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# Cloud Technologies Group

Condensed consolidated financial statement for the fourth quarter  
of 2020

WARSAW, FEBRUARY 15th, 2021

# 1 Condensed consolidated financial statement

Approval of the condensed consolidated financial statement.

On February 15<sup>th</sup>, 2021, the Board of Directors of Cloud Technologies S.A. (“Company”, “Issuer”) approved the interim condensed financial statement of the Cloud Technologies Group (“Group”), prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” approved by the European Union (further “IAS 34”) that includes:

- Condensed consolidated profit and loss statement for the period from October 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing a profit in the amount of PLN 1 438 875,
- Condensed consolidated statement of total income for the period from October 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing comprehensive income in the amount of PLN 1 726 858,
- Condensed consolidated statement of financial position (balance sheet) as of December 31<sup>st</sup>, 2020, showing the total assets as well as liabilities and equity of PLN 98 179 271,
- Condensed consolidated cash flow statement from October 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in net cash by PLN 2 951 750,
- Condensed consolidated statement of changes in equity from October 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020, showing an increase in equity by the amount of PLN 6 104 914,
- Notes to the interim condensed consolidated financial statement are provided in the PLN currency (unless otherwise stated).

**Board of Directors of Cloud Technologies S.A., the Parent Company:**

**Piotr Prajsnar,**  
Chairman of the Board

Warsaw, February 15th, 2021

## 2 Statement on compliance and general principles of reporting

This interim condensed consolidated financial statement for the fourth quarter of 2020, ended on December 31<sup>st</sup>, 2020, was prepared in compliance with IAS 34 “Interim Financial Reporting”. Therefore, it does not include all information and disclosures required in annual financial statements. It should be read together with the Group’s consolidated financial statement for the year ended on December 31<sup>st</sup>, 2019 that was prepared in compliance with International Financial Reporting Standards approved by the European Union (“IFRS”).

This interim condensed consolidated financial statement was prepared in compliance with accounting policies described in the annual consolidated financial statement of the Group for the year ended on December 31<sup>st</sup>, 2019.

The interim data for 2019 was restated in selected places for a consistency with the data presented in the annual financial statement of the Group for the year ended on December 31<sup>st</sup>, 2019. Detailed information on the changes is provided in Note 33.

The interim condensed consolidated financial statement was prepared on the assumption that the Company will continue its activities in the future.

The interim condensed consolidated financial statement was not audited by an auditing company.

## Consolidated profit and loss statement

Value in PLN	Note	Q4 2020 01.10.2020 – 31.12.2020	Q4 2019 01.10.2019 – 31.12.2019 <i>*restated data</i>	Q1-Q4 2020 01.01.2020 – 31.12.2020	Q1-Q4 2019 01.01.2019 – 31.12.2019 <i>*restated data</i>
<b>A. Net revenues from sales</b>	6	<b>15 721 603</b>	<b>12 585 662</b>	<b>50 128 094</b>	<b>42 729 422</b>
<b>B. Operating expenses</b>	8	<b>14 834 246</b>	<b>12 862 543</b>	<b>52 529 471</b>	<b>46 287 167</b>
IA. Amortization and depreciation of subsidy projects	9	1 026 986	380 324	3 194 944	404 324
IB. Amortization and depreciation of other assets	9	983 137	760 183	3 281 930	2 762 416
II. Consumption of materials and energy		32 724	52 695	100 013	155 251
III. Valuation of payments in the form of shares	10	1 600 000	0	1 600 000	0
IV. External services	11	10 702 561	11 057 272	42 505 870	40 966 700
V. Taxes and charges		37 576	41 779	131 176	102 609
VI. Payroll		318 291	309 818	1 260 722	1 185 736
VII. Social security and other benefits		42 249	34 959	160 175	181 316
VIII. Other costs by type		90 722	225 513	294 641	528 815
IX. Value of goods and materials sold		0	0	0	0
<b>C. Profit (loss) on sales</b>		<b>887 357</b>	<b>(276 881)</b>	<b>(2 401 377)</b>	<b>(3 557 745)</b>
D1. Other operating revenues - subsidies	12	663 410	273 791	2 012 330	297 791
D2. Other operating revenues - other	12	1 066 610	41 511	1 552 369	113 001
E. Other operating expenses	12	1 222 481	804 147	1 895 103	1 152 369
<b>F. Profit (loss) on operating activities</b>		<b>1 394 896</b>	<b>(765 726)</b>	<b>(731 781)</b>	<b>(4 299 322)</b>
G. Financial revenues	13	276 269	0	817 496	53 115
H. Financial expenses	13	71 849	750 935	138 523	673 272
<b>I. Gross profit (loss) before tax</b>		<b>1 599 316</b>	<b>(1 516 661)</b>	<b>(52 808)</b>	<b>(4 919 479)</b>
J. Income tax	14	160 441	(235 405)	(546 430)	(201 774)
<b>K. Profit (loss) after tax including attributable to:</b>		<b>1 438 875</b>	<b>(1 281 256)</b>	<b>493 622</b>	<b>(4 717 705)</b>
- the owners of the parent company		1 438 875	(1 281 256)	493 622	(4 717 705)
- the non-controlling interest		0	0	0	0
Profit per share	15				
- basic		0,31	(0,28)	0,11	(1,03)
- diluted		0,31	(0,28)	0,11	(1,03)

*\*in accordance with Note 33*

## Consolidated comprehensive income statement

Value in PLN	Q4 2020 01.10.2020 – 31.12.2020	Q4 2019 01.10.2019 – 31.12.2019	Q1-Q4 2020 01.01.2020 – 31.12.2020	Q1-Q4 2019 01.01.2019 – 31.12.2019
<b>Profit (loss) after tax</b>	<b>1 438 875</b>	<b>(1 281 256)</b>	<b>493 622</b>	<b>(4 717 705)</b>
<b>Other comprehensive income:</b>	<b>287 983</b>	<b>30 034</b>	315 099	879 900
Items that will be reclassified to profit and loss	287 983	30 034	315 099	879 900
Exchange differences converted from OnAudience Ltd	287 983	30 034	315 099	879 900
<b>Total comprehensive income including attributable to:</b>	<b>1 726 858</b>	<b>(1 251 222)</b>	<b>808 721</b>	<b>(3 837 805)</b>
- the owners of the parent company	<b>1 726 858</b>	<b>(1 251 222)</b>	<b>808 721</b>	<b>(3 837 805)</b>
- the non-controlling interest	<b>0</b>	<b>0</b>	<b>808 721</b>	<b>(3 837 805)</b>

## Consolidated cash flow statement

Value in PLN	Note	Q4 2020 01.10.2020 – 31.12.2020	Q4 2019 01.10.2019 – 31.12.2019	Q1-Q4 2020 01.01.2020 – 31.12.2020	Q1-Q4 2019 01.01.2019 – 31.12.2019
<b>Cash flows from operating activities</b>					
I. Profit before tax		1 599 316	(1 516 661)	(52 808)	(4 919 479)
II. All adjustments	16	(500 651)	1 183 370	7 719 066	27 135 792
III. Tax paid		(138 588)	(75 006)	2 998 537	(3 828 335)
<b>IV. Net cash flow from operating activities</b>		<b>960 077</b>	<b>(408 297)</b>	<b>10 664 795</b>	<b>18 387 978</b>
<b>Cash flows from investing activities</b>					
I. Inflows	16	4 180 759	4 592 686	6 457 149	7 279 163
II. Outflows	16	565 615	4 281 771	10 805 742	33 454 337
<b>III. Net cash flows from investing activities</b>		<b>3 615 144</b>	<b>310 915</b>	<b>(4 348 593)</b>	<b>(26 175 174)</b>
<b>Cash flows from financial activities</b>					
I. Inflows	16	2 800 000	0	7 173 534	0
II. Outflows	16	4 423 471	117 786	497 576	451 861
<b>III. Net cash flows from financial activities</b>		<b>(1 623 471)</b>	<b>(117 786)</b>	<b>6 675 958</b>	<b>(451 861)</b>
Net cash flows		2 951 750	(215 168)	12 992 160	(8 239 057)
<b>Change in cash and cash equivalents</b>		<b>2 951 750</b>	<b>(215 168)</b>	<b>12 992 160</b>	<b>(8 239 057)</b>
Net exchange rate differences		(148 792)	(53 040)	(409 240)	(39 913)
<b>Cash opening balance</b>		<b>14 855 295</b>	<b>5 030 054</b>	<b>4 814 886</b>	<b>13 053 943</b>
<b>Cash closing balance</b>		<b>17 807 045</b>	<b>4 814 886</b>	<b>17 807 046</b>	<b>4 814 886</b>

### Consolidated statement of changes in equity

	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current profit (loss)	Total equity
<b>As of 01.10.2020</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>23 878 746</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(4 587 072)</b>	<b>914 937</b>	<b>(945 254)</b>	<b>57 821 357</b>
Shares issuing – supplementary capital	0	0	0	4 338 055	0	0	0	0	0	0	4 338 055
Shares issuing – share capital	0	40 000	0	0	0	0	0	0	0	0	40 000
Change of the exchange differences capital	0	0	0	0	0	0	0	0	287 983	0	287 983
Total current income	0	0	0	0	0	0	0	0	0	1 438 876	1 438 876
<b>As of 31.12.2020</b>	<b>460 000</b>	<b>40 000</b>	<b>(18 000 000)</b>	<b>28 216 801</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(4 587 072)</b>	<b>1 202 920</b>	<b>493 622</b>	<b>63 926 271</b>

	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current profit (loss)	Total equity
<b>As of 01.10.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>25 200 627</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(1 191 248)</b>	<b>857 786</b>	<b>(3 436 448)</b>	<b>59 990 717</b>
Change of the exchange differences capital	0	0	0	0	0	0	0	0	30 035	0	30 035
Total current income	0	0	0	0	0	0	0	0	0	(1 281 257)	(1 281 257)
<b>As of 31.12.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>25 200 627</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(1 191 248)</b>	<b>887 821</b>	<b>(4 717 705)</b>	<b>58 739 495</b>

**Cloud Technologies Group**  
**Condensed consolidated financial statement for the fourth quarter of 2020**

	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current profit (loss)	Total equity
<b>As of 01.01.2020</b>	<b>46</b>	<b>0</b>	<b>(18 000 000)</b>	<b>25 200 627</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(1 191 248)</b>	<b>887 821</b>	<b>(4 717 705)</b>	<b>58 739 495</b>
Shares issuing – supplementary capital	0	0	0	4 338 055	0	0	0	0	0	0	4 338 055
Shares issuing – share capital	0	40 000	0	0	0	0	0	0	0	0	40 000
Distribution to retained earnings	0	0	0	0	0	0	0	(4 717 705)	0	4 717 705	0
Coverage of loss from supplementary capital	0	0	0	(1 321 881)	0	0	0	1 321 881	0	0	0
Change of the exchange differences capital	0	0	0	0	0	0	0	0	315 099	0	315 099
Total current income	0	0	0	0	0	0	0	0	0	493 622	493 622
<b>As of 31.12.2020</b>	<b>46</b>	<b>40 000</b>	<b>(18 000 000)</b>	<b>28 216 801</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(4 587 072)</b>	<b>1 202 920</b>	<b>493 622</b>	<b>63 926 271</b>

