

Company No: 07564509

Elemental Technologies Limited
Report and Financial Statements

31 December 2018

TUESDAY



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COMPANY INFORMATION

DIRECTORS

Phaedra Andrews
Caleb Stelle
John Stone

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

1 Principal Place
Worship Street
London
EC2A 2FA

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

DIRECTORS' REPORT

for the year ended 31 December 2018

The directors of Elemental Technologies Limited ("the Company") present the annual report containing the Directors' Report and the financial statements for the year ended 31 December 2018. In accordance with S414B of the Companies Act 2006, the directors have taken advantage of the small companies exemption from preparing a Strategic Report.

DIRECTORS

The directors who served the Company during the year and to the date of this report were as follows:

Phaedra Andrews (appointed 6 February 2018)

Robert Mackenzie (resigned 31 January 2018)

Caleb Stelle

John Stone (appointed 25 April 2018)

No directors held any interest in the share capital of the Company during the year.

DIVIDEND

The directors do not recommend the payment of any dividends (2017: £nil).

PRINCIPAL ACTIVITY

Until 9 March 2018, the immediate parent company was Elemental Technologies LLC, a company incorporated in the United States. On 9 March 2018, 100% of the share capital of the Company was sold to Amazon Web Services EMEA SARL, a company incorporated in Luxembourg.

On 1 July 2018, the Company transferred its workforce, lease and related assets and liabilities to group undertakings. The resulting net gain has been reflected in the Statement of Comprehensive Income. The principal activity up to the transfer of the workforce, was the provision of support and marketing services to group undertakings. The Company will continue in the provision of support services to group undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfillment centre optimisation, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2018, and subsequent filings.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

FINANCIAL RISK MANAGEMENT

The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, and cash flow risk as such information is not considered material for the assessment of the Company's assets, liabilities, financial position and profit for the financial year.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2018

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the Company.

On behalf of the Board



Phaedra Andrews
Director

Date: 13 February 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENTAL TECHNOLOGIES LIMITED

We have audited the financial statements of Elemental Technologies Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENTAL TECHNOLOGIES LIMITED (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the Company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Cullum (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 15/2/2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|-------------------------|-----------------------|
| TURNOVER | 2 | 3,703,884 | 7,154,231 |
| Administrative expenses | | <u>(3,522,075)</u> | <u>(6,810,457)</u> |
| OPERATING PROFIT | 3 | 181,809 | 343,774 |
| Other income | 6 | 1,422,572 | — |
| Interest receivable | 7 | <u>21,874</u> | <u>3,015</u> |
| PROFIT BEFORE TAXATION | | 1,626,255 | 346,789 |
| Tax on profit | 8 | <u>(227,392)</u> | <u>(40,102)</u> |
| PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u><u>1,398,863</u></u> | <u><u>306,687</u></u> |

BALANCE SHEET
as at 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | — | 578,870 |
| Investments | 10 | — | 156 |
| | | <u>—</u> | <u>579,026</u> |
| CURRENT ASSETS | | | |
| Debtors: | | | |
| amounts falling due within one year | 11(a) | 4,757,564 | 3,764,767 |
| amounts falling due after one year | 11(b) | — | 213,218 |
| Cash at bank and in hand | | — | 2,117 |
| | | <u>4,757,564</u> | <u>3,980,102</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>(117,364)</u> | <u>(1,768,454)</u> |
| NET CURRENT ASSETS | | <u>4,640,200</u> | <u>2,211,648</u> |
| PROVISIONS FOR LIABILITIES | 13 | <u>—</u> | <u>(36,535)</u> |
| NET ASSETS | | <u>4,640,200</u> | <u>2,754,139</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 1 | 1 |
| Retained earnings | | <u>4,640,199</u> | <u>2,754,138</u> |
| TOTAL SHAREHOLDER'S FUNDS | | <u>4,640,200</u> | <u>2,754,139</u> |

Approved by the Board



Phaedra Andrews
Director

Date: 13 February 2019
Company Number: 07564509

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

| | <i>Share capital</i> | <i>Retained earnings</i> | <i>Total shareholder's funds</i> |
|---------------------|----------------------|--------------------------|----------------------------------|
| | £ | £ | £ |
| At 1 January 2017 | 1 | 1,643,311 | 1,643,312 |
| Profit for the year | — | 306,687 | 306,687 |
| Share based awards | — | 804,140 | 804,140 |
| At 31 December 2017 | 1 | 2,754,138 | 2,754,139 |
| Profit for the year | — | 1,398,863 | 1,398,863 |
| Share based awards | — | 487,198 | 487,198 |
| At 31 December 2018 | 1 | 4,640,199 | 4,640,200 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Statement of compliance

Elemental Technologies Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Principal Place, Worship Street, London EC2A 2FA.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pounds sterling, which is the functional currency of the Company.

