

Oath (Denmark) ApS
c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen

Company reg. no. 25 90 33 15

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 14 May 2019.

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Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance EUR 146.940 is the same as the English amount of EUR 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The executive board has today presented the annual report of Oath (Denmark) ApS for the financial year 1 January to 31 December 2018.

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

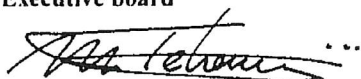
We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 14 May 2019

Executive board



Michel Hubertus Paulus Tcheux



Niels Christian Wedell-Wedellsborg

Independent auditor's report

To the shareholder of Oath (Denmark) ApS

Opinion

We have audited the annual accounts of Oath (Denmark) ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts".

Independence

We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

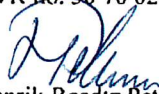
In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 14 May 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Henrik Reedtz Petersen
State Authorised Public Accountant
MNE no. mne24830

Company data

The company

Oath (Denmark) ApS
c/o Harbour House
Sundkrogsgade 21
2100 Copenhagen

Company reg. no. 25 90 33 15
Domicile: Copenhagen
Financial year: 1 January 2018 - 31 December 2018

Executive board

Michel Hubertus Paulus Teheux
Niels Christian Wedell-Wedellsborg

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
c/o Postboks 250, Osvald Helmuths Vej 4
DK-2000 Frederiksberg

Consolidated financial statements

The Company's financial statement is consolidated into Verizon Communications Inc., Annual reports for Verizon Communications Inc. can be obtained by letter to Oath (Denmark) ApS.

Management's review

Business activities

The Company's principal activity is sales and marketing of products related to Internet based marketing videos and online advertising in Denmark. From January 2013 to December 2015, the company provided these services under service agreement to AOL Europe Holdings (2) & Cie S.e.n.c., a general partnership incorporated and existing under the laws of Luxembourg. From January 2016 to 31 March 2018 the company provided similar services to Oath (UK) Limited (formerly AOL (UK) Limited), a private limited company incorporated and existing under the laws of England and Wales.

Since 1 April 2018, the recipient of these services is Oath (EMEA) Limited (formerly Yahoo! EMEA Limited), a company registered and existing in the Republic of Ireland.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2018 are not affected by any unusual matters.

Business review

The company's income statement for the year ended 31 December shows a profit of TEUR 342 and the balance sheet at 31 December 2018 shows equity of TEUR 2,833. On 20 March 2018, AOL Denmark Holdings ApS sold its entire investment in the company to Oath (Netherlands) B.V. (formerly Yahoo! Netherlands B.V.). In March 2018, the company distributed its investment in Oath (France) Sarl (with FMV of EUR 2 million) to Oath (Netherlands) B.V., as an extraordinary dividend in kind.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies used

The annual report for Oath (Denmark) ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual report is presented in euro (EUR).

Pursuant to sections §110 subsection 1, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

Gross profit reflects an aggregation of revenue and other operating income less cost of sales and other external expenses.

Revenue

Income from the rendering of services, are recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Income from supply of services is recognized as revenue with reference to the stage of completion.

The company recognizes revenue for transactions only where the company is considered the principal in its arrangement, that is, where it is the primary obligor in the revenue arrangements, has pricing latitude, and is exposed to credit risk. Revenue is not recognized when the company is acting as an agent, that is, when another party is primarily responsible for fulfilling the contract; it does not have discretion in establishing prices; and the entity is not exposed to the credit risk of the amount receivable from a customer in exchange for the other party's services.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies used

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

	Useful life
Fixtures and fittings, tools and equipment	3-5 years
Building improvements	15 years

Accounting policies used

Writedown of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Other debtors

Other debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Oath (Denmark) ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Liabilities

Liabilities, which include trade liabilities, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Profit and loss account 1 January - 31 December

EUR in thousands.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	3.204	2.738
1 Staff costs	-2.934	-2.307
Depreciation and writedown relating to tangible fixed assets	<u>-15</u>	<u>-17</u>
Operating profit	255	414
2 Other financial income	223	0
Writedown relating to financial assets	0	-19
3 Other financial costs	<u>0</u>	<u>-26</u>
Results before tax	478	369
4 Tax on ordinary results	<u>-136</u>	<u>-85</u>
Results for the year	<u>342</u>	<u>284</u>
Proposed distribution of the results:		
Allocated to results brought forward	<u>342</u>	<u>284</u>
Distribution in total	<u>342</u>	<u>284</u>

Balance sheet 31 December

EUR in thousands.

Assets	2018	2017
Note	<u> </u>	<u> </u>
Fixed assets		
Other fixtures and fittings, tools and equipment	84	42
Tangible fixed assets in total	<u>84</u>	<u>42</u>
Equity investments in group enterprises	45	45
Other debtors	1	24
Financial fixed assets in total	<u>46</u>	<u>69</u>
Fixed assets in total	<u>130</u>	<u>111</u>
Current assets		
Receivables from group entities	734	802
Deferred tax assets	0	1
Other debtors	91	77
Accrued income and deferred expenses	112	0
Debtors in total	<u>937</u>	<u>880</u>
Available funds	<u>3.203</u>	<u>2.472</u>
Current assets in total	<u>4.140</u>	<u>3.352</u>
Assets in total	<u>4.270</u>	<u>3.463</u>

Balance sheet 31 December

EUR in thousands.

Equity and liabilities			
Note		<u>2018</u>	<u>2017</u>
Equity			
5	Contributed capital	70	70
6	Results brought forward	<u>2.763</u>	<u>2.421</u>
	Equity in total	<u>2.833</u>	<u>2.491</u>
 Provisions			
	Provisions for deferred tax	<u>1</u>	<u>0</u>
	Provisions in total	<u>1</u>	<u>0</u>
 Liabilities			
	Trade creditors	98	13
	Debt to group enterprises	208	41
	Corporate tax	126	86
	Other debts	<u>1.004</u>	<u>832</u>
	Short-term liabilities in total	<u>1.436</u>	<u>972</u>
	Liabilities in total	<u>1.436</u>	<u>972</u>
	Equity and liabilities in total	<u>4.270</u>	<u>3.463</u>

7 Contingent assets, liabilities and other financial obligations

Notes

EUR in thousands.

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Salaries and wages	2.727	2.149
Other costs for social security	128	70
Other staff costs	79	88
	<u>2.934</u>	<u>2.307</u>
 Average number of employees	 <u>27</u>	 <u>18</u>
 2. Other financial income		
Exchange differences	223	0
	<u>223</u>	<u>0</u>
 3. Other financial costs		
Other financial costs	0	26
	<u>0</u>	<u>26</u>
 4. Tax on ordinary results		
Tax of the results for the year, parent company	134	85
Adjustment for the year of deferred tax	2	0
	<u>136</u>	<u>85</u>

Notes

EUR in thousands.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Contributed capital		
Contributed capital 1 January 2018	<u>70</u>	<u>70</u>
	<u>70</u>	<u>70</u>
6. Results brought forward		
Results brought forward 1 January 2018	2.421	2.137
Profit or loss for the year brought forward	<u>342</u>	<u>284</u>
	<u>2.763</u>	<u>2.421</u>

7. Contingent assets, liabilities and other financial obligations

Joint taxation

The company is jointly taxed with its former parent company AOL Denmark Holdings ApS as well as other Danish group entities of Verizon Communications Inc., and is jointly and severally liable with the other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Rent obligation as per 31 December 2018 amounts to TEUR 60 (TEUR 228 as per 31 December 2017).