	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current profit (loss)	Total equity
<b>As of 01.01.2019</b>	<b>460</b>	<b>0</b>	<b>(18 000 000)</b>	<b>23 093 479</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>51 834</b>	<b>7 921</b>	<b>864 066</b>	<b>62 577 300</b>
Distribution to retained earnings	0	0	0	0	0	0	0	864 066	0	(864 066)	0
Coverage of loss from supplementary capital	0	0	0	2 107 148	0	0	0	(2 107 148)	0	0	0
Change of the exchange differences capital	0	0	0	0	0	0	0	0	879 900	0	879 900
Total current income	0	0	0	0	0	0	0	0	0	(4 717 705)	(4 717 705)
<b>As of 31.12.2019</b>	<b>460</b>	<b>0</b>	<b>(18 000 000)</b>	<b>25 200 627</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>(1 191 248)</b>	<b>887 821</b>	<b>(4 717 705)</b>	<b>58 739 495</b>



## Consolidated statement of financial position - assets

Value in PLN	Note	31.12.2020	31.12.2019 *restated data
<b>I. Fixed assets</b>		<b>43 475 173</b>	<b>34 904 566</b>
Intangible assets	17	36 236 667	31 332 549
Goodwill	17	2 526 018	2 526 018
Tangible fixed assets	18	30 927	59 403
Lease assets	18	3 059 070	707 048
Long-term investments	19	42 590	12 951
Deferred tax assets	22	1 579 901	266 597
<b>II. Current assets</b>		<b>54 704 098</b>	<b>41 223 504</b>
Trade receivables	20	28 131 926	25 812 156
Other receivables	20	4 376 317	6 965 037
Income tax receivables	20	0	3 506 693
Short-term investments	21	17 849 780	4 825 630
Contract assets	23	0	56 275
Short-term prepayments	22	4 346 075	57 713
<b>III. Total assets</b>		<b>98 179 271</b>	<b>76 128 070</b>

## Consolidated statement of financial position – equity and liabilities

Value in PLN	Note	31.12.2020	31.12.2019
<b>I. Total equity</b>		<b>63 926 271</b>	<b>58 739 495</b>
<b>Equity attributable to owners of the Parent Company</b>		<b>63 926 271</b>	<b>58 739 495</b>
Share capital	10	500 000	460 000
Own shares	24	(18 000 000)	(18 000 000)
Supplementary capital and other capital	10,25	37 314 729	37 694 379
Capital from the valuation of the incentive program	25	24 415 000	24 415 000
Reserve capital	24	18 000 000	18 000 000
Current profit		493 622	(4 717 705)
Exchange differences capital		1 202 920	887 821
<b>Non-controlling interests</b>		<b>0</b>	<b>0</b>
<b>II. Long-term liabilities and provisions</b>		<b>1 620 628</b>	<b>551 668</b>
Provision from deferred income tax	26	271 610	56 739
Long-term lease liabilities	27	1 349 019	494 929
<b>III. Liabilities and provisions for liabilities</b>		<b>32 632 372</b>	<b>16 836 907</b>
Trade liabilities	28	4 903 885	6 154 477
Short-term lease liabilities	27	1 932 761	242 774
Credits and loans	27	4 373 534	0
Other liabilities	28	127 337	90 013
Deferred revenues	29	20 245 482	9 230 209
Accruals	30	1 049 372	1 119 434
<b>III. Total equity and liabilities</b>		<b>98 179 271</b>	<b>76 128 070</b>

# 3 Notes to the condensed consolidated financial statement

## Note 1. Significant events and transactions in the reported period

A detailed description of the activity of the Cloud Technologies Group ("Group") was included in the "Consolidated report for the IV quarter of 2020".

In the Q4 of 2020, the following events or transactions considered by the Issuer as significant were recorded:

- (a) **Impact of the COVID-19 pandemic on the operating activities:** historically, Q4 of any given year was the period of the highest level of revenue generated. Despite the unpredicted course of 2020, the seasonality typical for the given financial period was finally maintained. The sales results for Q4 2020 seem to confirm that the Group may benefit from the transition of most clients and business activities to the Internet, which will translate into the level of generated sales, including the demand for data and advertising services. In Q4 2020, there was observed in particular the release of significant advertising budgets on the Polish market that were reduced or stopped in previous quarters due to COVID-19. However, there are still restrictions on industries historically being the source of significant advertising orders (e.g. the tourism industry). Moreover, the course of future quarters is still of high uncertainty, especially considering that historically Q1 of the given year was characterized by a significant decrease of sales compared to Q4 of the previous year.
- (b) **The issue of the G series shares:** on December 7th, 2020, the Board of Directors of the Parent Company adopted a resolution on increasing the share capital as a part of the target capital, excluding the preemptive rights of the existing Shareholders, by issuing 400 000 new G series shares. The shares were acquired by the Group's management. The issue aimed to increase the commitment of the Board of Directors as well as its long-term relationship with the Group. The issue price of the G shares was set at PLN 7 per share, and preferential conditions are a form of remuneration for the Board of Directors. In accordance with IFRS 2, the Group recognized a one-off, non-cash operating cost of PLN 1.6 million in Q4 2020, calculated as the difference between the Company's share price as of the date of signing the share subscription agreements by the beneficiaries and the issue price multiplied by the number of shares. The subscription ended on December 28th, 2020. All the offered shares were taken up and paid by beneficiaries. The Board of Directors of the Parent Company submitted an application for registration of the capital increase to the National Court Register (Polish: KRS) at the end of 2020. As at the date of publication of the report, the Parent Company has not yet obtained the decision of the National Court Register on the registration of the increase. After the registration of the increase, the Parent Company will aim to admit new shares to trading on the NewConnect market. The beneficiaries obliged to limit the possibility of disposing the shares until December 31st, 2021.
- (c) **Receiving a partial subsidy payment from Bank Gospodarstwa Krajowego:** in November 2020, the subsidiary company Audience Network received a part of payment for the granted subsidy from Bank Gospodarstwa Krajowego in the amount of PLN 4.2 million (the total value of the subsidy is PLN 5.1 million). This amount was allocated in full to the repayment of the bank loan taken for the implementation of the project covered by the subsidy. In November 2020, the subsidiary company Audience Network submitted an application for the final payment, which amounts approximately PLN 0.9 million. As of the report's publication date, the application is still under consideration.
- (d) **Extraordinary General Meeting of Shareholders:** on October 12, 2020 there was an Extraordinary General Meeting of Shareholders held, under which the following resolutions were adopted: (a) appointing a new member of the Supervisory Board and thus increasing the composition of the Parent Company's Supervisory Board to six people, (b) extending the subject of the Parent Company's activity by PKD positions concerning research and development works. The Group repeatedly conducts research and development works only in the scope of the Group's basic activity, i.e. online marketing. The extension of the PKD list is intended only to formally regulate this fact and may help the Group to obtain subsidies for this type of research activity.
- (e) **Recognition of new contracts as leases in accordance with IFRS 16:** in Q4 2020, the Issuer changed its internal estimates and considered the lease of servers as well as the office space rental as leasing, in accordance with IFRS 16. As stated in provisions of IAS 8, the given estimate may be verified if the

circumstances underlying the estimates change or as a result of obtaining new information. Historically, the Issuer did not consider the lease agreement for office space as a lease due to its short notice period (6 months) and the uncertainty caused by the influence of COVID-19 as to staying in the current location. In Q4 2020, the Parent Company's Board of Directors, due to the reduced uncertainty about the market environment, decided to stay in the current location until the end of the lease agreement, i.e. August 2023. Therefore, in Q4 2020, the office space lease agreement was considered a lease agreement in accordance with IFRS 16, and thus an additional asset and liability of PLN 2.1 million was recognized, described in detail in Note 18 and Note 27. At the same time, in December 2020, the Parent Company recognized that, achieving the stable level of the contracted technical infrastructure with an external server supplier, the contract with this supplier qualifies as leasing in accordance with IFRS 16. On the basis of the estimated duration of the contract, i.e. 24 months, an additional asset and liability of PLN 0.8 million was recognized, described in detail in Note 17 and Note 27. Therefore, the costs of performing the contracts mentioned above will be settled in the profit and loss statement, as per other leasing contracts (i.e. through depreciation and financial expenses).

- (f) **Sale of copyright to unreleased mobile games:** in December 2020, the Issuer sold copyrights to its unreleased mobile games. Historically, until 2017, the Company was involved in the development and publication of mobile games under the "Manastick Games" brand. When the cooperation of the managers of the games department was finished, the Issuer still retains the copyrights to several started game projects, with a different advancement degrees. Despite attempts to publish the owned titles, including the signing of a publishing agreement for one of the items, by Q3 2020 the Company did not manage to commercialize its assets. Therefore, in Q4 2020, there was made a decision to sell all rights to the unreleased mobile games to Movie Games Mobile S.A. (Playway S.A. group), an entity specialized in the mobile games industry. The agreement provides for a one-off payment to the Issuer (insignificant from the point of view of the Group's results) and in the event of introducing games to digital distribution in the future, a 25% share of the Parent Company in the profit of Movie Games Mobile S.A. achieved from the release of these games for a period of 12 months from the publication date.

## **Note 2. Significant changes in estimated values**

The most important accounting estimates and assumptions used to prepare this financial statement did not change significantly compared to the estimates and assumptions adopted in the consolidated financial statement for the year ended on December 31, 2019, except for the estimates of office and server rental agreements, as described above and in Notes 18 as well as 27.

## **Note 3. Fair value of financial instruments**

As of the reporting date, the Group did not have any financial instruments measured at fair value. At the same time, in case of financial instruments not being measured at fair value – no significant difference between their balance value and fair value was identified as of the reporting date.

## **Note 4. Group and changes in the structure of the Group**

### **I. The Group's structure**

As of December 31, 2020, the Group consisted of the following entities:

- **Cloud Technologies S.A. – Parent Company**
  - Audience Network sp. z o.o. (100% share in votes and capital) – subsidiary company
  - Online Advertising Network sp. z o.o. (100% share in votes and capital) – subsidiary company
  - OnAudience Ltd (100% share in votes and capital) – subsidiary company

### **II. Principles of consolidation**

Subsidiary companies are fully consolidated.

### **III. Changes in the Group's structure**

In Q4 2020, there were no changes in the Group's structure.

## Note 5. Seasonal or cyclical nature of operations

The seasonality of operations is of the greatest importance for the activities of the subsidiary companies: Audience Network sp. z o.o. and Online Advertising Network sp. z o.o.. In results of both companies, there is visible seasonality typical for the entire digital advertising market that is generally characterized by:

- Relatively lower number of orders from January till March (Q1),
- Increased level of orders from April till June (Q2),
- The lowest level of orders from July till August, and increased number of orders in September (Q3),
- The greatest number of orders from October till December (Q4).

At the same time, it should be noted that in the period of the greatest interest in marketing campaigns (e.g. holiday periods), due to the high level of marketing agencies' activity, an average cost of advertising spaces is typically higher than it is usual. It means that campaigns run in those periods can be characterized by a higher level of profitability.

As a part of the activities related to data distribution that contains anonymous information about Internet users' behavior, the Group assesses the seasonality at a level similar to the advertising industry described above (being the main data recipients), that is - the lowest data sale can be observed in Q1 (where historically there were drops of 40-50% compared to Q4 of the previous year), and the highest in Q4. Due to the impact of the COVID-19 pandemic, the seasonality in 2020 for the first three quarters turned out to be significantly different from the typical seasonality in the previous years. As of the publication date, the Issuer expects a return to the typical seasonality of the Group's operations in 2021, nonetheless, the future condition of the advertising market is characterized with a high level of uncertainty and therefore also the demand for the Group's services.