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d)
- The requirements of Section 33 *Related Party Disclosures* paragraph 33.1A and 33.7
- The requirements of Section 11 *Basic Financial Instruments* paragraph 11.39 to 11.48A
- The requirements of Section 26 *Share-based payment* paragraph 26.18(b), 26.19 to 26.21 and 26.23

The exemptions stated above are available to the Company as it is a member of a group where the parent of that group prepares publicly available consolidated financial statements.

Going concern

The Company has adequate current and total assets to continue for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to other group companies and is attributable to the principal activity of the Company, recognised as services are provided.

Tangible assets

All tangible assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

| | | |
|------------------------|---|---|
| Leasehold Improvements | - | Lower of expected useful life or lease term |
| Computer Equipment | - | 2-4 years |

The carrying value of tangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is charged on all tangible assets from the date that assets are put into service.

Debtors

Short term debtors are measured at transaction price, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Provisions for liabilities

The Company makes provisions where it is probable that a transfer of economic benefits will be required to settle a present obligation. The Company applies a risk-adjusted pre-tax discount rate in order to take effect of the time value of money to arrive at the value of the provision.

Operating Leases

Rentals payable and lease incentives under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income.

Taxation

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

Share based awards

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 17).

Significant management judgement

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018**2. TURNOVER**

Turnover by business and geographical segment has not been disclosed because, in the opinion of the directors, it would be seriously prejudicial to the interests of the Company to do so.

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2018 | 2017 |
|--|---------|---------|
| | £ | £ |
| Depreciation of tangible fixed assets | 128,866 | 261,461 |
| Operating lease charges | 94,540 | 170,118 |
| Auditor's remuneration - audit of the financial statements | 17,133 | 26,021 |
| Net loss on foreign currency translation | 1,563 | 1,426 |

4. STAFF COSTS

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Wages and salaries | 2,040,345 | 3,753,107 |
| Social security costs | 267,180 | 363,132 |
| Staff pension contributions | 68,752 | 127,661 |
| Equity settled share based awards (note 17) | 487,198 | 804,140 |
| | 2,863,475 | 5,048,040 |

The monthly average number of employees during the year was as follows:

| | 2018 | 2017 |
|-------------------------------------|------|------|
| | no. | no. |
| Management and administration staff | 18 | 36 |

5. DIRECTORS' REMUNERATION

The directors' remuneration has been borne by the parent company, Amazon.com, Inc. or one of its affiliated companies. The directors do not believe that it is practicable to apportion their remuneration for qualifying services to the Company for the years ended 31 December 2018 and 31 December 2017.

6. OTHER INCOME

On 1 July 2018, the Company transferred its workforce, lease and related assets and liabilities to group undertakings. This transfer took place at fair value which has resulted in a gain on disposal.

7. INTEREST RECEIVABLE

| | 2018 | 2017 |
|---|--------|-------|
| | £ | £ |
| Interest receivable from group undertakings | 21,874 | 3,015 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

8. TAXATION

(a) Tax on profit

The components of tax on profit are as follows:

| | 2018 | 2017 |
|---------------|----------------|---------------|
| | £ | £ |
| Current tax | 74,174 | 85,015 |
| Deferred tax | 153,218 | (44,913) |
| Tax on profit | <u>227,392</u> | <u>40,102</u> |

(b) Reconciliation of tax on profit

The items accounting for differences between tax on profit computed at the UK statutory rate and recorded for tax on profit are as follows:

| | 2018 | 2017 |
|---|------------------|----------------|
| | £ | £ |
| Profit before taxation | <u>1,626,255</u> | <u>346,789</u> |
| Tax computed at the UK statutory rate | 308,989 | 66,757 |
| Effects of: | | |
| Expenses not deductible for tax | 7,892 | 44,137 |
| Non-taxable gain on transfer of workforce | (255,506) | — |
| Adjustment in respect of share based awards | 161,874 | (63,002) |
| Adjustment in respect of previous periods | (45) | (13,734) |
| Effect of rate change on current year movement deferred tax | 4,188 | 5,944 |
| Tax on profit | <u>227,392</u> | <u>40,102</u> |

(c) Deferred tax

Deferred tax assets are as follows:

| | 2018 | 2017 |
|---|----------|----------------|
| | £ | £ |
| Timing differences related to tangible fixed assets | — | 14,159 |
| Timing differences related to share based awards | — | 137,134 |
| Other timing differences | — | 1,925 |
| Total deferred tax asset recognised in the financial statements | <u>—</u> | <u>153,218</u> |

The main UK corporation tax rate reduced from 20% to 19% effective from 1 April 2017, with the tax rate for the year ended 31 December 2018 being 19% (2017: 19.25%). The UK rate of corporation tax will be reduced further from its current rate of 19% to 17% for the year beginning 1 April 2020 and therefore any deferred tax assets and liabilities existing at 31 December 2018 reflect this rate change.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

