

Registered number: 09230917

AppNexus OAS Europe Limited

Annual reports and financial statements

for the year ended 31 December 2018



AppNexus OAS Europe Limited

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AppNexus OAS Europe Limited

Strategic report

Review of the business

AppNexus OAS Europe Limited ("AppNexus OAS Europe" or the "company") and its subsidiaries are subsidiaries of AppNexus Inc. (the "parent company"), a Delaware corporation.

The company provides account management, marketing, implementation, and other support services (collectively "sales and marketing support" services) to the UK, Ireland, the Middle East and Africa. In this role, the activities undertaken by the company include:

- support in building relationships with existing customers;
- promotion and marketing of the products and services provided by AppNexus Inc.;
- managing and monitoring the ongoing relationship with existing customer base;
- providing local/time zone relevant support to existing customers;
- training existing customer base on AppNexus products and services; and
- providing support to the Open Ad Stream (OAS) customer base in Europe.

Key performance indicators

The company's key performance indicators during the period were as follows:

	2018	2017	Change
	£	£	%
Turnover	548,400	2,033,590	(73.0)
Operating profit/(loss)	(224,735)	4,377,702	(94.9)
Profit/(Loss) for financial year	(227,746)	3,488,692	(93.4)
Average number of employees	0	2	(100)

The company turnover has decreased as customers move to our main product Console managed by AppNexus Inc. or contracts have been terminated. This has led to an operating loss for the year and loss for the financial year.

Principal risks and uncertainties

The company and its subsidiaries have specific policies in place to ensure that operational and business risks are properly identified, evaluated and managed.

The company and its subsidiaries compete for clients in a highly competitive industry which may reduce market share and decrease profit and is dependent on its employees and its parent company. The group manages this risk by providing added value services to its clients and by maintaining strong client relationships. The company recruits and seeks to retain the most talented people by supporting them to expand their skills and capabilities.

The company may be subject to certain regulations that could restrict its activities and may be exposed to liabilities running through its OAS offering. The group manages this risk through contractual agreements with its clients.

AppNexus OAS Europe Limited

Strategic report (continued)

Future developments

The directors expect the general level of activity to decrease in the forthcoming year. This is as a result of customers transitioning to the Console product that is managed by AppNexus Inc.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M Bastow'.

M Bastow

Director

30 August 2019

5 New Street Square,
London
United Kingdom
EC4A 3TW

AppNexus OAS Europe Limited

Directors' report

The directors present their annual report on the affairs of AppNexus OAS Europe Limited ('the Company'), a private company limited by shares, together with the audited financial statements and auditor's report, for the year ended 31 December 2018.

Future developments

Details of future developments can be found in the Strategic Report on page 2.

Going Concern

Considering the Company is loss making, the Company is reliant upon the support of the ultimate parent company, AT&T Inc. The ultimate parent Company has expressed its willingness to provide financial support to AppNexus OAS Europe Limited in order to assist the Company in meeting its liabilities for a period of at least twelve months from the date of approval of these financial statements.

In light of the above, and after making other enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting for preparing the annual financial statements.

Prior year adjustment

The 2016 financial statements included revenue from a group company that had been incorrectly calculated in 2016. The error was identified and corrected in 2018. Therefore, the 2017 Retained earnings, Statement of equity and debtors have been restated.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company generates significant portion of its turnover from intercompany charges, and the directors have every reason to believe that this arrangement will continue for the future and not be impacted by transfer pricing regulations.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Foreign currency transactions are limited and transactions are denominated as much as possible in pounds.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is reliant on the support of its parent company.

Further details regarding liquidity risk can be found in the accounting policies in the notes to the financial statements.

AppNexus OAS Europe Limited

Directors' report (continued)

Directors

The directors, who served throughout the year, were as follows:

C B O'Kelley resigned 20 December 2018
M Rubenstein resigned 20 December 2018
J Underhill appointed 20 December 2018
M Bastow appointed 5 February 2019

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP resigned as auditor on 22 January 2019 and Ernst & Young LLP were appointed in their place. A resolution to reappoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder/s have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by AppNexus Europe Limited, as the immediate parent of the entity.