## Note 6. Revenues from contracts with clients

The Group's sale revenues for the Q4 2020 are presented in the table below:

Specification	Q4 2020	Q4 2019
<b>Continued operations</b>		
Sale of services	15 721 603	12 585 662
Sale of goods and materials	0	0
<b>Revenue from continued operations</b>	<b>15 721 603</b>	<b>12 585 662</b>
<b>Revenue from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>Total revenue from sale</b>	<b>15 721 603</b>	<b>12 585 662</b>

The Group's total sale revenue amounted PLN 15.7 million and increased by almost 25% in Q4 2020 compared to Q4 2019.

The Group's sale revenue in Q1-Q4 2020 is cumulatively presented in the table below:

Specification	Q1-Q4 2020	Q1-Q4 2019
<b>Continued operations</b>		
Sale of services	50 128 094	42 729 422
Sale of goods and materials	0	0
<b>Revenue from continued operations</b>	<b>50 128 094</b>	<b>42 729 422</b>
<b>Revenue from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>Total revenue from sale</b>	<b>50 128 094</b>	<b>42 729 422</b>

The Group's sale revenue in total amounted PLN 50.1 million and increased by almost 17% Q1-Q4 2020 compared to Q1-Q4 2019.

## Revenue from sale of services by main types of recipients

The Group identifies the following main types of recipients of the Group's services:

- Affiliate networks:** an affiliate network is a kind of an intermediary between an ordering entity and an entity running marketing campaigns (e.g. the Issuer). The campaigns that are run through affiliate networks were mostly settled in the efficiency model (the Issuer's remuneration was dependent on a

specific result of a campaign, e.g. if a product was sold as a result of the campaign). The Group invoices affiliate networks periodically for all campaigns run via affiliate networks in a given period of time settled, which leads to a high concentration of recipients in this activity segment. An affiliate network acts as a campaign settling center. Running campaigns for clients from many different geographic markets, the Group is able to obtain anonymous data from those markets. Sales to this group of recipients are included as a part of *Data acquisition*.

- b. **Brokers of advertising spaces:** professional entities operating in the digital marketing industry to whom the Group provides brokerage services in the purchase of advertising spaces. The Group buys the media selected by a broker that are then re-invoiced to the broker, usually with a small margin (the Group acts as a “purchasing center”). This activity enables the acquisition of anonymous data. It also makes it possible to obtain a better bargaining position in terms of suppliers of advertising spaces. Sales to this group of recipients are included in the *Data acquisition* segment.
- c. **Advertising agencies and media houses:** a media house acts as an intermediary between an initial ordering a campaign (direct client), and an entity running the campaign (the Group). The Group invoices a given media house, usually on a monthly basis. Anonymous data about behavior of Internet users, processed by the Group, is used to run campaigns and increase their effectiveness. Sales to this group of recipients are reported as a part of the *Data consulting* segment.
- d. **Direct clients of advertising services:** various types of enterprises, mainly operating in the B2C model. Marketing campaigns run for direct clients are similar to campaigns run for advertising agencies and media houses. However, the lack of an intermediary allows creating a direct relationship with a client and potentially also obtaining a higher margin for the campaign implementation. Clients are usually invoiced on a monthly basis. Anonymous data about behavior of Internet users, processed by the Group, is used to run campaigns and increase their effectiveness. Sales to this group of recipients are reported as a part of the *Data consulting* segment.
- e. **Data and technology distributors:** clients purchasing from the Group only anonymous data about behavior of Internet users (without the services in the form of marketing campaigns), or access to a proprietary DMP technology (in the form of SaaS or a long-term license). Data can be in the form of segments, i.e. be grouped according to indicative interests (e.g. sports, automotive) or may be distributed in an unprocessed form (the so-called “data stream”). Data distributors are mainly technology platforms that deliver data to final clients (mainly from digital marketing industry and using data for better profiling of their campaigns). Contractors usually settle with the Group in the revenue sharing formula, i.e. they share with the Group the revenues from the sale of data acquired from the Group to final clients, usually no payment in advance are applied for the data acquisition. In most cases, the payment for data is determined on the basis of a unit rate agreed with a client, multiplied by the volume of the purchased data. In case of some clients, the Group settles in the form of a fixed monthly fee, with a set monthly data usage limit (the so-called “capped flat fee”). Sales to this Group of recipients are included in the *Data enrichment* segment.
- f. **Other recipients:** currently, mainly revenues from mobile games published by the Group, other services such as *UnBlock*, and barter settlements with the Group’s clients or revenue from other, single occasional services provided by the Group, not being a part of the other groups of recipients of the Group’s services. These revenues are a part of the *Other* segment.

Revenues from sale of the Group’s services in Q4 2020 (including data for the comparative period), by the main types of recipients are presented in the table below:

Specification	Q4 2020	Q4 2019
Affiliate networks	2 052 005	3 460 609
Brokers of advertising spaces	1 384 328	1 528 455
Advertising agencies and media houses	4 581 963	3 027 430
Direct clients of advertising services	1 357 460	1 587 001
Data and technology distributors	5 748 289	2 978 487
Other recipients	597 558	3 680
<b>Total revenues from sales of services</b>	<b>15 721 603</b>	<b>12 585 662</b>

Revenues from sale of the Group’s services in Q1-Q4 cumulatively (including data for the comparative period) by the main types of recipients are presented in the table below:

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Specification	Q1-Q4 2020	Q1-Q4 2019
Affiliate networks	11 941 357	15 133 077
Brokers of advertising spaces	7 656 899	6 070 633
Advertising agencies and media houses	11 594 288	9 148 883
Direct clients of advertising services	4 326 792	5 182 796
Data and technology distributors	13 376 160	7 181 481
Other recipients	1 232 597	12 553
<b>Total revenues from sales of services</b>	<b>50 128 094</b>	<b>42 729 423</b>

The structure of revenues from sales of the Group's services in Q4 2020 was presented in the table below:

Specification	Q4 2020	Q4 2019
<i>% of affiliate networks</i>	13.1%	27.5%
<i>% of brokers of advertising spaces</i>	8.8%	12.1%
<i>% of advertising agencies and media houses</i>	29.1%	24.1%
<i>% of direct clients of advertising services</i>	8.6%	12.6%
<i>% of data and technology distributors</i>	36.6%	23.7%
<i>% of other recipients</i>	3.8%	0.0%
<b><i>% of total revenues from sales of services</i></b>	<b>100.0%</b>	<b>100.0%</b>

Changes in revenues from the sale of the Group's services in percentages, compared to the comparative period, are presented in the table below:

Specification	Q4 2020 vs. Q4 2019	Q1 – Q4 2020 vs. Q1 – Q4 2019
<i>% change of sales to affiliate networks</i>	-40.7%	-21.1%
<i>% change of sales to brokers of advertising spaces</i>	-9.4%	26.1%
<i>% change of sales to advertising agencies</i>	51.3%	26.7%
<i>% change of sales to direct clients</i>	-14.5%	-16.5%
<i>% change of sales to data and technology distributors</i>	93.0%	86.3%
<i>% change of sales to other recipients</i>	16137.5%	9719.1%
<b><i>% change of revenues from the sale of services in total</i></b>	<b>24.9%</b>	<b>17.3%</b>

Total revenues from sales of the Group's services in Q4 2020 increased by almost 25% compared to the same period in 2019, despite the impact of the COVID-19 pandemic. For Q1-Q4 2020, the increase in revenues was 17% cumulatively, compared to the same period of 2019.

Sales to affiliate networks continue the trend visible in previous accounting periods and is characterized by negative dynamics, in accordance to the Group's policy assuming gradual reduction in this area of activity and increasing the efficiency of data usage. An additional factor increasing the decline in turnover with this group of clients (only foreign clients) was the impact of the COVID-10 pandemic. The Group generates a small level of margin on this Group of recipients, nevertheless, the cooperation with affiliate networks is an important source of acquiring anonymous data.

The Group also recorded a decrease in sales to brokers of advertising spaces. However, taking into consideration the small (few percent) margin in this type of activity, the change in revenues in this area will not have a significant impact on the Group's results.

The Group again recorded a high increase in the "sale to other recipients" category. In Q4 2020, the Parent Company managed to commercialize the Unblock solution, as well as sell copyrights to the unreleased mobile games.

In case of revenues from strictly advertising activities, mainly on the territory of Poland, a further decrease in sales to direct clients can be observed. Sales to direct customers dropped by almost 15% in Q4 2020. The limited number of orders from direct clients, including clients from industries such as tourism, entertainment or the automotive industry, results primarily from the limited possibilities of running their businesses due to the restrictions resulting from the COVID-19 pandemic (which may also persist in the following quarters). Another trend can be observed in case of sales to advertising networks and agencies – in this group of clients, there was a full release of the previously unused advertising budgets in the period of Q4 2020. The Group recorded the highest quarterly sale to this group of clients in the history, amounting PLN 4.7 million.

From the Group's perspective, the fact of achieving a high, over 90% dynamics of data and technology sales growth is the most important. It is the key strategic direction of the Group's future development. In particular, there

was an increase in sales of OnAudience Ltd, an entity dedicated to the expansion of the Group’s data segment. This increase was achieved both through increased sales to the already existing group of clients, as well as through the acquisition of new technology partners. This increase was also caused by gradual settlement of the signed agreements for the sale of DMP licenses by the Parent Company in 2020 (that were non-existent in 2019). The level of revenues from data and technology monetization of over PLN 5.7 million is the best quarterly result in this area of activity in the Group’s history (the previous record of PLN 3.9 million was achieved in Q3 2020). Once again (after the result in Q3 2020), sales of data and technology also have the largest % share in the Group’s revenue structure in the quarter. As sales to this group of clients are characterized by the highest margin, this increase has a measurable impact on the overall profitability of the Group.

**The Group’s revenues from sales for individual subsidiary companies**

The share of individual companies in the Group’s consolidated revenues according to the data for Q4 2020 is presented in the table below:

Specification	Q4 2020	Q4 2019
<i>Cloud Technologies S.A.</i>	6.6%	2.5%
<i>Audience Network sp. z o.o.</i>	47.5%	68.2%
<i>Online Advertising Network sp. z o.o.</i>	16.8%	11.7%
<i>OnAudience Ltd</i>	29.2%	17.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

The share of Audience Network sp. z o.o. is the result of a full acquisition of affiliate networks. As a result of the change in the Group’s subsidiary companies competences, the Parent Company stopped providing services to external clients, focusing on another tasks, such as, the know-how technology, and functions supporting the subsidiary companies. Subsidiary entities are entities providing services to external clients. In particular OnAudience Ltd is responsible for selling anonymous data, and hence its share in the Group’s revenues is systematically growing.

Sales revenues for individual segments of the Group are provided in Note 7.

