
The Eye Tribe ApS

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

Annual Report for 1 January - 31 December 2017

CVR No 33 95 78 58

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2018

Shane Hugh Crehan
Chairman

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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 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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 2018

Executive Board

Shane Hugh Crehan
Managing Director

Board of Directors

David Kling
Chairman

Shane Hugh Crehan

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen
statsautoriseret revisor
mne26718

Henrik Hornbæk
statsautoriseret revisor
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
Shane Hugh Crehan

Executive Board

Shane Hugh Crehan

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The Financial Statements of The Eye Tribe ApS for 2017 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 Oculus VR LLC purchased all Intellectual Property Rights owned by the Company.

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

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 12,921,562, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 139,670,712.

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>2017</u> DKK	<u>2016</u> DKK
Gross profit/loss		9.886.519	191.826.758
Staff expenses	1	<u>-3.156.278</u>	<u>-9.270.727</u>
Profit/loss before financial income and expenses		6.730.241	182.556.031
Result from investments in subsidiaries		-572.823	-323.245
Financial income	2	557.951	204.043
Financial expenses	3	<u>-19.636.931</u>	<u>-2.387.584</u>
Profit/loss before tax		-12.921.562	180.049.245
Tax on profit/loss for the year	4	<u>0</u>	<u>-39.632.803</u>
Net profit/loss for the year		<u>-12.921.562</u>	<u>140.416.442</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>-12.921.562</u>	<u>140.416.442</u>
		<u>-12.921.562</u>	<u>140.416.442</u>

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Acquired patents		0	0
Intangible assets		0	0
Investments in subsidiaries	5	0	0
Deposits		0	18.141
Fixed asset investments		0	18.141
Fixed assets		0	18.141
Inventories		0	28.692
Trade receivables		0	27.853
Receivables from group enterprises	7	136.552.597	197.495.376
Other receivables		845.871	1.106.443
Corporation tax		1.365.614	0
Prepayments		710.107	580.396
Receivables		139.474.189	199.210.068
Cash at bank and in hand		737.411	6.055.184
Currents assets		140.211.600	205.293.944
Assets		140.211.600	205.312.085

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		317.091	317.091
Retained earnings		139.353.621	152.275.183
Equity		139.670.712	152.592.274
Provisions relating to investments in group enterprises		0	429.096
Provisions		0	429.096
Trade payables		287.043	490.761
Payables to group enterprises		91.650	1.345.490
Corporation tax		0	39.634.386
Other payables		162.195	10.820.078
Short-term debt		540.888	52.290.715
Debt		540.888	52.290.715
Liabilities and equity		140.211.600	205.312.085
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	8		

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	152.275.183	152.592.274
Net profit/loss for the year	<u>0</u>	<u>-12.921.562</u>	<u>-12.921.562</u>
Equity at 31 December	<u>317.091</u>	<u>139.353.621</u>	<u>139.670.712</u>

Notes to the Financial Statements

	2017	2016
	DKK	DKK
1 Staff expenses		
Wages and salaries	3.070.845	8.860.793
Other social security expenses	34.187	78.725
Other staff expenses	51.246	331.209
	<u>3.156.278</u>	<u>9.270.727</u>
Average number of employees	<u>2</u>	<u>13</u>
2 Financial income		
Interest received from group enterprises	371.314	79.456
Exchange gains	186.637	124.587
	<u>557.951</u>	<u>204.043</u>
3 Financial expenses		
Other financial expenses	225.570	41.981
Exchange adjustments, expenses	0	2.329.600
Exchange loss	19.411.361	16.003
	<u>19.636.931</u>	<u>2.387.584</u>
4 Tax on profit/loss for the year		
Current tax for the year	0	39.634.386
Adjustment of tax concerning previous years	0	-1.583
	<u>0</u>	<u>39.632.803</u>

Notes to the Financial Statements

	2017 DKK	2016 DKK
5 Investments in subsidiaries		
Cost at 1 January	259.200	259.200
Cost at 31 December	259.200	259.200
Value adjustments at 1 January	-1.906.753	-1.583.508
Net profit/loss for the year	-241.329	-323.245
Other adjustments	-331.494	0
Value adjustments at 31 December	-2.479.576	-1.906.753
Equity investments with negative net asset value amortised over receivables	2.220.376	1.218.457
Equity investments with negative net asset value transferred to provisions	0	429.096
Carrying amount at 31 December	0	0

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%	-1.888.882	-241.329

Notes to the Financial Statements

6 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.

7 Receivable from group enterprises

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

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of The Eye Tribe ApS for 2017 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 2017 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

8 Accounting Policies (continued)

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

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.

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.

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.

Financial income and expenses

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Notes to the Financial Statements

8 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.