Approved by the Board and signed on its behalf by:



M Bastow

Director

30 August 2019

5 New Street Square, London, EC4A 3TW

AppNexus OAS Europe Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AppNexus OAS Europe Limited

Independent auditor's report to the members of AppNexus OAS Europe Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AppNexus OAS Europe Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of other comprehensive income, the Statement of changes in equity and the related notes 1 to 19, 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".

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 loss 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 annual reports set out on pages 1 to 5, 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

AppNexus OAS Europe Limited

Independent auditor's report to the members of AppNexus OAS Europe Limited

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.

Opinions 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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.

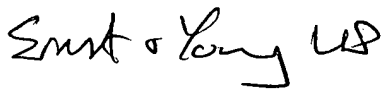
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AppNexus OAS Europe Limited

Independent auditor's report to the members of AppNexus OAS Europe Limited

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.

A handwritten signature in black ink, appearing to read "Ernst & Young LLP".

Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 6 September 2019

AppNexus OAS Europe Limited

Profit and loss account

For the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	548,400	2,033,590
Cost of sales		<u>(573,907)</u>	<u>(310,402)</u>
Gross (loss)/profit		(25,507)	1,723,188
Administrative (expense)/ income		<u>(199,228)</u>	<u>2,654,514</u>
Operating (loss)/profit		(224,735)	4,377,702
Finance costs (net)	4	<u>(270)</u>	<u>(888,856)</u>
(Loss)/profit on ordinary activities before taxation	5	(225,005)	3,488,846
Tax on (loss)/profit on ordinary activities	9	<u>(2,741)</u>	<u>(154)</u>
(Loss)/profit for the financial year attributable to the equity shareholders of the Company		<u><u>(227,746)</u></u>	<u><u>3,488,692</u></u>

AppNexus OAS Europe Limited

Statement of other comprehensive income **For the year ended 31 December 2018**

	Note	2018 £	2017 £
(Loss)/profit for the financial year		(227,746)	3,488,692
Shared based payment expense	10	-	21,729
Total comprehensive (loss)/income attributable to equity shareholders of the Company		<u>(227,746)</u>	<u>3,510,421</u>

AppNexus OAS Europe Limited

Balance sheet

As at 31 December 2018

	Note	2018 £	2017 £ (as restated)
Fixed assets			
Intangible assets	11	-	-
Investments	12	108,494	128,244
		<u>108,494</u>	<u>128,244</u>
Current assets			
Debtors	13	177,058	596,027
Cash at bank and in hand		332,872	467,511
		<u>509,930</u>	<u>1,063,538</u>
Creditors: amounts falling due within one year	14	<u>(1,444,197)</u>	<u>(3,828,600)</u>
Net current liabilities		<u>(934,267)</u>	<u>(2,765,062)</u>
Total assets less current liabilities		<u>(825,774)</u>	<u>(2,636,818)</u>
Net liabilities		<u>(825,773)</u>	<u>(2,636,818)</u>
Capital and reserves			
Called-up share capital	15	2	2
Share premium		54,652,975	54,652,975
Capital contribution		2,038,791	-
Profit and loss account		<u>(57,517,541)</u>	<u>(57,289,795)</u>
Shareholder's deficit		<u>(825,773)</u>	<u>(2,636,818)</u>

The financial statements of AppNexus OAS Europe Limited (registered number 09230917) were approved by the board of directors and authorised for issue on 3 August 2019. They were signed on its behalf by:



Director

M Bastow

AppNexus OAS Europe Limited

Statement of changes in equity For the year ended 31 December 2018

	Called-up share capital	Share Premium	Capital Contribution reserve	Profit and loss account (as restated)	Total
	£	£	£	£	£
At 31 December 2016	1	-	-	(60,721,697)	(60,721,696)
Opening balance adjustment (note 19)	-	-	-	(78,519)	(78,519)
Restated balance at 1 December 2016	1	-	-	(60,800,216)	(60,800,215)
Loss for the financial year	-	-	-	3,488,692	3,488,692
Total comprehensive income					
Expenses of equity share issues	-	-	-	21,729	21,729
Issue of share capital	1	54,652,975	-	-	54,652,976
At 31 December 2017	2	54,652,975	-	(57,289,795)	(2,636,818)
Loss for the financial year	-	-	-	(227,746)	(227,746)
Total comprehensive income					
Expenses of equity share issues	-	-	-	-	-
Capital contribution	-	-	2,038,791	-	2,038,791
At 31 December 2018	2	54,652,975	2,038,791	(57,517,541)	(825,773)

AppNexus OAS Europe Limited

Notes to the financial statements For the year ended 31 December 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

AppNexus OAS Europe Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, AT&T Inc. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

Considering the Company is loss making, the Company is reliant upon the support of the ultimate parent company, AT&T Inc. The ultimate parent Company has expressed its willingness to provide financial support to AppNexus OAS Europe Limited in order to assist the Company in meeting its liabilities.

In light of the above, and after making other enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting for preparing the annual financial statements.

c. Intangible assets – goodwill, patents and trademarks

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over a period of between 10 to 12 years which is their estimated useful economic life. Provision is made for any impairment.

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss account over its estimated economic life.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

f. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

g. Employee benefits

The Company participates in AppNexus Europe Ltd's defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

h. Foreign currency

Transactions in foreign currencies are recorded at the monthly average rate of exchange applicable for the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

i. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. Share-based payment

The Company grants to its employee's rights to equity instruments of AppNexus Inc. The Company's parent company is consolidated by that parent. The required disclosures are therefore included in AppNexus Europe Ltd's financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgements in applying the Company's accounting policies

A critical judgement is one that the directors have made in the process of applying the company's accounting policies and that will have the most significant effect on the amounts recognised in the financial statements.

Determining whether goodwill is impaired is a critical judgement which requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Goodwill and the intangible assets are considered fully impaired at the Company level. The value that comes from these assets has been transferred to another part of the group as customers move to our main product Console. As there are no intangibles or Goodwill, the value of these assets is zero.

b. Key sources of estimation uncertainty

No key sources of estimation uncertainty within the financial statements have been identified by the directors.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

3. Turnover and revenue

An analysis of the Company's turnover by class of business is set out below.

	2018 £	2017 £
Turnover:		
Third Party Revenue	259,917	370,439
Intercompany Revenue	288,483	1,663,151
	<u>548,400</u>	<u>2,033,590</u>

An analysis of the Company's turnover by geographical market is set out below.

	2018 £	2017 £
Turnover:		
Geographical market UK	206,387	448,456
Geographical market ROW	342,013	1,585,134
	<u>548,400</u>	<u>2,033,590</u>

An analysis of the Company's revenue is as follows:

	2018 £	2017 £
Rendering of services	<u>548,400</u>	<u>2,033,590</u>
Turnover	<u>548,400</u>	<u>2,033,590</u>

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

4. Finance costs

	2018	2017
	£	£
Interest payable on intercompany balances	-	888,856
Interest expense	<u>(270)</u>	<u>-</u>
	<u>(270)</u>	<u>888,856</u>

5. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2018	2017
	£	£
Foreign exchange (gain)	<u>(52,226)</u>	<u>(3,154,102)</u>

6. Auditor's remuneration

Fees payable to Ernst & Young LLP and their associates for the audit of the Company's annual financial statements were £15,000 (2017: Fee payable to Deloitte LLP £18,000).