**Note 7. Operating segments**

Presently, the Issuer identifies four main operating segments:

- Data acquisition
- Data consulting
- Data enrichment
- Other

Basic information on the operating segments is presented in the table below:

Name of the segment	Strategic purpose of the segment	Groups of clients	Typical level of margin	Expected dynamics of revenues
<b>(1) Data acquisition</b>	Achievement of anonymous data used to provide services of the whole Group	• Affiliate networks • Brokers of advertising spaces	Low	Low
<b>(2) Data consulting</b>	Running marketing campaigns with the use of data	• Advertising agencies • Direct clients of advertising spaces	Medium	Medium
<b>(3) Data enrichment</b>	International sale of data and technology segments mainly to advertising industry	• Data distributors • Recipients of the CT technology	High	High
<b>(4) Other</b>	Ensuring support to other segments	• All other clients	Negative margin (centre of expenses)	None

**The scope of financial data analyzed within a segment**

Each segment is analyzed to the level of EBITDA (for the needs of given segments, the EBITDA profit does not include allocations of other operating activities).

Sales revenues from the following groups of clients were assigned to individual segments:

- (a) Affiliate networks and brokers of advertising spaces assigned to the *Data acquisition* segment,
- (b) Advertising agencies and direct clients assigned to the *Data services* segment,
- (c) Data and technology distributors assigned to the *Data enrichment* segment,
- (d) Other clients assigned to the *Other* segment.

For each segment, the following groups of operating expenses were distinguished:

- (a) Costs of purchasing advertising spaces and data;
- (b) Costs of tools, software licenses including the maintenance of the key software and servers (including the DSP platform as a part of the *Data acquisition* segment);
- (c) Remuneration of people directly involved in the provision of services for clients of a given segment;
- (d) Other expenses i.e. administrative and office expenses, bank fees and commissions, consultants, presence on the stock exchange, accounting, office space, promotion, marketing, equipment, and business trips.

Expenses presented within a segment are the direct operating expenses of the given segment, without allocations of overhead expenses of the Issuer's Parent Company. All indirect operating expenses of the Group (Expenses of Cloud Technologies not prescribed to segments) are currently presented in the *Other* segment (except for items actually re-invoiced by Cloud Technologies to subsidiary companies), as a result of which:

- (a) expenses presented in the *Data acquisition* segment concern direct expenses for servicing clients of this segment as well as media expenses for servicing brokers of advertising spaces,
- (b) expenses presented in the *Data consulting* segment concern all operating expenses of Audience Network and Online Advertising Network subsidiary companies, excluding expenses for servicing brokers of advertising spaces as well as affiliate networks,
- (c) expenses presented in the *Data enrichment* segment concern all operating expenses of the OnAudience Ltd subsidiary company, as well as expenses of Cloud Technologies incurred for servicing data and technology distributors (mainly: data purchase, sale teams, programmers, servers, and hosting),
- (d) expenses presented in the *Other* segment concern other expenses incurred by Cloud Technologies, not allocated to the three previous segments, including primarily expenses of the Issuer's corporate bodies, back office, administrative and office expenses, accounting, office space lease for back office operations, expenses on advisors and experts, as well as marketing activities of the Group.

Assets of a given segment are understood as trade receivables from the group of clients who are serviced within the given segment.

EBITDA is understood as a profit on sale increased by amortization. The Group does not analyze and allocate the amortization expenses, as well as other operating revenues or expenses of individual segments.

The Group does not allocate liabilities or income tax to operating segments.

## **Detailed description of individual operating segments**

### **I. Data acquisition**

Within this segment, two separate groups of clients are served: affiliate networks and brokers of advertising spaces.

#### **(a) Affiliate networks**

For affiliate networks, the Group runs marketing campaigns primarily for *e-commerce* clients, using affiliate networks as an intermediary between the Group and final clients.

Campaigns run within affiliate networks are settled depending on their efficiency, while purchasing media mainly in the RTB (Real Time Bidding) formula, by the use of DSP (Demand Side Platform) that belongs to OnAudience Ltd subsidiary company, which is then sublicensed to companies from the Group when needed. Historically, the DSP platform was licensed from IIT sp. z o.o. sp. k. – historically a related party to the Issuer.



Revenue is generated when the Group achieves a specific effect desired and specified by the final client at the time of determining campaign's parameters (e.g. purchase of a given product by a recipient of the advertising content, leaving contact details by an Internet user, etc.).

Affiliate networks collectively settle all campaigns run for *e-commerce* clients in a given period of time, usually quarterly. Due to the fact that affiliate networks are intermediaries in contact with final clients, the main office of the client does not have to correspond to the main office of Group's final client.

Campaigns for affiliate networks are commissioned by clients operating on approximately 40 geographic markets, most often located in Europe. The Group's final clients are usually entities of less recognizable brands, not having a strong market position, or entities that sell products in the *white label* model.

Historically, the Group's intention was to run as many campaigns as possible, selected in terms of potential margins. Currently, due to long-term settlements and delays in payments, the Group has adopted a strategy of implementing a limited number of campaigns aimed primarily at achieving data, not margins.

(b) Brokers of advertising spaces

Brokers of advertising spaces are professional entities operating in the online marketing industry for which the Group provides brokerage services in terms of purchasing advertising spaces. The Group purchases media selected by the broker that are subsequently re-invoiced to the broker, usually with a small margin (the Group acts as a 'purchasing centre'). Clients also usually use a trade credit granted by the Group (up to 90 days). There is a considerable demand for this type of services also due to the fact that the main providers of advertising spaces and DSP platform operators (such as AdForm, Google) have a restrictive policy of suspending cooperation in the event of delayed payments.

This activity enables the achievement of anonymous data as well as obtaining a better bargaining position with suppliers of advertising spaces.

The activity in the *Data acquisition* (generated revenues and expenses) is conducted by Cloud Technologies, OnAudience, Online Advertising Network, and Audience Network.

## **II. Data consulting**

The Group sells data-based marketing services within this segment.

Within the *Data consulting* segment, the Group operates mainly through its subsidiary companies, that are Audience Network and Online Advertising Network. The entities mentioned are oriented to carry out activities primarily on the Polish market, occasionally on neighboring markets.

The subsidiary companies focus on providing services from the online marketing industry, including running marketing campaigns, mostly in the *Big Data* as a *Service* model, for two main groups of clients: advertising agencies and media agencies (including the largest international entities on the Polish market), as well as direct clients (including large enterprises operating on the B2C markets). Services provided by the subsidiary companies use the Issuer's technological supply base, including data enabling the optimization of marketing campaigns' efficiency.

*Data consulting* services are mainly used by clients operating in the B2C model (that is entrepreneur-consumer relation) due to a dispersed group of their clients. Those clients are serviced by the Company either in a direct commercial relationship or through media agencies.

Activities in the *Data consulting* (generated revenues and expenses) is conducted by Audience Network and Online Advertising Network.

## **III. Data enrichment**

As a part of this segment, the Group sells anonymous data about behavior of Internet users as well as an access to the Group's technology. The commercial activity of the parent company on foreign markets is carried out under the brand name OnAudience.com. The segment shows sales generated by the Group as a part of Data exchange activity (direct sales of data about behavior of online users, mainly foreign distributors in Europe and on the USA market), as well as revenues from the DMP platform, that is analysis, enrichment, and inference on data on clients that are provided by external institutions. The segment also shows revenues from the sale of access to the DMP platform, made either in the SaaS formula (Software as a Service, receiving access in exchange for a monthly 'subscription' based on an agreement with a maximum notice period of several months), and in the formula of

purchasing a license by the contractor (usually for a period of up to 5 years, paid in advance for the entire period, with a limited possibility of terminating the license agreement).

Data exchange services are directed mainly to foreign distributors that are entities purchasing or selling high quality data about behavior of online users. Data Exchange services offered to clients under the OnAudience.com brand are among the most dynamically developing services offered by the Group and became a strategic pillar of further development of the Group. As a part of the service, the Group provides its foreign clients with appropriately segmented profiles of online users (e.g. according to its interests, purchasing intentions). Those profiles were previously a subject to anonymization process and grouped into 'packages' of at least several thousand records (thus they do not constitute personal data and do not allow the identification of a specific person). The Group's final recipients (that is clients of distributors) are mostly entities from online marketing industry that employ data for better profiling of their marketing campaigns. Clients settle with the Group mostly in the revenue sharing formula, that is they share with the Group revenues from the sale of the Group's data to final clients, usually not paying in advance for the access to the Group's data. The Group's intention in the coming months is to establish cooperation with a larger group of clients for the Data Exchange service and to complete the process of full technological integration with current clients

Activities in the segment (generated revenues and expenses) are conducted by Cloud Technologies (under the OnAudience.com brand), and OnAudience Ltd, specialized subsidiary entity of the Issuer with its registered office in London, established to support international expansion of the Group in the *Data enrichment* segment. Revenues of other subsidiary companies from direct sale of data to external distributors are also included in this segment.

#### IV. Other

Among other services of the Group, there are mostly revenues from services supporting the sale of other segments, revenues from barter services, revenues from mobile games, as well as revenues from the *UnBlock* product

As a part of the segment, there are also shown all expenses of the Issuer, not directly prescribed to other operating segments, that are mainly general expenses on the management of the main office.

#### Segment results over time

Information about revenues from operating segments in periods covered in this report is presented in the table below:

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q4 2020</b>						
<b>Total revenues, from which:</b>	<b>6 464 452</b>	<b>6 264 466</b>	<b>8 854 980</b>	<b>598 231</b>	<b>(6 460 526)</b>	<b>15 721 603</b>
(a) sales to external clients	3 436 333	5 939 423	5 748 289	597 558	0	<b>15 721 603</b>
(b) sales between segments	3 028 119	325 043	3 106 691	673	(6 460 526)	-

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q4 2019</b>						
<b>Total revenues, from which:</b>	<b>10 887 460</b>	<b>4 987 702</b>	<b>5 448 800</b>	<b>3 680</b>	<b>(8 741 981)</b>	<b>12 585 662</b>
(a) sales to external clients	4 989 064	4 614 431	2 978 487	3 680	-	12 585 662
(b) sales between segments	5 898 395	373 271	2 470 313	-	(8 741 981)	-

	Data Acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q1-Q4 2020</b>						
<b>Total revenues, from which:</b>	<b>38 851 609</b>	<b>16 596 400</b>	<b>20 984 996</b>	<b>1 233 269</b>	<b>(27 538 181)</b>	<b>50 128 094</b>
(a) sales to external clients	19 598 257	15 921 080	13 376 160	1 232 597	0	<b>50 128 094</b>
(b) sales between segments	19 253 352	675 320	7 608 836	673	(27 538 181)	-

	Data Acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q1-Q4 2019</b>						
<b>Total revenues, from which</b>	<b>50 661 843</b>	<b>14 907 864</b>	<b>12 409 158</b>	<b>12 553</b>	<b>(35 261 996)</b>	<b>42 729 423</b>

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(a) sales to external clients	21 203 709	14 331 679	7 181 481	12 553	-	42 729 423
(b) sales between segments	29 458 134	576 185	5 227 677	-	(35 261 996)	-

In terms of the whole Group, revenues from sales of services to external clients increased in Q4 2020 by 25%, compared to Q4 2019. The main determinant of the growth was the revenue of the *Data enrichment* segment that increased by 93% as a result of significant increases in all three main products (*Data exchange*, *DMP*, *Data stream*). In particular, a high level of data sales to the USA clients was recorded. The *Data consulting* segment also increased in terms of sales compared to Q4 2019 (an increase by almost 29%) that was possible due to the visible release of advertising budgets in the segment of media agencies and houses. There was recorded a decrease in sales in the *Data acquisition* segment by over 30% (both due to the decrease in sales to affiliate networks and brokerage sales).

