quarter 2018. From the total contribution of 11.300 KEUR, 9,617 KEUR (committed conversion) is included in the balance sheet as of December 31, 2017.

DCF Approach - WACC calculation

Tax rate	30%	E/D ratio
Riskfree Rate	1,72% Olo 30 years	
Market premium	7,13% DegroofPetercam 12/2017	
Beta unlevered	74,5% Zenitel regional peers unlevered 5 years' horizon	
Beta levered	83,0%	
Small Firm Premium	6% note: Ibbotson approach lowest market cap companies => 6,3%	
COE	13,6%	86%
Gross cost of Debt	4,9% 20 year european B+ rated composite Corporate Bonds	
Net of tax (30%)	3,4%	
Gearing (D/D+E)	16%	14%
WACC	12,0%	
LT Growth rate	2%	

Tax rate considered is the rate applicable for financial year 2018

DCF Approach - WACC calculation

Gearing & Beta benchmark

Created : 04 Dec 2017

Betas for Zenitel NV

				Levered Beta			Unlevered Beta			In local cur			
Company	EfCode	Country	Reference Index	1-Year	3-Year	5-Year	1-Year	3-Year	5-Year	Debt	Market cap	D/(D+E)	E/(D+E)
Zenitel NV	30029EB	BEL	BEL 20	0,18	0,25	0,20	0,28	0,40	0,31	2.395	44.876	5,1%	94,9%
Peer Median				0,61	0,78	0,78	0,62	0,65	0,75				
LM Ericsson Telefon AB	01439SS	SWE	OMXS30	1,88	0,99	1,02	2,01	1,06	1,09	31.043	173.262	15,2%	84,8%
Grupo Ezentis SA	20124EE	ESP	IBEX 35	1,08	1,29	1,23	0,75	0,89	0,85	118.245	153.174	43,6%	56,4%
Nokia Oyj	90006SF	FIN	OMXH25	1,67	1,23	1,50	1,97	1,46	1,77	3.845	23.651	14,0%	86,0%
Ascom Holding AG	30008ES	CHE	SMI	0,60	0,78	0,81	0,62	0,80	0,83	25.100	843.695	2,9%	97,1%
NextGenTel Holding ASA	30301SN	NOR	OBX	0,09	0,22		0,06	0,15		237.343	444.399	34,8%	65,2%
Telefonica Deutschland Holding...	40700ED	DEU	DAX 30	0,73	0,81	0,71	0,61	0,67	0,59	2.259	11.690	16,2%	83,8%
Millicom International Cellula...	30041EB	LUX	OMXS30	0,61	0,86	0,89	1,96	N/M	N/M	35.439	54.989	39,2%	60,8%
Bredband2 i Skandinavien AB	30454SS	SWE	OMXS30	0,29	0,20	0,15	0,31	0,21	0,16	5.998	713.690	0,8%	99,2%
Option NV	30109EB	BEL	BEL 20	N/M	-0,35	-0,13	-0,22	-0,13	-0,05	8.250	16.981	32,7%	67,3%
RTX A/S	30230SD	DNK	OMXC20	0,58	0,82	0,72	0,64	0,91	0,80	-	1.359.116	0,0%	100,0%
Doro AB	30234SS	SWE	OMXS30	0,01	0,71	0,78	0,01	0,63	0,69	-	1.076.113	0,0%	100,0%
Iliad SA	30867EF	FRA	CAC 40	0,80	0,58	0,48	0,73	0,53	0,44	1.923	11.519	14,3%	85,7%
IndigoVision Group plc	31866EX	GBR	BATS UK 100	-0,08	0,27	0,20	0,00	0,01	0,01		9	0,0%	100,0%
ADVA AG Optical Networking	30318ED	DEU	DAX 30	1,85	0,94	0,89	2,06	1,04	0,98	50	293	14,6%	85,4%
Manx Telecom Plc	40287EX	GBR	BATS UK 100	-0,20	-0,05		-0,17	-0,04		69	222	23,8%	76,2%
Median												14,4%	85,6%
												Gearing	16,9%

Copyright © 2017 - Infront Analytics - All Rights Reserved

DCF Approach - Other assumptions 1/2

- EBITDA figures of from the business plans 2018-2020 as prepared by the management
- We added the following assumptions:
 1. Working capital assumptions: 2 months of sales
 2. Capex: no capex! No R&D capitalized nor any CAPEX in tangible assets

DCF Approach - Other assumptions 2/2

- Terminal value:
 1. EBITDA for perpetuity purpose based on latest year performance (rounded)
 2. Depreciation equal to the CAPEX : 0
 3. No income tax applied to projected EBIT as extremely high value of tax losses. Well applied for the perpetuity as a deferred tax in include in the residual value
- Residual tax recoverable losses after explicit period (in excess of 130 MEUR) has been capitalized as deferred tax asset and incorporated in the terminal value. As a matter of precaution, we suggest to consider a deferred tax asset on a maximum of 50% of the tax recoverable losses after explicit period. Considering the probable tax rate (25%) at the 2020 horizon, an amount of 16.3 MEUR is included in the terminal value.

