

Instamic IVS

c/o Sound Hub Denmark
Peter Bangs Vej 17
DK-7600 Struer

CVR No. 37756334

Annual Report 2020

5. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 15 July 2021

Michele Baggio
Chairman

Instamic IVS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Instamic IVS for the financial year 1 January 2020 - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January 2020 - 31 December 2020.

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, 15 July 2021

Executive Board

Michele Baggio

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Auditors' 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 2020 - 31 December 2020 based on the Company's bookkeeping and other information provided by it.

The Financial Statements comprise a summary of significant 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, 15 July 2021

Klar Revision Statsautoriseret Revisionsanpartsselskab

CVR-no. 35827943

Henrik Lund

State Authorised Public Accountant

mne31447

Instamic IVS

Company details

Company	Instamic IVS c/o Sound Hub Denmark Peter Bangs Vej 17 DK-7600 Struer
Telephone	US +1 415 351 9169
Website	www.instamic.io
CVR No.	37756334
Date of formation	24 May 2016
Registered office	Struer
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 2020 - 31 December 2020 shows a result of DKK -257.778 and the Balance Sheet at 31 December 2020 a balance sheet total of DKK 1.903 and an equity of DKK -19.723.

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 2020 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

The financial statement have been prepared under the historical cost princip.

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.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue

Income from delivery of services is recognised on a straight-line basis in net sales, as the service is delivered.

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Accounting Policies

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 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 based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Tax on net profit 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 comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Accounting Policies

Development cost reserve

Development cost reserve includes recognised development costs. The reserve is not available for the payment of dividends or losses. The reserve is deducted or dissolved by depreciation of the recognised costs or abandonment of the activity. Such reduction or dissolution is made by means of a transfer to distributable reserves.

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

Liabilities

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

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	2020 DKK	2019 DKK
Gross profit		-1.750	-1.000
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-325.735	-325.732
Profit from ordinary operating activities		-327.485	-326.732
Finance expences		-21	-22
Profit from ordinary activities before tax		-327.506	-326.754
Tax expense on ordinary activities		69.728	71.886
Profit		-257.778	-254.868
Proposed distribution of results			
Other statutory reserves		-254.073	-254.071
Retained earnings		-3.705	-797
Distribution of profit		-257.778	-254.868

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Balance Sheet as of 31 December

	Note	2020 DKK	2019 DKK
Assets			
Completed development projects		<u>0</u>	<u>325.735</u>
Intangible assets		<u>0</u>	<u>325.735</u>
Fixed assets		<u>0</u>	<u>325.735</u>
Cash and cash equivalents		<u>1.903</u>	<u>3.674</u>
Current assets		<u>1.903</u>	<u>3.674</u>
Assets		<u>1.903</u>	<u>329.409</u>

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Balance Sheet as of 31 December

	Note	2020 DKK	2019 DKK
Liabilities and equity			
Contributed capital	1	1	1
Other statutory reserves	2	0	254.073
Retained earnings	3	-19.724	-16.019
Equity		-19.723	238.055
Provisions for deferred tax		0	69.728
Provisions		0	69.728
Payables to group enterprises		21.613	21.613
Other payables		13	13
Short-term liabilities other than provisions		21.626	21.626
Liabilities other than provisions within the business		21.626	21.626
Liabilities and equity		1.903	329.409
Contingent liabilities	4		
Collaterals and assets pledges as security	5		

Notes

	2020	2019
1. Contributed capital		
Balance at the beginning of 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	254.073	508.144
Additions during the year	<u>-254.073</u>	<u>-254.071</u>
Balance at the end of the year	<u>0</u>	<u>254.073</u>
3. Retained earnings		
Balance at the beginning of the year	-16.019	-15.222
Additions during the year	<u>-3.705</u>	<u>-797</u>
Balance at the end of the year	<u>-19.724</u>	<u>-16.019</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.