Information on EBITDA of the operating segments in Q4 2020 and Q4 2019:

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q4 2020</b>						
<b>Total revenues</b>	<b>6 464 452</b>	<b>6 264 466</b>	<b>8 854 980</b>	<b>598 231</b>	<b>(6 460 526)</b>	<b>15 721 603</b>
<b>Total expenses, from which</b>	<b>6 415 525</b>	<b>5 801 145</b>	<b>4 606 513</b>	<b>2 456 248</b>	<b>(6 455 310)</b>	<b>12 824 122</b>
(a) media and data purchase	5 246 593	4 565 367	1 791 026	0	(4 488 418)	7 114 568
(b) personnel	118 218	931 289	620 782	690 242	-	2 360 531
(c) tools and licenses	1 048 213	24 822	1 987 183	22 520	(1 971 896)	1 110 842
(d) other	2 500	279 668	207 522	1 743 486	5 005	2 238 181
<b>EBITDA segment</b>	<b>48 928</b>	<b>463 321</b>	<b>4 248 466</b>	<b>(1 858 018)</b>	<b>(5 216)</b>	<b>2 897 481</b>
<i>% of EBITDA margin</i>	0.8%	7.4%	48.0%	-	-	18.4%
<b>Segment's assets</b>	<b>43 202 892</b>	<b>6 097 426</b>	<b>20 269 991</b>	<b>1 704 378</b>	<b>(43 142 762)</b>	<b>28 131 926</b>

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q4 2019</b>						
<b>Total revenues</b>	<b>10 887 460</b>	<b>4 987 702</b>	<b>5 448 800</b>	<b>3 680</b>	<b>(8 741 981)</b>	<b>12 585 662</b>
<b>Total expenses, from which</b>	<b>10 623 987</b>	<b>4 840 594</b>	<b>4 029 634</b>	<b>961 296</b>	<b>(8 733 475)</b>	<b>11 722 036</b>
(a) media and data purchase	9 397 423	3 665 037	1 498 483	(25 893)	(6 871 898)	7 663 153
(b) personnel	114 206	727 199	486 278	645 391	0	1 973 074
(c) tools and licenses	1 112 357	6 644	1 918 450	20 688	(1 874 377)	1 183 762
(d) other	0	441 715	126 422	321 110	12 800	902 046
<b>EBITDA segment</b>	<b>263 474</b>	<b>147 108</b>	<b>1 419 166</b>	<b>(957 616)</b>	<b>(8 507)</b>	<b>863 626</b>
<i>% of EBITDA margin</i>	2.4%	2.9%	26.0%	-	0.1%	6.9%
<b>Segment's assets</b>	<b>42 979 329</b>	<b>4 552 652</b>	<b>10 595 945</b>	<b>349 327</b>	<b>(32 665 098)</b>	<b>25 812 155</b>

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q1-Q4 2020</b>						
<b>Total revenues</b>	<b>38 851 609</b>	<b>16 596 400</b>	<b>20 984 996</b>	<b>1 233 269</b>	<b>(27 538 181)</b>	<b>50 128 094</b>
<b>Total revenues, from which:</b>	<b>39 171 376</b>	<b>16 539 986</b>	<b>13 428 051</b>	<b>4 645 215</b>	<b>(27 732 032)</b>	<b>46 052 597</b>
(a) media and data purchase	34 323 456	12 301 756	5 740 893	0	(22 707 529)	29 658 576
(b) personnel	522 798	3 139 281	1 990 673	1 988 520	0	7 641 272
(c) tools and licenses	4 285 303	68 780	5 107 700	62 972	(5 049 120)	4 475 636
(d) other	39 820	1 030 169	588 785	2 593 723	24 617	4 277 113
<b>EBITDA segment</b>	<b>(319 767)</b>	<b>56 414</b>	<b>7 556 946</b>	<b>(3 411 945)</b>	<b>193 851</b>	<b>4 075 498</b>
<i>% of EBITDA margin</i>	(0.8%)	0.3%	36.0%	-	-	8.1%
<b>Segment's assets</b>	<b>43 202 892</b>	<b>6 097 426</b>	<b>20 269 991</b>	<b>1 704 378</b>	<b>(43 142 762)</b>	<b>28 131 926</b>

	Data acquisition	Data consulting	Data enrichment	Other	Exclusions	In all
<b>Q1-Q4 2019</b>						
<b>Total revenues</b>	<b>50 661 843</b>	<b>14 907 864</b>	<b>12 409 158</b>	<b>12 553</b>	<b>(35 261 996)</b>	<b>42 729 422</b>
<b>Total expenses, from which:</b>	<b>50 186 733</b>	<b>15 518 241</b>	<b>9 337 901</b>	<b>3 311 800</b>	<b>(35 234 248)</b>	<b>43 120 427</b>

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(a) media and data purchase	44 486 125	11 246 114	2 471 880	(23 579)	(30 772 369)	27 408 171
(b) personnel	482 361	2 789 037	2 391 230	1 920 574	0	7 583 201
(c) tools and licenses	5 218 247	21 160	4 015 034	53 258	(4 447 894)	4 859 806
(d) other	0	1 461 930	459 758	1 361 547	(13 986)	3 269 249
<b>EBITDA segment</b>	<b>475 110</b>	<b>(610 377)</b>	<b>3 071 257</b>	<b>(3 299 247)</b>	<b>(27 748)</b>	<b>(391 005)</b>
% of EBITDA margin	0.9%	(4.1%)	24.7%	-		(0.9%)
<b>Segment's assets</b>	<b>42 979 329</b>	<b>4 552 652</b>	<b>10 595 945</b>	<b>349 327</b>	<b>(32 665 098)</b>	<b>25 812 155</b>

Consolidated EBITDA result of the segments in Q4 2020 – profit of PLN 2.9 million – improved by PLN 2.0 million compared to Q4 2019 (profit of PLN 0.9 million). This is the best quarterly EBITDA result since Q1 2018. The two main business segments significantly improved their profitability compared to 2019: the *Data enrichment* segment generated PLN 4.2 million EBITDA in Q4 2020 (compared to PLN 1.4 million in the previous year), while the results in the segment *Data consulting* improved by approximately PLN 0.3 million. Therefore, the Group's result at the EBITDA level improved despite the almost zero result in the *Data acquisition* segment and despite the inclusion in the *Other* segment of a one-off, non-cash cost of PLN 1.6 million, resulting from the valuation of the share issue in December 2020.

Cumulative segment EBITDA after Q1-Q4 2020 was approximately PLN 4.1 million: it means that it improved in the result by approximately PLN 4.5 million (due to the segment's EBITDA loss of PLN 0.4 million in the corresponding period of 2019).

### Reconciliation of segment results before tax

Additional reconciliation of the segment results to the Group's results before tax is presented in the table below:

Specification	Q4 2020	Q4 2019
<b>Total EBITDA segments</b>	<b>2 897 481</b>	<b>863 626</b>
Depreciation and amortization	2 010 123	1 140 507
Adjustment for goods sale	0	0
Other operating revenues	1 730 020	315 302
Other operating expenses	1 222 481	804 147
<b>Results on operating activities</b>	<b>1 394 897</b>	<b>(765 726)</b>
Financial revenues	276 269	0
Financial expenses	71 849	750 935
<b>Result before tax</b>	<b>1 599 317</b>	<b>(1 516 661)</b>

### Note 8. Operating expenses

The table below show the structure, dynamics, and share of the Group's operating expenses in Q4 2020, however, for the consistency of the presentation, the data presented below in Q4 2020 was adjusted for the costs of valuation of the share issue (PLN 1.6 million):

Specification	Q4 2020	Q4 2019	change %
Total depreciation and amortization	2 010 123	1 140 507	76.2%
as % of sales	12.8%	9.1%	
Consumption of materials and energy	32 724	52 695	(37.9%)
as % of sales	0.2%	0.4%	
External services	10 702 561	11 057 272	(3.2%)
as % of sales	68.1%	87.9%	
Taxes and charges	37 576	41 779	(10.1%)
as % of sales	0.2%	0.3%	
Payroll	318 291	309 818	2.7%
as % of sales	2.0%	2.5%	
Social security and other benefits	42 249	34 959	20.9%
as % of sales	0.3%	0.3%	
Other costs by type	90 722	225 513	(59.8%)

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<i>as % of sales</i>	0.6%	1.8%	
Value of goods and materials sold	0	0	-
<i>as % of sales</i>	0.0%	0.0%	
<b>Total OPEX without valuation of the share issue</b>	<b>13 234 246</b>	<b>12 862 543</b>	<b>2.9%</b>
<i>as % of sales</i>	<b>84.2%</b>	<b>102.2%</b>	
<b>Total OPEX without depreciation</b>	<b>11 224 123</b>	<b>11 722 036</b>	<b>(4.2%)</b>
<i>as % of sales</i>	<b>71.4%</b>	<b>93.1%</b>	

The table below presents the corresponding data on the Group's operating expenses for the period Q1-Q4 2020 cumulatively, also adjusted for the costs of valuation of the share issue:

Specification	Q1-Q4 2020	Q1-Q4 2019	change %
Depreciation and amortization	6 476 874	3 166 740	104.5%
<i>as % of sales</i>	12.9%	7.4%	
Consumption of materials and energy	100 013	155 251	(35.6%)
<i>as % of sales</i>	0.2%	0.4%	
External services	42 505 870	40 966 700	3.8%
<i>as % of sales</i>	84.8%	95.9%	
Tax and charges	131 176	102 609	27.8%
<i>as % of sales</i>	0.3%	0.2%	
Payroll	1 260 722	1 185 736	6.3%
<i>as % of sales</i>	2.5%	2.8%	
Social security and other benefits	160 175	181 316	(11.7%)
<i>as % of sales</i>	0.3%	0.4%	
Other costs by type	294 641	528 815	(44.3%)
<i>as % of sales</i>	0.6%	1.2%	
Value of goods and materials sold	0	0	-
<i>as % of sales</i>	0.0%	0.0%	
<b>Total OPEX without valuation of the share issue</b>	<b>50 929 471</b>	<b>46 287 167</b>	<b>10.0%</b>
<i>as % of sales</i>	<b>101.6%</b>	<b>108.3%</b>	
<b>Total OPEX without depreciation</b>	<b>44 452 597</b>	<b>43 120 427</b>	<b>3.1%</b>
<i>as % of sales</i>	<b>88.7%</b>	<b>100.9%</b>	

The most important item of the Group's operating expenses are external services, described in detail in Note 11. Depreciation costs are described in detail in Note 9. Description and calculation of the cost of valuation of share-based payments (valuation of share issue) were presented in Note 10.

