

Immersive Technologies ApS

Blytækkervej 6
2400 København NV

CVR no. 38 01 04 25

Annual report for the period 28 February 2019 – 27 February 2020

The annual report was presented and approved at the
Company's annual general meeting on

30 November 2020

Hannes Becker
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Immersive Technologies ApS for the financial year 28 February 2019 – 27 February 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 27 February 2020 and of the results of the Company's operations for the financial year 28 February 2019 – 27 February 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 30 November 2020
Executive Board:

Hannes Becker

Board of Directors:

Hannes Becker

The general meeting has decided that the financial statements for the coming year will not be audited. Management confirms that the Company fulfills the requirements to be exempt of audit.

Independent auditor's report

To the shareholders of Immersive Technologies ApS

Adverse opinion

We have audited the financial statements of Immersive Technologies ApS for the financial year 28 February 2019 – 27 February 2020 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, because of the significance of the matter mentioned in the Basis for Adverse opinion section of our report, the financial statements do not give a true and fair view of the Company's assets, liabilities and financial position at 27 February 2020 and of the results of the Company's operations for the financial year 28 February - 27 February 2020 in accordance with the Danish Financial Statements Act.

Basis for adverse opinion

Immersive technologies have capitalised development costs amounting to 4.2 mio. DKK in the balance sheet. The company's plan for completion and utilisation of the development project requires additional funding, which have not been secured, at the time of the signing of our auditors report on the financial statements.

As management has not secured sufficient funding to finalise the development project and to take the related product to market, it is our opinion that the company does to fulfil the requirements for capitalising the development costs, and as such the capitalised costs should be impaired.

Accordingly, the recognised impairment losses would have been increased by 4,2 mio. DKK, and the tax on profit/loss for the year, profit for the year and total equity should have been reduced by 924 t.DKK, 3,276 mio. DKK and 3,276 mio. DKK, respectively.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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

Independent auditor's report

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

As disclosed in the "Basis for Adverse Opinion" section, we have qualified our opinion on the financial statements due to the lack of sufficient funding for completion of the Development Project, based on this we have reached the conclusion that for the same reason, the Management's review is materially misstated in relation to the amounts affected by the lack of recognised impairment losses.



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Independent auditor's report

Copenhagen, 30 November 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen

State Authorised

Public Accountant

mne34283

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Management's review

Company details

Immersive Technologies ApS
Blytækkervej 6
2400 København NV

Telephone:	+45 51 95 99 89
Website:	www.absolutezerovr.com
E-mail:	admin@absolutezerovr.com

CVR no.:	38 01 04 25
Established:	12 September 2016
Registered office:	
Financial year:	28 February – 27 February

Board of Directors

Hannes Becker

Executive Board

Hannes Becker

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 30 November 2020.

Management's review

Operating review

Principal activities

Immersive Technologies ApS is a camera manufacturing SME that is designing, developing and selling 360 degree technologies. That includes hardware and software. Our current portfolio, and portfolio in development, comprise 360 cameras, 360 drones, apps, cloud-based software, and algorithms.

Profit for the year

The Company's income statement for 2019/2020 shows a profit of DKK 2,529,867 as against DKK 486,619 in 2018/19. Equity in the Company's balance sheet at 27 February 2020 stood at DKK 3,695,247 as against DKK 1,165,279 at 27 February 2019.

Capital resources

Management systems are performing as intended and produce the desired results.

Management believes that the company's interactive multi-camera recording and streaming solutions represent a novel and game-changing solution in the immersive content industry.

The Company has a plan to develop and mature this technology in order to exploit it commercially.

Management is confident that the Company is sufficiently funded to realize this plan, and will address the auditor's opinion with a detailed formulation of strategy and budget.

The Company's software is dedicated to drive VR technology forward with a history in development activities going back to 2014 to deliver remarkable immersive technologies.

More information can be found on the Company's website:
www.immersive-technologies.com

Events after the balance sheet date

No subsequent events have occurred which significantly could affect the company's financial position.