Multiple approach - EV/EBITDA

	REBITDA	multiples	Discount	EV		
2016	-	13,08	0%			
2017	-	9,34	0%	-		
2018	655	8,22	0%	5.388		
2019	908	7,07	0%	6.417		
2020	1.255	5,29	0%	6.636		
Average EV				4.610		4.610
Cash				480		1.683
Convertible debt				-500	500	-
Other financial debt				-678	678	-
Bridge loans				-6.260	6.260	-
Current installments LT Debt				-1.784	1.784	-
RV bridge loans				-325	325	-
Provision				-138		-138
Interests payable				-70	70	
Arrears				-2.433		-2.433
Termination indemnity (March 2018)				-218		-218
Deferred tax asset				9.750		9.750
Equity value 31-12-2017				2.434	9.617	1.683
						13.734

- 2017 REBITDA not considered as negative or close to nil (no precise calculation available at this stage)

Committed
conversion

Additional bridge
committed for
conversion

Multiple approach - EV/SALES

	Sales	multiples	Discount	EV		
2016	-	0,83	0%			
2017	5.246	0,80	0%	4.197		
2018	7.016	0,80	0%	5.613		
2019	7.873	0,81	0%	6.377		
2020	8.855	0,84	0%	7.438		
	Average EV			5.906		5.906
	Cash			480		1.683
	Convertible debt			-500	500	-
	Other financial debt			-678	678	-
	Bridge loans			-6.260	6.260	-
	Current installments LT Debt			-1.784	1.784	-
	RV bridge loans			-325	325	
	Provision			-138		-138
	Interests payable			-70	70	
	Arrears			-2.433		-2.433
	Termination indemnity (March 2018)			-218		-218
	Deferred tax asset			9.750		9.750
	Equity value 30-9-2017			3.730	9.617	1.683
						15.030

Market multiple Approach - Assumptions

- Equity value is calculated considering the committed debt conversion and including 2018 additional bridge financing
- Residual tax recoverable losses (+/- 130 MEUR) has been capitalized as deferred tax asset and added to the enterprise value as non operating asset. As a matter of prudence, we considered a deferred tax asset on a maximum of 30% of the tax recoverable losses. Considering the probable tax rate (25%) at the 2020 horizon, the deferred tax asset recognized amounts to 9,8 MEUR.

Multiple approach - Peer Group Multiples

Created : 28 Nov 2017

Forecast Multiples for Option NV

		Market Cap	E.V	EV / Net Sales				EV / EBITDA			
Company	EfCode	Current (in millions EUR)		2017 (e)	2018 (e)	2019 (e)	2020 (e)	2017 (e)	2018 (e)	2019 (e)	2020 (e)
Option NV	30109EB	15	44	4,86	3,65	N/A	N/A	N/M	28,81	N/A	N/A
Peer Median		228	245	0,80	0,80	0,81	0,84	9,34	8,22	7,07	5,29
Nokia Oyj	90006SF	24.052	19.634	0,86	0,89	0,86	0,85	6,55	6,64	5,84	4,54
Doro AB	30234SS	113	131	0,65	0,60	0,57	N/A	7,33	5,16	5,42	N/A
LM Ericsson Telefon AB	01439SS	17.921	15.536	0,77	0,80	0,81	0,82	N/M	9,77	7,07	6,03
Ascom Holding AG	30008ES	677	655	2,45	2,33	2,19	2,01	17,06	14,48	12,32	10,48
Grupo Ezentis SA	20124EE	149	251	0,62	0,57	0,54	N/A	6,61	5,70	5,21	N/A
RTX A/S	30230SD	199	172	2,95	2,68	2,44	N/A	17,57	15,33	13,48	N/A
Telit Communications S.p.A.	32816EX	228	245	0,75	0,66	0,63	0,61	6,63	4,70	4,15	3,57
Spirent Communications plc	01562EX	696	605	1,58	1,51	1,41	1,33	9,96	8,77	7,98	7,84
HF Company SA	30567EF	30	12	0,27	0,25	0,22	0,17	235,73	4,73	3,47	2,00
HMS Networks AB	30682SS	610	652	5,42	4,78	4,24	N/A	23,37	20,58	17,82	N/A
Parrot SA	40036EF	257	70	0,44	0,38	0,33	N/A	N/M	N/M	7,50	N/A
Amino Technologies plc	32544EX	154	146	1,64	1,57	1,40	N/A	8,96	8,44	7,21	N/A
Bredband2 i Skandinavien AB	30454SS	74	67	1,27	1,09	0,95	N/A	10,29	8,00	6,29	N/A
CS Communication & Systemes SA	90134EF	109	148	0,80	0,76	0,73	N/A	9,34	9,04	8,79	N/A
ADVA AG Optical Networking	30318ED	286	260	0,50	0,46	0,44	N/A	5,27	4,24	3,88	N/A

Copyright © 2017 - Infront Analytics - All Rights Reserved

Historical fundamental data provided by WVB, Inc

Earnings estimates data provided by FactSet

CONCLUSION OF VALUE

- Fair market value for 100% of the equity of Option NV estimated at 16 MEUR as of the Valuation Date after due consideration for the contemplated capital restructuring (debt conversions)

DCF	17.534	50%
EV/EBITDA	13.734	25%
EV/Sales	15.030	25%
Weighted average	15.958	