## Note 9. Depreciation

The Group's depreciation for Q4 2020 is as follows:

Specification	Q4 2020	Q4 2019
<b>Depreciation of intangible assets' projects with a subsidy</b>	<b>1 026 986</b>	<b>380 324</b>
CT UnBlock	570 486	380 324
AN Big Data Analytics Platform	456 500	0
<b>Depreciation of other intangible assets</b>	<b>663 115</b>	<b>593 593</b>
OnAudience LTD DSP	530 391	524 679
CT DMP Platform	132 724	68 914
Other intangible assets	0	0
<b>Depreciation of fixed assets with a subsidy</b>	<b>0</b>	<b>0</b>
<b>Depreciation of other fixed assets:</b>	<b>320 022</b>	<b>166 590</b>
Lease assets	297 289	130 207
Other fixed assets	22 733	36 383
<b>Total depreciation cost</b>	<b>2 010 123</b>	<b>1 140 507</b>

The Group's depreciation for Q1-Q4 2020 cumulatively is presented in the table below:

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Specification	Q1-Q4 2020	Q1-Q4 2019
<b>Depreciation of intangible asset's projects with a subsidy</b>	<b>3 194 944</b>	<b>380 324</b>
CT UnBlock	2 281 944	380 324
AN Big Data Analytics Platform	913 000	0
<b>Depreciation of other intangible assets</b>	<b>2 569 986</b>	<b>2 175 655</b>
OnAudience LTD DSP	2 102 901	1 900 000
CT DMP Platform	467 085	275 655
Other intangible assets	0	0
<b>Depreciation of fixed assets with a subsidy</b>	<b>0</b>	<b>24 000</b>
<b>Depreciation of other fixed assets:</b>	<b>711 944</b>	<b>586 761</b>
Lease assets	636 774	452 705
Other fixed assets	75 170	134 056
<b>Total depreciation cost</b>	<b>6 476 874</b>	<b>3 142 740</b>

In total, depreciation in Q4 2020 increased to PLN 2.0 million, compared to the value from Q4 2019 when it was PLN 1.1 million. In Q1-Q4 2020, the Group's total amortization and depreciation was PLN 6.5 million, compared to PLN 3.1 million in 2019. The high level of depreciation is one of the main factors affecting the level of the Group's net result (although, by definition, not affecting the level of cash flows).

The increase in the value of the depreciation cost in 2020 compared to 2019 is mainly due to:

- Depreciation of the *UnBlock* system, put into use during Q4 2019 (in Q4 2020 the asset was depreciated throughout the quarter, hence the cost increased),
- Commencement of the depreciation of the Big Data Analytics Platform in Audience Network, put into use in July 2020 (no assets in 2019),
- Commencement of the depreciation of the new generation DMP platform commissioned in March 2020 and presented together with the depreciation of the previous generation platform,
- Increased level of assets classified as leasing (including renting of the office where the Group's companies are located), subsequently accounted in the profit and loss statement through depreciation.

The impact of depreciation of assets covered by subsidies on the Group's result is partially compensated by the subsidies granted for their creation. Those subsidies are presented as a part of other operating revenues (Note 12) and accounted in the same time with depreciation. Nonetheless, due to the own contribution needed to build these assets, their depreciation exceeds the value of the subsidy granted.

## Note 10. Valuation of share-based payments

On December 7, 2020, the Parent Company's Board of Directors adopted a resolution to increase the share capital within the target capital, excluding the pre-emptive right (in accordance with the previously obtained consent of the Company's Supervisory Board), in accordance with the authorization resulting from paragraph 8 of the Company's Articles of Association. The resolution provides for the increase of the share capital by PLN 40 thousand (up to PLN 500 thousand in total), by the issue of 400,000 new ordinary bearer shares of G series, with a nominal value of PLN 0.1 each.

At the end of Q4 2020, and as of the date of the report's publication, the Company's share capital is as follows:

Specification	Q1-Q4 2020	Q1-Q4 2019
Registered share capital	460 000	460 000
Share capital during registration	40 000	0
<b>Total share capital</b>	<b>500 000</b>	<b>460 000</b>

After the registration process, the Issuer will apply for the admission of the newly issued shares to trading on the NewConnect market. Beneficiaries are obliged not to sell the shares until the end of 2021.

The shares were acquired by the Group's management in order to increase their involvement in building of the value for shareholders and to bind them with the Group for a long time. The issue price of the series G shares was set at PLN 7, and the preferential conditions are a form of remuneration for the management. In accordance with the provisions of IFRS 2, the Group had to recognize a one-off, non-cash operating cost (being an approximation of "additional remuneration" for Beneficiaries), calculated on the basis of the difference between the Company's share price as of the date of taking-up of shares (PLN 11), and the issue price of a share (PLN 7), multiplied by the number of new shares (400,000). The said cost of PLN 1.6 million is part of Q4 2020 operating expenses included in the item "valuation of share-based payments".

As a part of the issue, the Company obtained PLN 2.8 million. The funds from the issue will be allocated to the implementation of the Group's strategy, including, for example, acquisitions or further investments in technological assets, which are the basis of the Group's operating activities.

The issue costs incurred in Q4 2020 were approximately PLN 22 thousand in total.

The issue also contributed to an increase in the Company's supplementary capital that increased by approximately PLN 4.3 million, as shown in the table below:

Specification	Q4 2020
Issue value	2 800 000
- share capital value	(40 000)
<b>share premium in total</b>	<b>2 760 000</b>
+ valuation to the market value	1 600 000
- issue costs	(21 945)
<b>Total change in supplementary capital</b>	<b>4 338 055</b>

## Note 11. External services

The most significant item of the Group's operating expenses are external services expenses, as a part of which the Group distinguishes:

- Cost of media purchase – includes mainly the purchase of advertising spaces or data only. In most cases, as a part of the advertising space purchase, the Group also acquires data without additional expenses. This data is directly related to the displayed advertisement for which the Group has paid.
- Costs of tools – include particularly the maintenance, support, and development services as well as the costs of technical infrastructure (mainly the costs of renting and servicing servers) of the DSP platform (*Demand Side Platform*, enabling the purchase of media in the RTB – *Real Time Bidding* model), used by the Group to run a large part of its marketing campaigns.
- Costs of contractors – include the costs of people providing services for the Group's subsidiary companies based on B2B contracts as well as costs of external companies providing the Group with employee services. In order to determine the total Group's personnel costs, to the costs of employees should be added the following costs: payroll, insurance, and social benefits (recognized in the profit and loss statement).
- Other external services include primarily: the costs of infrastructure outsourcing (services, hosting), costs of office space, media, costs of an external accounting office, as well as costs of consultants or experts.

The table below shows the main components of the Group's external services costs in Q4 2020, covered by this report:

External services	Q4 2020	Q4 2019
Media and data purchase	7 114 568	7 663 153
Tools and licenses	1 110 842	1 183 763
Contractor costs	2 103 459	1 492 510
Other external services	373 692	717 846
<b>Total external services cost</b>	<b>10 702 561</b>	<b>11 057 272</b>

The total cost of external services increased by 3% in Q4 2020, compared to Q4 2019. The most important decrease in terms of value was recorded in “Media and data purchase” (minus PLN 0.5 million). It is mainly due to the decline in sale revenues to affiliate networks and a smaller number of brokerage transactions.

A significant increase was recorded in the “Contractor costs” item (+40.9% compared to Q4 2019). The increase is mainly due to the granted bonuses for results and payroll for additional services provided by the Group’s staff in Q4 2020.

The decrease in the item „Other external services” is largely due to limitations in the activities of the Group’s selected areas caused by the COVID-19 pandemic (lower expenditures on marketing, business trips, conferences, representation, etc.)

The main items of the Group’s external services in the period Q1-Q4 2020 cumulatively are presented below:

External services	Q1-Q4 2020	Q1-Q4 2019
Media and data purchase	29 668 153	27 408 171
Tools and licenses	4 488 420	4 859 806
Contractor costs	6 103 715	6 089 182
Other external services	2 245 583	2 609 541
<b>Total external services costs</b>	<b>42 505 871</b>	<b>40 966 700</b>

## Note 12. Other operating revenues and expenses

The value and structure of other operating revenues and expenses in Q4 2020 is presented in the table below:

Other operating revenues	Q4 2020	Q4 2019
Government subsidies	663 410	273 791
CT UnBlock	365 776	273 791
AN Big Data Analytics Platform	256 440	0
Other subsidies	41 194	0
Re-invoice of expenses	2 784	17 229
Other operating revenues	1 063 826	24 282
<b>Total</b>	<b>1 730 020</b>	<b>315 302</b>

Other operating expenses	Q4 2020	Q4 2019
Receivables’ write-offs	178 385	58 464
List of receivables	11 211	132 104
Different operating revenues	1 032 885	613 579
<b>Total</b>	<b>1 222 481</b>	<b>804 147</b>

Corresponding data for the period of Q1-Q4 2020 cumulatively is presented in the table below:

Other operating revenues	Q1-Q4 2020	Q1-Q4 2019
Government subsidies	2 012 330	297 791
CT UnBlock	1 341 032	297 791
AN Big Data Analytics Platform	579 567	0
Other subsidies	91 731	0
Re-invoice of expenses	15 552	52 115
Different operating revenues	1 536 818	60 886
<b>Total</b>	<b>3 564 700</b>	<b>410 792</b>

Other operating expenses	Q1-Q4 2020	Q1-Q4 2019
Receivables’ write-offs	251 509	337 048
List of receivables	19 501	133 976
Other operating expenses	1 624 093	681 345



<b>Total</b>	<b>1 895 103</b>	<b>1 152 369</b>
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In 2019, the Group started to recognize the PARP subsidy awarded for the implementation of the project under Measure 3.2.1. in the total amount of PLN 9.5 million. The subsidy will be recognized for a period of 7 years starting from November 2019, except for the subsidy in the amount of PLN 24 thousand for the purchase of infrastructure that was recognized on a one-off basis in April 2019. As a result, the Group's net result will be impacted by the difference between the amortization of the whole value of intangible assets and the recognition of the subsidy (granted in the amount of 60% of intangible assets).

Similarly, the award granted by BGK in the amount of PLN 5.1 million started to be recognized from July 2020. It was awarded to create the Big Data Analytics Platform in Audience Network subsidiary company. The subsidy will be recognized for the period of 5 years.

In addition, the item "government subsidies" in the period Q1-Q4 2020 includes jointly all other subsidies obtained by the Parent Company and the subsidiary company Audience Network as a part of instruments for counteracting the effects of the COVID-19 pandemic (i.e. additional payments to payroll and funds for working capital). The total value of all granted instruments did not exceed PLN 100 thousand in total.

In Q4 2020, both in other operating revenues as well as other operating expenses, the effect of the sale of rights to mobile games was presented (by showing the historical value of the games produced at the level of approximately PLN 1 million, both as other operating revenues – reversal of the assumed updating write-off for the cost of the mobile games production, as well as other operating expenses – that historically correspond to the costs of the games' production).

Other operating expenses also include write-offs for receivables and occasional write-offs of these receivables. As a part of the application of IFRS 9, the clients were divided into separate groups, then every group was assigned the already made write-offs updating the value of receivables, and the quality of the portfolio of receivables in a given segment was analyzed. As a result, the level of expected losses was calculated (as % of the level of receivables for a given group or clients), in the Group's opinion, reflecting the potential risk of future updating write-offs of receivables, and included in the Group's expenses as a one-off cost (presented as "receivables' write-offs"). The assumptions and the level of the expected losses are verified quarterly by the Group, the difference between the level of expected losses calculated for a given quarter, compared to the previous quarter, is included in the Group's current results in subsequent quarters.

