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# ***The Eye Tribe ApS***

c/o Plesner Advokatfirma, Amerika Plads 37, DK-  
2100 København Ø

## **Annual Report for 1 January - 31 December 2018**

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CVR No 33 95 78 58

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/5 2019

Henrik Laursen  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of The Eye Tribe ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

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

København, 29 May 2019

## **Executive Board**

David Kling  
Managing Director

## **Board of Directors**

David Kling  
Chairman

# Independent Auditor's Report

To the Shareholders of The Eye Tribe ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of The Eye Tribe ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

## 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.

# Independent Auditor's Report

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 in preparing the Financial Statements 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 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.

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 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 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 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 the disclosures, 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

# Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 29 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

René Otto Poulsen  
State Authorised Public Accountant  
mne26718

Henrik Hornbæk  
State Authorised Public Accountant  
mne32802

## **Company Information**

### **The Company**

The Eye Tribe ApS  
c/o Plesner Advokatfirma  
Amerika Plads 37  
DK-2100 København Ø

CVR No: 33 95 78 58

Financial period: 1 January - 31 December

Municipality of reg. office: København

### **Board of Directors**

David Kling, Chairman

### **Executive Board**

David Kling

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

The Financial Statements of The Eye Tribe ApS for 2018 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

In December 2016, the Company was acquired by Facebook Overseas Inc. and Facebook Technologies LLC (formerly: Oculus VR LLC) purchased all Intellectual Property Rights owned by the Company.

In December 2016, the Company entered into a service agreement with Facebook Technologies Ireland Limited (formerly: Oculus VR Ireland Limited) to provide research and development services. Since then the operations of the Company have begun to wind down.

On 30th June 2018 the service agreement with Facebook Technologies LLC (formerly: Oculus VR LLC) was terminated.

### **Development in the year**

The income statement of the Company for 2018 shows a profit of DKK 7,465,217, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 147,135,929.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Significant Events during the year**

The operations of the Company have begun to wind down since the acquisition in December 2016

### **Subsequent events**

No subsequent events.



## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
<b>Gross profit/loss</b>		<b>149,582</b>	<b>9,886,519</b>
Staff expenses	1	<u>4,941</u>	<u>-3,156,278</u>
<b>Profit/loss before financial income and expenses</b>		<b>154,523</b>	<b>6,730,241</b>
Result from investments in subsidiaries		71,795	-572,823
Financial income	2	7,545,532	557,951
Financial expenses	3	<u>-306,633</u>	<u>-19,636,931</u>
<b>Profit/loss before tax</b>		<b>7,465,217</b>	<b>-12,921,562</b>
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
<b>Net profit/loss for the year</b>		<b><u>7,465,217</u></b>	<b><u>-12,921,562</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		<u>7,465,217</u>	<u>-12,921,562</u>
		<b><u>7,465,217</u></b>	<b><u>-12,921,562</u></b>

## Balance Sheet 31 December

	Note	2018 DKK	2017 DKK
<b>Assets</b>			
Investments in subsidiaries	4	0	0
Receivables from group enterprises		144,005,977	136,552,597
Other receivables		845,871	845,871
Corporation tax		0	1,365,614
Corporation tax receivable from group enterprises		1,665,751	0
Prepayments		710,107	710,107
<b>Receivables</b>		<b>147,227,706</b>	<b>139,474,189</b>
<b>Cash at bank and in hand</b>		<b>463,678</b>	<b>737,411</b>
<b>Currents assets</b>		<b>147,691,384</b>	<b>140,211,600</b>
<b>Assets</b>		<b>147,691,384</b>	<b>140,211,600</b>
<b>Liabilities and equity</b>			
Share capital		317,091	317,091
Retained earnings		146,818,838	139,353,621
<b>Equity</b>		<b>147,135,929</b>	<b>139,670,712</b>
Trade payables		0	287,043
Payables to group enterprises		0	91,650
Payables to group enterprises relating to corporation tax		414,855	0
Other payables		140,600	162,195
<b>Short-term debt</b>		<b>555,455</b>	<b>540,888</b>
<b>Debt</b>		<b>555,455</b>	<b>540,888</b>
<b>Liabilities and equity</b>		<b>147,691,384</b>	<b>140,211,600</b>
Contingent assets, liabilities and other financial obligations	5		
Accounting Policies	7		

## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	317,091	139,353,621	139,670,712
Net profit/loss for the year	0	7,465,217	7,465,217
<b>Equity at 31 December</b>	<b>317,091</b>	<b>146,818,838</b>	<b>147,135,929</b>

## Notes to the Financial Statements

	2018	2017
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	0	3,070,845
Other social security expenses	0	34,187
Other staff expenses	-4,941	51,246
	<u>-4,941</u>	<u>3,156,278</u>
<b>Average number of employees</b>	<u>0</u>	<u>2</u>
<b>2 Financial income</b>		
Interest received from group enterprises	369,884	371,314
Exchange gains	7,175,648	186,637
	<u>7,545,532</u>	<u>557,951</u>
<b>3 Financial expenses</b>		
Other financial expenses	306,633	225,570
Exchange loss	0	19,411,361
	<u>306,633</u>	<u>19,636,931</u>

## Notes to the Financial Statements

	2018 DKK	2017 DKK
<b>4 Investments in subsidiaries</b>		
Cost at 1 January	259,200	259,200
Cost at 31 December	259,200	259,200
Value adjustments at 1 January	-2,479,576	-1,906,753
Net profit/loss for the year	71,795	-241,329
Other adjustments	0	-331,494
Value adjustments at 31 December	-2,407,781	-2,479,576
Equity investments with negative net asset value amortised over receivables	2,148,581	2,220,376
<b>Carrying amount at 31 December</b>	<b>0</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Eyeproof ApS	København	80.000	100%	-2,031,434	-142,552

# Notes to the Financial Statements

## **5 Contingent assets, liabilities and other financial obligations**

### **Contingent liabilities**

The Company is included in Danish joint taxation. Consequently, under the rules of the Danish Corporation Tax Act, the Company is jointly and severally liable for income tax of the jointly taxed companies.

## **6 Receivable from group enterprises**

In December 2016, Facebook Technologies LLC (formerly: Oculus VR LLC) purchased all Intellectual Property Rights owned by the Company. Facebook Technologies LLC (formerly: Oculus VR LLC) are to repay the amount no later than December 2019

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of The Eye Tribe ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Facebook Inc, USA, the Company has not prepared consolidated financial statements.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Since Facebook's acquisition of the company the turnover is derived from an intercompany service fee.

On 30th June 2018 the intercompany service agreement was terminated.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets.

#### Result from investments in subsidiaries

The item "Result from investments in subsidiaries" in the income statement includes the proportionate share of the profit/loss for the year.



# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0.

### Other fixed asset investments

Other fixed asset investments consist of deposit.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value.

### Prepayments

Prepayments comprise prepaid expenses concerning office operation costs.

## **Notes to the Financial Statements**

### **7 Accounting Policies** (continued)

#### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.