Financial statements 28 February – 27 February

Income statement

DKK	Note	28/2-27/2 2019	28/2 2018- 27/2 2019
Gross profit		848,397	1,149,953
Staff costs	2	-591,441	-524,906
Depreciation, amortisation and impairment losses		<u>-1,394,606</u>	<u>0</u>
Operating profit/loss		-1,137,650	625,047
Financial income	3	3,363,567	0
Financial expenses		<u>-2,760</u>	<u>-1,176</u>
Profit before tax		2,223,157	623,871
Tax on profit/loss for the year	4	<u>306,710</u>	<u>-137,252</u>
Profit for the year		<u>2,529,867</u>	<u>486,619</u>
Proposed profit appropriation			
Reserve for development costs		585,211	1,606,877
Retained earnings		<u>1,944,656</u>	<u>-1,120,258</u>
		<u>2,529,867</u>	<u>486,619</u>

Financial statements 28 February – 27 February

Balance sheet

DKK	Note	27/2 2020	27/2 2019
ASSETS			
Fixed assets			
Intangible assets	5		
Development projects in progress		4,200,000	4,621,228
Total fixed assets		4,200,000	4,621,228
Current assets			
Receivables			
Trade receivables		412,390	0
Other receivables		2,357	0
Corporation tax		214,143	216,261
		628,890	216,261
Cash at bank and in hand		146,840	874,219
Total current assets		775,730	1,090,480
TOTAL ASSETS		4,975,730	5,711,708

Financial statements 28 February – 27 February

Balance sheet

DKK	Note	27/2 2020	27/2 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		162,500	162,500
Share premium		712,500	712,500
Reserve for development costs		3,276,000	3,861,211
Retained earnings		-455,753	-3,570,932
Total equity		3,695,247	1,165,279
Provisions			
Provisions for deferred tax		924,000	701,835
Total provisions		924,000	701,835
Liabilities other than provisions			
Non-current liabilities other than provisions			
Payables to group entities		0	3,123,889
Current liabilities other than provisions			
Trade payables		125,193	312,000
Payables to group entities		0	389,396
Other payables		81,290	19,309
Payables to shareholders and Management		150,000	0
		356,483	720,705
Total liabilities other than provisions		356,483	3,844,594
TOTAL EQUITY AND LIABILITIES		4,975,730	5,711,708
Contractual obligations, contingencies, etc.			
Related party disclosures	6 7		

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1 Accounting policies

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income comprise interest and of debt relief from lenders income.

Financial expense comprise interest.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

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1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

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2 Staff costs

	28/2-27/2 2019	28/2 2018- 27/2 2019
DKK		
Wages and salaries	985,967	524,906
Other staff costs	36,666	0
	<u>1,022,633</u>	<u>524,906</u>
Average number of full-time employees	<u>4</u>	<u>1</u>

Of the 1,023 t.dkk in staff cost, 431 t.dkk has been capitalised under development costs.

3 Financial income

The financial income mainly consist of debt relief from lenders.

4 Tax on profit/loss for the year

Tax credit scheme (LL8X)	-528,875	-216,261
Deferred tax for the year	<u>222,165</u>	<u>353,513</u>
	<u>-306,710</u>	<u>137,252</u>

5 Intangible assets

	Development projects in progress
DKK	
Cost at 28 February 2019	4,621,228
Additions for the year	<u>973,378</u>
Cost at 27 February 2020	<u>5,594,606</u>
Impairment losses for the year	<u>-1,394,606</u>
Amortisation and impairment losses at 27 February 2020	<u>-1,394,606</u>
Carrying amount at 27 February 2020	<u>4,200,000</u>

6 Contractual obligations, contingencies, etc.

The Company participates in a Danish joint taxation arrangement with Zero VR Holding IVS. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

7 Related party disclosures

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a

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minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Zero VR Holding IVS
c/o Hannes Becker
Blytækkervej 6
2400 København NV