### **Note 13. Financial revenues and expenses**

The structure of the Group's financial revenues and expenses for Q4 2020 is presented in the table below:

Financial revenues	Q4 2020	Q4 2019
Interests	6 639	0
Exchange gains	269 630	0
Other	0	0
<b>Total</b>	<b>276 269</b>	<b>0</b>

Financial expenses	Q4 2020	Q4 2019
Interests	38 461	6 094
Exchange losses	0	743 755
Other	33 388	1 086
<b>Total</b>	<b>71 849</b>	<b>750 935</b>

Data for the period Q1-Q4 2020 cumulatively is presented in the table below:

Financial revenues	Q1-Q4 2020	Q1-Q4 2019
Interests	28 988	18 935
Exchange gains	788 509	0
Other	0	34 180
<b>Total</b>	<b>817 497</b>	<b>53 115</b>

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Financial expenses	Q1-Q4 2020	Q1-Q4 2019
Interests	81 365	32 118
Exchange losses	0	622 109
Other	57 158	19 045
<b>Total</b>	<b>138 523</b>	<b>673 272</b>

Since the Group has practically no interests bearing debt, the main item of the Group's financial revenues and expenses are exchange differences.

The exchange differences are shown in a compact order, i.e. the balance of differences between the positive and negative exchange differences is shown as a single item of financial revenues (positive balance of differences) or financial expenses (negative balance of differences).

The Group incurs production expenses mainly in the PLN currency (and to a lesser extent in USD), while the vast majority of revenues is generated in foreign currencies, mainly in EUR (to a lesser extent in PLN and USD). In case of weakening of the EUR or USD exchange rate to PLN, the Group may show significant negative exchange differences.

The level of differences also depends on the level of exchange differences between the moment of obtaining income from a foreign client and the level of exchange rate at the time of a foreign receivables inflow. Similarly, in case of foreign trade liabilities, mainly due to media purchase. The Group also performs a balance valuation of trade receivables and liabilities in foreign currencies as of the reporting date, which created another source of exchange rate differences. Taking into account the Group's activities that aim to reduce the total level of receivables, exchange rate differences should not be as significant as in the previous periods (assuming no significant changes of exchange rates).

Due to the fact that funds are received from clients mainly in foreign currencies, the Group regularly performs spot currency exchange transactions, as a result of which it can show the exchange rate differences on these transactions.

In Q4 2020, the effect of the exchange rate differences due to the valuation of currency positions is positive (net PLN 270 thousand of positive exchange differences were recorded). In the period Q1-Q4 2020, the Group recorded a total of PLN 789 thousand positive exchange rate differences (as opposed to 2019, where a total of negative exchange rate differences of PLN 622 thousand was shown).

## Note 14. Income tax

Information on the amount of the income tax as well as the possible deferred tax in Q4 2020 is presented below:

Income tax	Q4 2020	Q4 2019
Current income tax	(43 265)	62 035
Deferred income tax	203 706	(297 440)
<b>Total</b>	<b>160 441</b>	<b>(235 405)</b>

In Q4 2020, the Group showed an effective CIT tax rate of approximately 10%. The reduced taxation results mainly from including the costs incurred for the production of mobile games as tax costs. In the period Q1-Q4 2020, a significant negative deferred tax was calculated, resulting mainly from the creation of a deferred income tax asset, calculated in relation to the signed long-term DMP technology license agreements.

All Polish companies from the Group pay CIT in advance. It should be emphasized that the advanced payments (calculated based on historical financial results) are paid in the same amount regardless of the level of current financial results of the companies that, in case of deterioration of financial results, means generating overpayments due to income tax (presented in the note concerning receivables).

Income tax calculation does include the IP Box. The Company is considering the possibility of taxing part of the income with a preferential 5% rate, which will allow for a significant reduction of the income tax charged for 2020.

Corresponding data for the period Q1-Q4 2020 cumulatively is presented in the table below:

Income tax	Q1-Q4 2020	Q1-Q4 2019
Current income tax	570 629	58 435
Deferred income tax	(1 117 059)	(260 209)
<b>Total</b>	<b>(546 430)</b>	<b>(201 774)</b>

## Nota 15. Profit per share

Basic profit per share is calculated by dividing the consolidated net profit for the period attributable to the Parent Company's ordinary shareholders by the average weighted number of ordinary shares in the period

Diluted profit per share is calculated by dividing the consolidated net profit for the period attributable to ordinary shareholders (after deducting interests on redeemable preferred shares convertible to ordinary shares) by the average weighted number of ordinary shares in the period (adjusted for the diluted options and diluted redeemable preferred shares convertible into ordinary shares). In the calculation of the diluted profit presented in the profit and loss statement, the redemption of the Parent Company's own shares as well as the made (but not registered) issue of the series G shares were not included. The hypothetical effect of including own shares in the calculation of the average weighted number of shares in the period (by subtracting the number of 299 400 own shares from the total number of the Parent company's shares) on the diluted profit per share in Q4 2020 is presented in the table below:

Specification	No redemption of own shares	Full redemption of own shares
Net profit for the period	1 438 875	1 438 875
Average weighted number of shares in the period	4 600 000	4 300 600
<b>Diluted profit per share</b>	<b>0.31</b>	<b>0.33</b>

## Nota 16. Explanation of the main cash flows

The table below shows the main items included in the operating cash flow adjustments for Q4 2020:

Specification	Q4 2020	Q4 2019
Amortization and depreciation	2 010 123	1 140 507
Interests and profit sharing	28 048	7 247
Change in provisions	63 133	574 605
Change in receivables	(2 146 742)	6 439 234
Change in short-time liabilities	828 872	(9 874 526)
Change in accruals	(2 989 684)	(1 710 991)
CT <i>UnBlock</i> software – to be paid	0	4 255 821
AN BGK software – to be paid	0	0
Valuation of transactions of share-based payments	1 600 000	0
Other adjustments	105 599	351 473
<b>Total operating adjustments</b>	<b>(500 651)</b>	<b>1 183 370</b>

The main cash flow items from the Group's investing activities for Q4 2020 was presented in the table below:

Specification	Q4 2020	Q4 2019
Subsidies and grants received	4 170 072	4 590 000
Other	10 687	2 686
<b>Total cash flows from investing activities</b>	<b>4 180 759</b>	<b>4 592 686</b>
Purchase of a license and development of DSP	182 083	0
CT <i>UnBlock</i> software– paid	0	4 255 821
Development of the DMP platform	299 224	0
AN BGK software – paid	0	0
Purchase of other intangible and fixed assets	54 308	25 950
Loans granted	30 000	0
<b>Total cash flows from investing activities</b>	<b>565 615</b>	<b>4 281 771</b>

Data for the period Q1-Q4 cumulatively is presented below:

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Specification	Q1-Q4 2020	Q1-Q4 2019
Amortization and depreciation	6 476 874	3 166 740
Interests and profit sharing	45 042	28 953
Change in provisions	144 809	630 844
Change in receivables	(5 648 967)	17 641 729
Change in short-term liabilities	(1 213 268)	1 777 639
Change in accruals	5 469 882	2 770 240
CT <i>UnBlock</i> software – to be paid	0	0
AN BGK software – to be paid	0	0
Valuation of transactions of share-based payments	1 600 000	0
Other adjustments	844 694	1 119 647
<b>Total operating adjustments</b>	<b>7 719 066</b>	<b>27 135 792</b>

Specification	Q1-Q4 2020	Q1-Q4 2019
Subsidies and grants received	6 426 072	7 272 000
Other	31 077	7 163
<b>Total cash flows from investing activities</b>	<b>6 457 149</b>	<b>7 279 163</b>
Purchase of a license and development of the DSP	343 765	16 339 418
<i>UnBlock</i> software	0	16 651 723
Development of the DMP platform	1 178 787	0
AN BGK software - paid	9 130 000	0
Purchase of other intangible and fixed assets	63 190	433 196
Loans granted	90 000	30 000
<b>Total cash flows from investing activities</b>	<b>10 805 742</b>	<b>33 454 337</b>

In the Q4 2020, the Group recorded a total of positive net cash flows of almost PLN 3 million, including positive cash flows from operating activities (PLN 1.0 million), positive cash flows from investing activities (PLN 3,6 million), and negative cash flows from financial activities (PLN -1.6 million).

The most important events having a significant impact on the Group's cash flows in Q4 include:

- (a) The subsidy for Audience Network in the amount of approximately PLN 4.1 million.
- (b) The received subsidy was used to pay the loan taken for the implementation of the project covered by the subsidy (flow visible in the financial activity).

## Nota 17. Intangible assets

The table below presents the main items of intangible assets as of the reporting date:

Specification	31.12.2020	31.12.2019
DSP license	13 003 387	14 762 524
<i>UnBlock</i> 3.2.1.	13 317 732	15 599 676
Goodwill	2 526 018	2 526 018
Development of the OnAudience DMP platform	829 549	671 723
AN BGK software	8 233 496	0
Developed OnAudience DMP platform	852 503	298 626
<b>Total</b>	<b>38 762 685</b>	<b>33 858 567</b>

The presented goodwill was recognized in Q4 2017 as a result of the purchase of organized part of enterprise by Online Advertising Network subsidiary company that is a part of the Group.

License for the DSP platform was purchased in January 2019 by OnAudience Ltd subsidiary company and is a subject to amortization for the period of 8 years. In September 2019, the Group received development works (new functionalities and software improvements, increasing the scope of the license) concerning the DSP platform that were decided to be recognized as a new item of intangible assets (the value of the purchased platform development services is presented together with the net base value of the platform). Development works are amortized in compliance with remaining period of platform's amortization. The Group is planning to purchase new DSP license upgrades in the following periods, per demand of the platform's users.

In 4Q 2019, the *UnBlock* software, created with the help of PARP grant as a part of 3.2.1. project, was completed and received. The created system was recognized in the books in the amount of PLN 15.98 million, and is subject to amortization for the period of 7 years. The developed system will enhance the Group's product offer. Technical solutions developed as a part of creating this system should support other platforms and systems used by the Group.

Disclosed value of the completed development works concerns the OnAudience platform that is the second generation of the DMP platform (Data Management Platform), the technological basis of the Group's operations. Using DMP, the Company gathers, analyzes, processes and distributes anonymous data about behavior of online users. This platform enables the Group to generate revenues (inter alia from the Data Exchange service), and was initially presented by the Company as part of short term prepayments. The expected period of economic usefulness of the platform is at least 4 years.

Starting from July 2019, the Company began the process of improving of the currently used generation of the DMP platform. As a part of this process, the platform is planned to be expanded with new functionalities that will be offered to the Group's clients. The total expenses on development works on the DMP include personnel expenses, tools and servers' expenses, as well as directly attributable overhead expenses arising from the process. After completing the development works on the new DMP platform at the beginning of April 2020, a separate asset was recognized (as a part of intangible assets presented together with the item "Developed OnAudience DMP platform") that was depreciated. Moreover, in April 2020, there started works on the next generation of the DMP platform (presented as "Development of the OnAudience DMP platform") that is planned to be finished in March 2021.

In Q3 2020, the subsidiary company Audience Network completed the implementation of the investment project co-financed by BGK and regarding the construction of a platform that automates data management in online advertising (Big Data Analytics Platform). As of July 31, 2020, the company received all completed software modules and recognized a new asset in the amount of PLN 9.1 million, paid in full on September 30, 2020, and depreciated from the date of commissioning.

