

CapHold X ApS

Borupvang 3

2750 Ballerup

Central Business Registration No

35647678

Annual report 2017

The Annual General Meeting adopted the annual report on 29.05.2018

Chairman of the General Meeting

Name: Ulrik Nicolai Jungersen

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Entity details

Entity

CapHold X ApS
Borupvang 3
2750 Ballerup

Central Business Registration No: 35647678
Registered in: Ballerup
Financial year: 01.01.2017 - 31.12.2017

Executive Board

Jens Thøger Hansen
Ulrik Nicolai Jungersen
Erik Balleby Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of CapHold X ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 29.05.2018

Executive Board

Jens Thøger Hansen

Ulrik Nicolai Jungersen

Erik Balleby Jensen

Independent auditor's report

To the shareholders of CapHold X ApS

Opinion

We have audited the financial statements of CapHold X ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 Entity'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 use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, 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 conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification number (MNE) mne32127

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification number (MNE) mne34143

Management commentary

Primary activities

The Company's primary activities comprise investing and owning shares in other companies.

Development in activities and finances

The income statement shows a loss of DKK 29.854k. The balance sheet shows equity of DKK 25.811k.

The subsidiary Xstream A/S generated unsatisfactory results in 2017.

During the year, Xstream A/S went through organizational changes to improve focus and performance. Major focus was directed towards existing customer base with an emphasis on entering into a new contractual agreement with its largest customer Canal Digital. An agreement was concluded in November 2017.

Management of Xstream A/S has focused on building a stronger sales pipeline with expectations to on-board new customers during calendar year 2018.

Corporate governance

The Company is part of a group in which the Danish private equity fund Capidea is a majority shareholder.

Companies owned by private equity funds and presenting the annual report after the provisions applying to reporting class C large entities are to incorporate DVCA's (Danish Venture Capital Association) guidelines for corporate governance.

The Company presents the annual report in accordance with the provisions applying to class B entities and is, therefore, not fully covered by the DVCA's guidelines but has voluntarily chosen to present additional relevant information.

Capidea is presented by the partner Mr. Ulrik Nicolai Jungersen on the Board.

Uncertainty relating to recognition and measurement

Based on the development of the activities in the subsidiary, the Company has tested the investment for impairment. Based on the impairment test, Management has recognised impairment losses relating to goodwill of DKK 20.000k.

In relation to the Company's investments in unlisted companies, measurement will depend on both entity specific matters, including growth potential, performance, risks, etc as well as market-related matters including demand for the industry in question, etc.

Consequently, the measurement of investments and related goodwill is subject to estimates and uncertainties. The evaluation of the measurement of the investment is based on a discounted cash flow model which is specifically sensitive to the inputs of expected future cash flows, WACC, terminal growth etc.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Other external expenses		(11.625)	(11.625)
Operating profit/loss		(11.625)	(11.625)
Income from investments in group enterprises		(28.528.413)	(32.470.440)
Other financial expenses	2	(1.688.239)	(1.603.696)
Profit/loss before tax		(30.228.277)	(34.085.761)
Tax on profit/loss for the year	3	373.975	192.796
Profit/loss for the year		(29.854.302)	(33.892.965)
Proposed distribution of profit/loss			
Retained earnings		(29.854.302)	(33.892.965)
		(29.854.302)	(33.892.965)

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Investments in group enterprises		54.446.597	82.327.273
Fixed asset investments	4	<u>54.446.597</u>	<u>82.327.273</u>
Fixed assets		<u>54.446.597</u>	<u>82.327.273</u>
Receivables from group enterprises		48.750	48.750
Income tax receivable	5	356.534	193.096
Joint taxation contribution receivable		17.436	0
Receivables		<u>422.720</u>	<u>241.846</u>
Cash		<u>749.429</u>	<u>558.629</u>
Current assets		<u>1.172.149</u>	<u>800.475</u>
Assets		<u>55.618.746</u>	<u>83.127.748</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		11.272.259	11.272.259
Retained earnings		14.538.329	43.744.894
Equity		25.810.588	55.017.153
Debt to other credit institutions		25.000.000	25.000.000
Non-current liabilities other than provisions	6	25.000.000	25.000.000
Current portion of long-term liabilities other than provisions	6	4.784.908	3.098.970
Payables to group enterprises		7.125	0
Other payables		16.125	11.625
Current liabilities other than provisions		4.808.158	3.110.595
Liabilities other than provisions		29.808.158	28.110.595
Equity and liabilities		55.618.746	83.127.748
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	11.272.259	43.744.894	55.017.153
Exchange rate adjustments	0	647.737	647.737
Profit/loss for the year	0	(29.854.302)	(29.854.302)
Equity end of year	11.272.259	14.538.329	25.810.588

Notes

1. Uncertainty relating to recognition and measurement

Based on the development of the activities in the subsidiary, the Company has tested the investment for impairment. Based on the impairment test, Management has recognised impairment losses relating to goodwill of DKK 20,000k.

In relation to the Company's investments in unlisted companies, measurement will depend on both entity specific matters, including growth potential, performance, risks, etc as well as market-related matters including demand for the industry in question, etc.

Consequently, the measurement of investments and related goodwill is subject to estimates and uncertainties. The evaluation of the measurement of the investment is based on a discounted cash flow model which is specifically sensitive to the inputs of expected future cash flows, WACC, terminal growth etc.

	2017	2016
	DKK	DKK
2. Other financial expenses		
Interest expenses	<u>1.688.239</u>	<u>1.603.696</u>
	<u>1.688.239</u>	<u>1.603.696</u>
	2017	2016
	DKK	DKK
3. Tax on profit/loss for the year		
Tax on current year taxable income	(356.534)	(193.096)
Adjustment concerning previous years	(5)	300
Refund in joint taxation arrangement	<u>(17.436)</u>	<u>0</u>
	<u>(373.975)</u>	<u>(192.796)</u>

Notes

	Investments in group enterprises DKK
4. Fixed asset investments	
Cost beginning of year	134.541.799
Cost end of year	134.541.799
Impairment losses beginning of year	(52.214.526)
Exchange rate adjustments	647.737
Amortisation of goodwill	(5.589.442)
Impairment losses relating to goodwill	(20.000.000)
Share of profit/loss for the year	(2.938.971)
Impairment losses end of year	(80.095.202)
Carrying amount end of year	54.446.597

The carrying amount of goodwill is DKK 50,181k.

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Xstream A/S	Ballerup	A/S	89,7
Xstream Spółka z.o.o.	Poland	z.o.o.	89,7
Xstream Inc.	United States	Inc.	89,7
Xstream Asia Pte. Ltd.	Singapore	Ltd.	89,7

5. Income tax receivable

Tax receivable and current tax in the income statement represent the expected tax credit to be received based on the tax value of the development activities in the joint taxation in proportion to the total tax loss in the joint taxation for the income year 2017, according to the tax credit system.

Notes

	Instalments within 12 months 2017 DKK	Instalments within 12 months 2016 DKK	Instalments beyond 12 months 2017 DKK	Outstanding after 5 years DKK
6. Liabilities other than provisions				
Debt to other credit institutions	4.784.908	3.098.970	25.000.000	25.000.000
	4.784.908	3.098.970	25.000.000	25.000.000

The current portion relates to accrued interests.

7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which TopCap X ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2014 for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
TopCap X ApS, Ballerup

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses and fees.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Accounting policies

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

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Bjørn Winkler Jakobsen

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