

XSTREAM A/S

Borupvang 3, 2750 Ballerup

Company reg. no. 33 08 25 09

Annual report

1 February 2019 - 31 January 2020

The annual report was submitted and approved by the general meeting on the 23 October 2020.

Michael David Prinn

Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 February 2019 - 31 January 2020	
Accounting policies	7
Income statement	13
Statement of financial position	14
Notes	16

Management's report

Today, the board of directors and the managing director have presented the annual report of XSTREAM A/S for the financial year 1 February 2019 - 31 January 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 January 2020 and of the company's results of activities in the financial year 1 February 2019 – 31 January 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Ballerup, 22 October 2020

Managing Director

Michael David Prinn

Board of directors

Kathleen Mary Mosher

Michael David Prinn

Elaine Ann Martel

Independent auditor's report

To the shareholders of XSTREAM A/S

Opinion

We have audited the financial statements of XSTREAM A/S for the financial year 1 February 2019 - 31 January 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 January 2020 and of the results of the company's activities for the financial year 1 February 2019 - 31 January 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Aabyhøj, 22 October 2020

BRANDT

State Authorized Public Accounting Firm
Company reg. no. 25 49 21 45

John Lindholm Bode

State Authorised Public Accountant
mne32840

Company information

The company

XSTREAM A/S

Borupvang 3

2750 Ballerup

Company reg. no. 33 08 25 09

Established: 24 August 2010

Domicile: Ballerup

Financial year: 1 February - 31 January

Board of directors

Kathleen Mary Mosher

Michael David Prinn

Elaine Ann Martel

Managing Director

Michael David Prinn

Auditors

BRANDT

Statsautoriseret Revisionspartnerselskab

Søren Frichs Vej 36 L

8230 Aabyhøj

Management commentary

The principal activities of the company

The Company's primary activities are development, sales, marketing and operation of an Online Video Platform and related activities for the OTT and TV Everywhere industry.

Uncertainties about recognition or measurement

The Company has significant deferred tax assets of DKK 7.244.852 concerning tax loss carryforwards which has not been recognised based on the uncertainty of the situation.

Development in activities and financial matters

The gross loss for the year totals DKK -1.880.827 against DKK -1.105.267 last year. Income or loss from ordinary activities after tax totals DKK -10.123.336 against DKK -4.700.129 last year.

Management recognises that the equity is lost at 31 January 2020. Management expects to reestablish the equity by positive results within coming years, or take other measures if necessary.

The result during the period was slightly below our expectations as some of our opportunities took more time to close than expected.

Xstream North America Inc. the company was dissolved as of September 18, 2019.

Xstream Asia Pte Ltd the company was dissolved as of April 4, 2019.

Events occurring after the end of the financial year

Mr. Peter Faubert left the company. Two members of Board of Directors resigned and were replaced by Kathleen Mosher and Michael Prinn. Ms. Mosher was appointed Chairman of the Board.

The directors are of the opinion that the company remains a going concern and that COVID-19 will not have a significant impact on the future financial performance.

Other than the above, no events have occurred after the balance sheet date to this date, which influence the evaluation of this annual report.

Accounting policies

The annual report for XSTREAM A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Non-comparability

The Company has changed the accounting year to 1 February to 31 January, why an annual report for one month has been prepared in the comparative figures..

Changes in the accounting policies

Accounting policies have been changed to measure investments i subsidiaries, which are now measured at cost price. Management considers that this practice gives a true and fair view. This has a posetively effect on profit for the year with TDKK 126, while equity is positively affected with TDKK 8,803.

Last year the profit and the equity is affected positively with TDKK 130 and negatively TDKK 8,929 respectively.

Comparative figures have been adjusted.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Accounting correction

An accounting correction has been made regarding expenses incurred in connetcion with the new parent company's takeover of the company. The expenses were incorrectly recognized in the company's result in the last financial year.

The error is corrected as a fundamental error. The correction has effected the equity positively with TDKK 1,915 this year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

Income statement

Gross loss

Gross loss comprises the revenue and other external costs.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises and loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Dividend from equity investments is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress and acquired intellectual property rights.

Accounting policies

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs that are directly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in group enterprises and associates

Equity investments in group enterprises and associates are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 February - 31 January

All amounts in DKK.

