
The Eye Tribe ApS

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

Annual Report for 1 January - 31 December 2016

CVR No 33 95 78 58

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/05 2017

Shane Hugh Crehan
Chairman

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Notes, Accounting Policies	15

Management's Statement

The Management 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 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

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 2017

Executive Board

Shane Hugh Crehan
CEO

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 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 2016, 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 Financial 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.

Independent Auditor's Report

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.

Hellerup, 29 May 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen
statsautoriseret revisor

Henrik Hornbæk
statsautoriseret revisor

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 2016 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.

Main activity

The Company's main activity was to operate in the development, service and sales of technologies based products and services including eye tracking technology, and related activities.

In December 2016, the Company was acquired by Facebook Overseas Inc.

In December 2016, 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.

Development in the year

The income statement of the Company for 2016 shows a profit of DKK 140,416,442, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 152,592,274.

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

In December 2016, the Company was acquired by Facebook Overseas Inc.

In December 2016, Oculus VR LLC purchased all Intellectual Property Rights owned by the Company.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss	1	191.826.758	-1.730.079
Staff expenses	2	-9.270.727	-6.812.690
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>0</u>	<u>-13.744</u>
Profit/loss before financial income and expenses		182.556.031	-8.556.513
Income from investments in subsidiaries		-323.245	-415.239
Financial income	4	204.043	69.031
Financial expenses		<u>-2.387.584</u>	<u>-184.657</u>
Profit/loss before tax		180.049.245	-9.087.378
Tax on profit/loss for the year	5	<u>-39.632.803</u>	<u>2.446.272</u>
Net profit/loss for the year		<u>140.416.442</u>	<u>-6.641.106</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>140.416.442</u>	<u>-6.641.106</u>
		<u>140.416.442</u>	<u>-6.641.106</u>

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Acquired patents		0	15.715
Intangible assets	6	0	15.715
Investments in subsidiaries	7	0	0
Deposits		18.141	17.676
Fixed asset investments		18.141	17.676
Fixed assets		18.141	33.391
Inventories		28.692	12.682
Trade receivables		27.853	106.021
Receivables from group enterprises	1	197.495.376	105.068
Other receivables		1.106.443	447.668
Corporation tax		0	1.979.533
Prepayments		580.396	17.019
Receivables		199.210.068	2.655.309
Cash at bank and in hand		6.055.184	458.384
Currents assets		205.293.944	3.126.375
Assets		205.312.085	3.159.766

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		317.091	270.182
Retained earnings		152.275.183	-711.518
Equity		<u>152.592.274</u>	<u>-441.336</u>
Provisions relating to investments in group enterprises		429.096	0
Provisions		<u>429.096</u>	<u>0</u>
Credit institutions		0	62.473
Trade payables		490.761	2.966.076
Payables to group enterprises		1.345.490	0
Corporation tax		39.634.386	0
Other payables		10.820.078	572.553
Short-term debt		<u>52.290.715</u>	<u>3.601.102</u>
Debt		<u>52.290.715</u>	<u>3.601.102</u>
Liabilities and equity		<u>205.312.085</u>	<u>3.159.766</u>
Contingent assets, liabilities and other financial obligations	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	270.182	-711.518	-441.336
Cash capital increase	46.909	12.570.259	12.617.168
Net profit/loss for the year	0	140.416.442	140.416.442
Equity at 31 December	<u>317.091</u>	<u>152.275.183</u>	<u>152.592.274</u>

Notes to the Financial Statements

1 Gross profit/loss and 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

	<u>2016</u> DKK	<u>2015</u> DKK
2 Staff expenses		
Wages and salaries	8.860.793	6.406.171
Other social security expenses	78.725	91.515
Other staff expenses	331.209	315.004
	<u>9.270.727</u>	<u>6.812.690</u>
Average number of employees	<u>13</u>	<u>12</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	<u>0</u>	<u>13.744</u>
	<u>0</u>	<u>13.744</u>
4 Financial income		
Interest received from group enterprises	79.456	57.369
Other financial income	0	1
Exchange gains	124.587	11.661
	<u>204.043</u>	<u>69.031</u>

Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
5 Tax on profit/loss for the year		
Current tax for the year	39.634.386	-1.979.533
Adjustment of tax concerning previous years	-1.583	-466.739
	<u>39.632.803</u>	<u>-2.446.272</u>
6 Intangible assets		Acquired pa- tents <u>DKK</u>
Cost at 1 January		220.896
Additions for the year		500.000
Disposals for the year		-720.896
Cost at 31 December		<u>0</u>
Impairment losses and amortisation at 1 January		205.181
Reversal of amortisation of disposals for the year		-205.181
Impairment losses and amortisation at 31 December		<u>0</u>
Carrying amount at 31 December		<u>0</u>

Notes to the Financial Statements

	2016 DKK	2015 DKK
7 Investments in subsidiaries		
Cost at 1 January	259.200	259.200
Cost at 31 December	259.200	259.200
Value adjustments at 1 January	-1.583.508	-1.168.269
Net profit/loss for the year	-323.245	-415.239
Value adjustments at 31 December	-1.906.753	-1.583.508
Equity investments with negative net asset value amortised over receivables	1.218.457	1.324.308
Equity investments with negative net asset value transferred to provisions	429.096	0
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%	-1.647.553	-323.245

Notes to the Financial Statements

8 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 etc of the jointly taxed companies.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of The Eye Tribe ApS for 2016 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.

Financial Statements for 2016 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 Overseas, 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.

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.

Notes, Accounting Policies

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 services.

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, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income 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, Accounting Policies

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 Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 7 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

The items "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 any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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 subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes, Accounting Policies

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 in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Receivables

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

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

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