9. TANGIBLE ASSETS

| | <i>Leasehold Improvements</i> | <i>Computer Equipment</i> | <i>Total</i> |
|------------------------|-----------------------------------|-------------------------------|--------------|
| | £ | £ | £ |
| <i>Cost:</i> | | | |
| 1 January 2018 | 768,177 | 329,806 | 1,097,983 |
| Disposals (note 6) | (768,177) | (329,806) | (1,097,983) |
| 31 December 2018 | — | — | — |
| <i>Depreciation:</i> | | | |
| 1 January 2018 | 297,792 | 221,321 | 519,113 |
| Additions | 77,329 | 51,537 | 128,866 |
| Disposals (note 6) | (375,121) | (272,858) | (647,979) |
| 31 December 2018 | — | — | — |
| <i>Net book value:</i> | | | |
| 1 January 2018 | 470,385 | 108,485 | 578,870 |
| 31 December 2018 | — | — | — |

10. INVESTMENTS

| | <i>Investments</i> |
|---------------------|--------------------|
| | £ |
| At 1 January 2018 | 156 |
| Disposal | (156) |
| At 31 December 2018 | — |

The Company transferred its investment in Elemental Technologies Solucoes EM Processamento De Videos Ltda to a group undertaking (note 6).

11. DEBTORS

| | <i>2018</i> | <i>2017</i> |
|--|------------------|------------------|
| | £ | £ |
| <i>(a) amounts falling due within one year:</i> | | |
| Amounts owed by group undertakings | 4,714,121 | 3,622,644 |
| Other debtors | 41,846 | 60,555 |
| Prepayment and accrued income | 1,597 | 81,568 |
| | <u>4,757,564</u> | <u>3,764,767</u> |
| <i>(b) amounts falling due after more than one year:</i> | | |
| Other debtors | — | 60,000 |
| Deferred tax assets | — | 153,218 |
| | <u>—</u> | <u>213,218</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

12. CREDITORS

| | 2018 | 2017 |
|---|----------------|------------------|
| | £ | £ |
| <i>amounts falling due within one year:</i> | | |
| Trade creditors | 33,119 | 144,339 |
| Amounts owed to group undertakings | 8,201 | 1,259,024 |
| Other taxation and social security | 2,061 | 125,779 |
| Corporation tax payable | 73,983 | 41,310 |
| Accruals and deferred income | — | 198,002 |
| | <u>117,364</u> | <u>1,768,454</u> |

13. PROVISIONS FOR LIABILITIES

| | <i>Lease Dilapidations</i> |
|---------------------------------------|--------------------------------|
| | £ |
| At 1 January 2018 | 36,535 |
| Transferred to related party (note 6) | (36,535) |
| At 31 December 2018 | <u>—</u> |

14. COMMITMENTS UNDER OPERATING LEASES

The commitments under non-cancellable operating leases are as follows:

| | 2018 | 2017 |
|----------------------|----------|----------------|
| | £ | £ |
| Within one year | — | 159,040 |
| In two to five years | — | 251,813 |
| | <u>—</u> | <u>410,853</u> |

15. ULTIMATE PARENT COMPANY

Until 9 March 2018, the immediate parent company was Elemental Technologies LLC, a company incorporated in the United States. On 9 March 2018, 100% of the share capital of the Company was sold to Amazon Web Services EMEA SARL, a company incorporated in Luxembourg. The address of this company is 38 avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg.

The Company regards Amazon.com, Inc., a company incorporated in the United States, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.

16. SHARE CAPITAL

| | 2018 | | 2017 | |
|-------------------------------------|----------|----------|----------|----------|
| | No. | £ | No. | £ |
| Allocated, called up and fully paid | | | | |
| Ordinary shares of £1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

17. SHARE BASED AWARD PLANS

Amazon.com, Inc. ("Amazon") may grant equity awards to employees, officers and directors of Amazon and its subsidiaries which include Elemental Technologies Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan").

Amazon may grant equity awards in the form of stock options, stock, or restricted stock units ("RSUs"). Equity awards are evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Amazon, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions generally applicable to equity awards granted by Amazon under the 1997 Plan.

During 2018 and 2017, RSUs were the primary type of equity award granted. RSUs are granted from the 1997 Plan. RSUs represent the right to receive shares of common stock of Amazon, on a one-for-one basis, upon vesting. There is no exercise price associated with an RSU. Employees vest in RSUs and stock options over a specified course of time that the employee provides service to Amazon or one or more of its subsidiaries. Typically, the service terms for vesting are between two and four years.

Unvested portions of equity awards are subject to forfeiture if the holder's employment or other service relationship with Amazon (including its subsidiaries) terminates.

The fair value of each RSU is equal to the market value of Amazon common stock on the date of the grant. The fair value is recognised as compensation expense over the requisite service period. The Company estimates forfeiture of RSU's at the time of the grant based on historical experience and records compensation expense only for those awards that are expected to vest.

There are no outstanding restricted stock units as at 31 December 2018.

The weighted average share price at the date of share based award vesting was US\$1,507.57 (2017: US\$995.18).