

Instamic IVS

Nupark 51

DK-7500 Holstebro

CVR No. 37756334

Annual Report 2018

3. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 23 May 2019

Michele Baggio
Chairman

Instamic IVS

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Instamic IVS

Management's Statement

Today, Management has considered and adopted the Annual Report of Instamic IVS for the financial year 1 January 2018 - 31 December 2018.

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 assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

San Francisco, 23 May 2019

Executive Board

Michele Baggio

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Auditor's Report on Compilation of Financial Statements

To the day-to-day management of Instamic IVS

We have compiled the Financial Statements of Instamic IVS for the financial year 1 January 2018 - 31 December 2018 based on the Company's bookkeeping and other information provided by it.

The Financial Statements comprise Accounting Policies, Income Statement, Balance Sheet and Notes.

We have completed the engagement of Compiling Financial Information in accordance with The International Standards on Related Services, ISRS 4410 (Revised), Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions in the Danish Act on Auditors and Audit Firms as well as Danish Auditors' (FSR) ethical rules for auditors, including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement regarding financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have given us in order for us to compile the Financial Statements. Accordingly, we do not express an audit or review opinion on whether the Financial Statements are prepared in accordance with the Danish Financial Accounts Act.

Holstebro, 23 May 2019

Klar Revision Statsautoriseret Revisionsanpartsselskab

CVR-no. 35827943

Henrik Lund

State Authorised Public Accountant

mne31447

Instamic IVS

Company details

Company	Instamic IVS Nupark 51 DK-7500 Holstebro
Telephone	US +1 415 351 9169
Website	www.instamic.io
CVR No.	37756334
Date of formation	24 May 2016
Financial year	1 January 2018 - 31 December 2018
Executive Board	Michele Baggio
Auditors	Klar Revision Statsautoriseret Revisionsanpartsselskab Nupark 51 7500 Holstebro CVR-no.: 35827943
Bank	Spar Nord Bank A/S Hostrupsvej 6 DK-7500 Holstebro

Management's Review

The Company's principal activities

The Company's principal activities consist in - together with the parent company - the development of "the world's smartest Microphone". The pretext "smart" covers a wide range of features, which really makes the product smart compared to competing products.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK -254.461 and the Balance Sheet at 31 December 2018 a balance sheet total of DKK 656.163 and an equity of DKK 492.923.

Material changes in the Company's operations and financial matters

There have been no significant changes in the company's activities.

Accounting Policies

Reporting Class

The Annual Report of Instamic IVS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the option of individual rules from reporting class C.

The accounting policies applied remain unchanged from last year.

Reporting currency

The Annual Report is presented in Danish kroner.

General Information

Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

Other external expenses

Other external expenses comprise expenses regarding administration.

Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing

Accounting Policies

assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life	Residual value
Completed development projects	5 years	0%

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance Sheet

Intangible assets

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs are calculated at the costs directly incurred and a share of the costs attributable to the individual development projects.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for development costs corresponds to the value of capitalized development costs less deferred tax.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation

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Accounting Policies

applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Financial liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

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Income Statement

	Note	2018 DKK	2017 DKK
Gross profit		-450	-812
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-325.732	-325.732
Profit from ordinary operating activities		-326.182	-326.544
Finance expences		-39	-1.631
Profit from ordinary activities before tax		-326.221	-328.175
Tax expense on ordinary activities		71.760	66.840
Profit		-254.461	-261.335
Proposed distribution of results			
Other statutory reserves		-254.071	-254.071
Retained earnings		-390	-7.264
Distribution of profit		-254.461	-261.335

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Balance Sheet as of 31 December

	Note	2018 DKK	2017 DKK
Assets			
Completed development projects		<u>651.467</u>	<u>977.199</u>
Intangible assets		<u>651.467</u>	<u>977.199</u>
Fixed assets		<u>651.467</u>	<u>977.199</u>
Cash and cash equivalents		<u>4.696</u>	<u>5.146</u>
Current assets		<u>4.696</u>	<u>5.146</u>
Assets		<u>656.163</u>	<u>982.345</u>

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Balance Sheet as of 31 December

	Note	2018 DKK	2017 DKK
Liabilities and equity			
Contributed capital	1	1	1
Other statutory reserves	2	508.144	762.215
Retained earnings	3	-15.222	-14.832
Equity		492.923	747.384
Provisions for deferred tax		141.614	213.374
Provisions		141.614	213.374
Payables to group enterprises		12.461	12.461
Other payables		9.165	9.126
Short-term liabilities other than provisions		21.626	21.587
Liabilities other than provisions within the business		21.626	21.587
Liabilities and equity		656.163	982.345
Contingent liabilities	4		
Collaterals and assets pledges as security	5		

Notes

	2018	2017
1. Contributed capital		
Additions during the year	<u>1</u>	<u>1</u>
Balance at the end of the year	<u>1</u>	<u>1</u>

The company capital has been paid in cash at the foundation on 24 May 2016.

2. Other statutory reserves

Balance at the beginning of the year	762.215	1.016.286
Additions during the year	<u>-254.071</u>	<u>-254.071</u>
Balance at the end of the year	<u>508.144</u>	<u>762.215</u>

3. Retained earnings

Balance at the beginning of the year	-14.832	-7.568
Additions during the year	<u>-390</u>	<u>-7.264</u>
Balance at the end of the year	<u>-15.222</u>	<u>-14.832</u>

4. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

5. Collaterals and securities

No securities or mortgages exist at the balance sheet date.