Fees payable to Ernst & Young LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the ultimate parent company are required to disclose such fees on a consolidated basis.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2018 Number	2017 Number
Sales & Account Management	-	2
	-	2

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	14,209	125,641
Social security costs	5,146	25,845
Other pension costs (see note 16)	2,312	9,037
	21,667	160,523

Other pension costs includes only those items included within operating costs.

The 2 employees of the company were transferred to AppNexus Europe Ltd in April 2018.

8. Directors' remuneration and transactions

Remuneration of the directors for their qualifying services have been paid through other group companies for 2018 and 2017. No recharge was made by other group companies to the company on the basis that any allocation of the cost to the company will not be material

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

9. Tax on (loss) / profit profit/(loss)

The tax charge/(credit) comprises:

	2018 £	2017 £
Current tax on (loss) / profit/		
Foreign withholding tax suffered/(credited)	2,741	(154)
Total tax on (loss) / profit profit/	<u>2,741</u>	<u>(154)</u>

The standard rate of tax applied to reported loss on ordinary activities is 19.25 per cent (2017: 19.25 per cent).

There is no expiry date on timing differences, unused tax losses or tax credit.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2018 £	2017 £
(Loss) / Profit/ before tax	<u>(225,005)</u>	<u>3,488,846</u>
Tax on (loss) / profit/ at standard UK corporation tax rate of 19.00 per cent (2017: 19.25 per cent)	(42,751)	671,603
Effects of:		
- Expenses not deductible for tax purposes	(197)	333
- Group relief/other reliefs	-	-
- Foreign withholding tax suffered/(credited)	2,741	(154)
- Deferred tax not provided	42,948	(671,936)
Total tax charge/(credit) for period	<u>2,741</u>	<u>(154)</u>

The Finance Act 2016, which provides for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 was substantively enacted on 26 October 2016.

On 15 September 2016 the UK government enacted a further reduction in the main tax rate down to 17% effective from 1 April 2020. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date which has been calculated at 17%.

10. Share-based payments

The Company granted to its employee's rights to equity instruments of AppNexus Inc, which was the ultimate holding company. The required disclosures are therefore included in AppNexus Europe Limited's financial statements. The Company measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the number of employees participating in the scheme. During 2018 2 employees were transferred to AppNexus Europe Ltd and the related expense was incurred by AppNexus Europe Ltd. during 2018.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

11. Intangible fixed assets

	Other £	Trademark	Goodwill £	Total £
Cost				
At 1 January 2018 and 31 December 2017	<u>7,904,040</u>	<u>185,832</u>	<u>31,700,540</u>	<u>39,790,412</u>
Amortisation				
At 1 January 2018 and 31 December 2017	<u>7,904,040</u>	<u>185,832</u>	<u>31,700,540</u>	<u>39,790,412</u>
Net book value				
At 31 December 2018 and 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Goodwill and the intangible assets are considered fully impaired at the company level. The value that comes from these assets has been transferred to another part of the group as customers move to our main product Console.

12. Fixed asset investments

	2018 £	2017 £
Subsidiary undertakings	108,493	128,243
Other investments	<u>1</u>	<u>1</u>
Total	<u>108,494</u>	<u>128,244</u>

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments, which are all directly held. The investment in AppNexus OAS Germany has been fully impaired as trading revenue has declined with the switch to AppNexus Inc. Console product.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

12. Fixed asset investments (continued)

	Country of incorporation	Principal activity	Holding	%
Subsidiary undertakings				
AppNexus OAS Sweden AB	Sweden	Support activities, marketing & implementation of advertising technologies	43,606	100
AppNexus ADS France SAS	France	Support activities, marketing & implementation of advertising technologies	1	100
AppNexus OAS Germany GmbH	Germany	Support activities, marketing & implementation of advertising technologies	19,750	100
AppNexus OAS Switzerland SA	Switzerland	Support activities, marketing & implementation of advertising technologies	64,886	100

Registered addresses of subsidiary undertakings:

AppNexus OAS Sweden AB - c/o Advokatfirma DLA Nordic KB, Box 7315, 103 90 Stockholm, Sweden
AppNexus ADS France SAS - 17 boulevard de la Madeleine, 75008 Paris, France
AppNexus OAS Germany GmbH - Maximilianstr. 13, 80539 Munich, Germany
AppNexus OAS Switzerland SA - rue des Alpes 15bis, c/o Schellenberg Wittmer Ltd, 1201 Geneva, Switzerland

Subsidiary undertakings

	£
Cost and net book value	
At 31 December 2017	128,244
Impairment	(19,750)
At 31 December 2018	108,494

As at 31 December 2018 subsidiary undertakings have not been consolidated by AppNexus OAS Europe Limited. as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of AT&T Inc.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

13. Debtors

	2018 £	2017 £ (as restated)
Amounts falling due within one year:		
Trade debtors	47,892	112,992
Amounts owed by group undertakings	114,413	481,869
VAT	-	-
Other debtors	-	1,166
	<u>162,305</u>	<u>596,027</u>

14. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	196,219	1,927
Amounts owed to group undertakings	1,118,337	3,661,875
Other taxation and social security	-	25,086
Other creditors	-	-
Accruals and deferred income	116,955	123,118
Defined contribution pension scheme accrual	-	1,138
VAT	12,686	15,456
	<u>1,444,197</u>	<u>3,828,600</u>

15. Called-up share capital and reserves

	2018 £	2017 £
Allotted, called-up and fully-paid	2	2
2 ordinary shares of £1 each (2016: 1 ordinary share of 1£)		
	<u>2</u>	<u>2</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The Share premium reserve contains the premium arising on issue of equity shares

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

15. Called-up share capital and reserves (continued)

	Capital Contribution reserve £
At 1 January 2018	-
Capital contributions	2,038,791
At 31 December 2018	2,038,791

The capital contribution was made by the company's parent company, AppNexus Europe Ltd in the form of a cash injection during 2018.

16. Employee benefits

Defined contribution schemes

The Company participates in the defined contribution retirement benefit schemes operated by its parent Company, AppNexus Europe Ltd. The total expense charged to profit or loss in the year ended 31 December 2018 was £nil (2017: £9,037).

17. Related party transactions

Other related party transactions

The Company has arm's length agreements in place with its subsidiaries. These trading amounts in relation to these transactions are disclosed in the creditors and debtor's notes.

18. Controlling party

The immediate parent company is AppNexus Europe Limited, registered at 5 New Street, London, EC4A 3TW, from which the accounts are publicly available.

The ultimate controlling party and largest consolidation group of which the company is a member is AT&T Inc, which is registered in the United States of America. This is the parent company of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements are available from the Securities and Exchange Commission (www.sec.gov) or may be obtained by contacting AT&T Inc's investor relations department on the web at www.att.com or at the following address: AT&T Inc., 208 S Akard St, Dallas, TX752 02. USA.

AppNexus OAS Europe Limited

Notes to the financial statements

For the year ended 31 December 2018 (continued)

19. Prior year adjustment

The 2016 accounts included revenue from a group company that had been incorrectly calculated in 2016. The error was identified and corrected in 2018. Therefore, the 2017 Retained earnings, Statement of equity and debtors have been restated.

Reconciliation of Balance Sheet at 31 December 2016	£
Shareholders' deficit as previously reported	(60,721,697)
Amounts owed by group undertakings	(78,519)
Shareholders' deficit as restated	<u>(60,800,216)</u>

Reconciliation of Balance Sheet at 31 December 2017	£
Shareholders' deficit as previously reported	(2,558,299)
Prior year adjustment to opening reserves	(78,519)
Shareholders' deficit as restated	<u>(2,636,818)</u>

Reconciliation of Debtors at 31 December 2017	£
Amounts owed by group undertakings as previously reported	674,546
Prior year adjustment	(78,519)
Adjusted amounts owed by group undertakings	<u>596,027</u>