<u>Note</u>	<u>2019/20</u>	<u>2018/19</u>
Gross loss	-1.880.827	-1.105.267
2 Staff costs	-654.777	-2.894.963
Depreciation, amortisation, and impairment	-9.034.233	-739.241
Operating profit	-11.569.837	-4.739.471
Other financial income	148.565	2.465
Impairment of financial assets	152.772	-2.645
3 Other financial costs	-531.729	-120.342
Pre-tax net profit or loss	-11.800.229	-4.859.993
Tax on net profit or loss for the year	1.676.893	159.864
Net profit or loss for the year	-10.123.336	-4.700.129
 Proposed appropriation of net profit:		
Allocated from retained earnings	-10.123.336	-4.700.129
Total allocations and transfers	-10.123.336	-4.700.129

Statement of financial position at 31 January

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
4 Completed development projects, including patents and similar rights arising from development projects	0	9.000.000
Total intangible assets	0	9.000.000
5 Other fixtures and fittings, tools and equipment	0	62.977
Total property, plant, and equipment	0	62.977
6 Equity investments in group enterprises	8.971	14.678
Deposits	4.500	51.900
Total investments	13.471	66.578
Total non-current assets	13.471	9.129.555
Current assets		
Trade receivables	2.724.220	3.450.532
Receivables from group enterprises	0	23.250
Income tax receivables	0	1.006.841
Other receivables	159.432	634.938
Prepayments and accrued income	124.489	402.700
Total receivables	3.008.141	5.518.261
Cash on hand and demand deposits	2.051.700	3.139.806
Total current assets	5.059.841	8.658.067
Total assets	5.073.312	17.787.622

Statement of financial position at 31 January

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
7	Contributed capital	2.540.217	2.540.217
8	Retained earnings	-34.420.760	-26.342.313
	Total equity	-31.880.543	-23.802.096
Provisions			
	Provisions for deferred tax	0	1.863.749
	Total provisions	0	1.863.749
Liabilities other than provisions			
	Bank loans	0	12.167.981
	Prepayments received from customers	189.088	1.671.192
	Trade payables	3.034.686	3.292.863
	Payables to group enterprises	33.181.438	17.736.070
	Other payables	548.643	4.857.863
	Total short term liabilities other than provisions	36.953.855	39.725.969
	Total liabilities other than provisions	36.953.855	39.725.969
	Total equity and liabilities	5.073.312	17.787.622

1 Uncertainties concerning the enterprise's ability to continue as a going concern

9 Mortgages and securities

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

Management recognises that the equity is lost at 31 January 2020. Management has stated that it expects to re-establish the equity by a Restructuring Program launched in the group. Existing cash and investments and cash expected to be provided by future operating activities, are adequate to satisfy working capital and other contractual obligations for at least the next 12 months.

The Parent company SeaChange International has confirmed to provide Xstream A/S with necessary cash to meet its obligations as the fall due. The letter is irredeemable one year forward.

2. Staff costs

Salaries and wages	645.019	394.494
Pension costs	6.610	2.497.374
Other costs for social security	568	379
Other staff costs	2.580	2.716
	<u>654.777</u>	<u>2.894.963</u>
Average number of employees	<u>1</u>	<u>2</u>

3. Other financial costs

Other financial costs	<u>531.729</u>	<u>120.342</u>
	531.729	120.342

4. Completed development projects, including patents and similar rights arising from development projects

Cost 1 February 2019	36.973.466	36.235.678
Additions during the year	<u>0</u>	<u>737.788</u>
Cost 31 January 2020	<u>36.973.466</u>	<u>36.973.466</u>
Amortisation and writedown 1 February 2019	-27.973.466	-27.235.678
Amortisation and depreciation for the year	-3.063.362	-737.788
Impairment loss for the year	<u>-5.936.638</u>	<u>0</u>
Amortisation and writedown 31 January 2020	<u>-36.973.466</u>	<u>-27.973.466</u>
Carrying amount, 31 January 2020	<u>0</u>	<u>9.000.000</u>

Notes

All amounts in DKK.

	<u>31/1 2020</u>	<u>31/1 2019</u>
5. Other fixtures and fittings, tools and equipment		
Cost 1 February 2019	1.991.353	1.991.353
Cost 31 January 2020	1.991.353	1.991.353
Depreciation and writedown 1 February 2019	-1.928.376	-1.926.923
Amortisation and depreciation for the year	-15.987	-1.453
Impairment loss for the year	-46.990	0
Depreciation and writedown 31 January 2020	-1.991.353	-1.928.376
Carrying amount, 31 January 2020	0	62.977
6. Equity investments in group enterprises		
Cost 1 February 2019	14.678	14.678
Disposals during the year	-5.707	0
Cost 31 January 2020	8.971	14.678
Carrying amount, 31 January 2020	8.971	14.678
7. Contributed capital		
Contributed capital 1 February 2019	2.540.217	2.540.217
	2.540.217	2.540.217
8. Retained earnings		
Retained earnings 1 February 2019	-26.211.996	-21.642.184
Retained earnings for the year	-10.123.336	-4.700.129
Correction of fundamental errors	1.914.572	0
	-34.420.760	-26.342.313

Notes

All amounts in DKK.

9. Mortgages and securities

Bank loans are secured by a floating charge of DKK 5,000k comprising goodwill, development projects, acquired intangible assets, other fixtures and fittings, tools and equipment and trade receivables. The carrying amounts of the assets are DKK 2,724k.

	DKK in thousands
Inventories	0
Trade receivables	2.724