## **Nota 18. Fixed assets**

The Group's main fixed assets, divided into balance sheet dates covered by this report, are presented in the table below:

Specification (net value):	31.12.2020	31.12.2019
Machines and devices	30 927	17 396
Means of transport	0	32 117
Fixed assets under construction / advance payments	0	9 890
<b>In all</b>	<b>30 927</b>	<b>59 403</b>
Right-of-use assets	<b>3 059 070</b>	<b>707 048</b>
(a) Rental of office space	1 957 236	0
(b) servers	814 123	81 320
(c) means of transport	287 711	625 728
<b>Total</b>	<b>3 089 997</b>	<b>766 451</b>

The „Machine and devices” item includes mainly office and computer equipment purchased by the Group.

In Q4 2020, the Issuer changed the estimated values and considered lease agreements for Server and office space in accordance with IFRS 16. According to the provisions of IAS 8, a given estimate may be verified if circumstances underlying the estimates change or as a result of obtaining new information. Historically, the Issuer did not consider the lease agreement for office space as a lease due to its short notice period (6 months) and the uncertainty caused by the influence of COVID-19 as to staying in the current location. In Q4 2020, the Board of Directors of the Parent Company, due to the reduced level of uncertainty about the market environment, decided to stay in the current office location until the end of the lease agreement, i.e. August 2023. Therefore, in Q4 2020, the lease agreement for office space was considered a lease agreement in accordance with IFRS 16. At the same time, in December 2020, the Parent Company recognized that, due to the achievement of a stable level of the contracted technical infrastructure with an external server supplier, the agreement with the supplier qualifies as leasing in

accordance with IFRS 16. Thus, the costs of performing the above-mentioned contracts will be settled in the profit and loss statement, analogically to other leasing contracts (i.e. through depreciation and financial expenses).

Hence, the item „Right-of-use assets” includes:

- (a) an asset for the lease of the office space the value of which is PLN 2.1 million calculated assuming that the Group will remain in its current location until the end of the agreement, i.e. until August 2023,
- (b) an asset from the lease of Server with a value of PLN 0.8 million, calculated on the assumption that the Group will maintain the current size of the technical infrastructure for a period of 24 months from the beginning of 2021,
- (c) the net carrying amount of means of transport used as of December 31, 2020, under lease agreements and rental agreements with a purchase option. Starting from Q1 2019, this item includes operating car leasing contracts classified as (financial) leasing in accordance with IFRS 16. The net value of the right-of-use assets was estimated as of December 31, 2020 at PLN 288 thousand and is subject to depreciation.

## Nota 19. Long-term investments

The main items of the Group’s long-term investment are presented in the table below:

Specification	31.12.2020	31.12.2019
Loans granted	42 590	12 951
<b>Total</b>	<b>42 590</b>	<b>12 951</b>

The only item of the long-term investment are long-term, interests-bearing loans granted to the Group’s clients.

## Nota 20. Short-term receivables

The amount and structure of the short-term receivables divided into balance sheet dates covered by this report are presented in the table below:

Specification	31.12.2020	31.12.2019
<b>I. Receivables from related entities, of which:</b>	<b>107</b>	<b>128</b>
<b>II. Receivables from other entities, of which:</b>	<b>32 508 136</b>	<b>32 777 065</b>
Trade	28 131 926	25 812 156
Due to taxes and social security, except of CIT	405 806	1 802 275
Security deposit lease agreement	2 976 727	2 746 899
Other	993 677	2 415 735
<b>III. Total short-term receivables</b>	<b>32 508 243</b>	<b>32 777 193</b>

Trade receivables (for deliveries and services) are the main component of the Group’s short-term receivables.

Trade receivables from other entities at the end of 2020 were at a similar level as at the end of 2019 – they amounted PLN 28.1 million. Tax receivables include mainly VAT receivables. The item “other receivables” presents the subsidy from BGK granted but not received as at the date of the report. The subsidy amounts approximately PLN 0.9 million, and was granted for the implementation of the Big Data Analytics Platform project.

The aging of net trade receivables (after write-offs and expected losses in accordance with IFRS 9) as of the balance sheet dates is presented in the table below:

Specification	In all	Not overdue	Overdue				
			< 60 days	60 – 90 days	90 – 180 days	180 – 360 days	>360 days
<b>31.12.2020</b>	<b>28 131 926</b>	<b>9 925 117</b>	<b>5 594 942</b>	<b>101 089</b>	<b>2 929 106</b>	<b>8 231 933</b>	<b>1 349 739</b>
Towards related entities	0	0	0	0	0	0	0
Towards other entities	28 131 926	9 925 117	5 594 942	101 089	2 929 106	8 231 933	1 349 739
<b>31.12.2019</b>	<b>25 812 156</b>	<b>8 816 817</b>	<b>5 776 932</b>	<b>3 405 863</b>	<b>4 160 671</b>	<b>3 651 873</b>	<b>0</b>
Towards related entities	0	0	0	0	0	0	0

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Towards other entities	25 812 156	8 816 817	5 776 932	3 405 863	4 160 671	3 651 873	0
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Trade receivables do not bear interests and usually have a payment term not exceeding 60 days. The exception are affiliate networks, for which the invoice payment deadline may exceed 180 days, due to the time-consuming process of settling the services provided by the Group in a given settlement period.

## Nota 21. Short-term investments

The main short-term investment as of the reporting date are presented in the table below:

Specification	31.12.2020	31.12.2019
Cash in hand and on accounts	17 807 046	4 814 886
Loans granted	42 734	10 744
Other short-term investments	0	0
<b>Total short-term investments</b>	<b>17 849 780</b>	<b>4 825 630</b>

The vast majority of free cash in hold in the PLN currency and, to a small extent, also in USD, GBP and EUR. The currency structure of cash reflects payments from the Group's clients, mostly the foreign ones. The current accounts on which the Group's free cash is held do not bear interest. In case of the foreign currency, the Group is charged with a commission cost for keeping the balance on accounts above the levels negotiated with the bank.

There are no restrictions on the disposal of cash by the Group.

## Nota 22. Active prepayments

Information on the main items of the current long-term settlements of prepayments as of the reporting date are presented in the table below:

Specification	31.12.2020	31.12.2019
Deferred tax asset	1 579 901	266 597
<b>Long-term active RMK</b>	<b>1 579 901</b>	<b>266 597</b>

A significant increase in the value of the deferred income tax asset results from the consequences of signing long-term contracts for the sale of the DMP licenses (revenues from these licenses are settled in the income statement over a 5-year period, while in terms of CIT, all revenues are taxed once in the month of the service provision).

Information on the main items of the current short-term settlements of prepayments as of the reporting date are presented in the table below:

Specification	31.12.2020	31.12.2019
Property insurance	33 016	34 219
Car insurance	30 129	14 316
Other prepayments	4 282 930	9 178
<b>Current short-term RMK</b>	<b>4 346 075</b>	<b>57 713</b>

The increase in other accruals in 2020 results from long-term data purchase agreements signed by the subsidiary company OnAudience Ltd. Those agreements provide that the supplier is obliged to provide data to OnAudience for the period specified in the agreement (usually around 5 years). The cost of purchasing data is included in the profit and loss statement pro-rata in line with the contract period, with payment for the data is usually made in full as soon as the agreement is entered into.

## Nota 23. Assets under contracts with clients

Specification	31.12.2020	31.12.2019
Assets under contracts with clients	0	56 275
<b>Total</b>		

Assets under contracts with clients concern those clients, in case of whom there is a monthly shift between the invoicing period, and providing of the settlements for services rendered, being the basis for the Group to issue the invoices. The established level of revenue provisions is an estimate of monthly revenues from those contracts and it is estimated every quarter. The revenues of a given quarter include the difference between the level of provisions estimated in a given quarter and the level of provisions established in the previous quarter. In Q3 2020, a decision was made to stop establishing further revenue provisions on this account, due to the ongoing uncertainty on the market, making it impossible to reliably estimate the appropriate level of the provision.

#### **Nota 24. Own shares and reserve capital**

As a result of the withdrawal of own shares carried out in December 2017, the Company withdrew 299 400 shares at an average price of PLN 60.12, with a total value of PLN 18 million.

Pursuant to IFRS, the acquired own shares are included in equity and presented separately as a negative item. Own shares are valued at purchase price. This value is not further updated.

As of the date of the report's publication, the Board of Directors did not take any binding steps to implement this resolution. Pursuant to the resolution of the General Meeting of Shareholders, as of the date of the report's publication, treasury shares may generally only be used for two purposes: redemption or resale. The use of these shares for the purposes of a possible incentive program is not possible due to the expiry of the deadline for offering these shares to potential beneficiaries. The Group plans to use its own shares to implement acquisition projects as part of the so-called *share swap*, i.e. exchange of own shares held for shares / stock in the acquired enterprise.

#### **Nota 25. Reserve capital and other capital**

Specification of the supplementary capital and other capital of the Group is presented in the table below:

Specification	31.12.2020	31.12.2019
Reserve capital from profits from previous years	28 216 801	25 200 627
Supplementary capital from issuing shares above their nominal value	13 685 000	13 685 000
Capital from the valuation of the incentive program	24 415 000	24 415 000
Other retained earnings	(4 587 072)	(1 191 248)
<b>TOTAL</b>	<b>61 729 730</b>	<b>62 109 379</b>

According to the information presented in the statement of changes in equity and in note 10, the supplementary capital at the end of 2020 includes the effect of a new issue of shares, and thus an increase in the value of the supplementary capital.

#### **Nota 26. Provisions for liabilities**

Historically, except of the provisions for deferred income tax, the Group does not show a significant level of provisions. The amount of the provisions for the deferred income tax as of December 31, 2020, is PLN 272 thousand.

#### **Nota 27. Financial liabilities**

Historically, the only item of long-term liabilities were other financial liabilities towards other entities, relating to the long-term part of financial leases of passenger cars.

In accordance with provisions of IFRS 16, the Group analyzed contracts with clients in terms of recognizing selected contracts as leasing contracts according to the guidelines of the new standard. On the basis of the performed analysis, there were identified agreements considered to be lease agreements, including operating lease agreements and server lease agreements. On the basis of the analysis, there were identified agreements recognized as lease agreements, including the operating lease agreements, office space rental agreement, and server rental agreement.

As a part of the recognition, contractual obligations and the right-of-use assets were calculated.

As of December 31, 2020, the Group's total lease liabilities amounted to PLN 3.3 million.



In June 2020, the Parent Company as well as the subsidiary company Audience Network were granted financial subsidy in the total amount of PLN 3.4 million, being a part of Financial Shield of the Polish Development Fund (polish – Tarcza Finansowa Polskiego Funduszu Rozwoju). The subsidy is reimbursed in 24 equal monthly installments, starting from the 13th calendar month after the date of granting the subsidy. The amount of the subsidy reimbursement will range from 25% to 100%, if the following conditions are met: the continuity of operations, financial performance, and employment criteria, with the remainder amortized. The total amount of the subsidy of PLN 3.4 million is presented in the Group's liabilities as "credits and loans". In addition, the "loans and credits" item shows the value of a bank loan taken during Q3 2020 and not repaid as of December 31, 2020 in the total amount of PLN 5.1 million, intended for the implementation of the Big Data Analytics Platform project.

The division of financial liabilities into the short-term part and long-term part is presented in the table below:

Specification	31.12.2020	31.12.2019
Long-term lease liabilities	1 349 019	494 929
Short-term lease liabilities	1 932 761	242 774
Credits and loans, including:	4 373 534	0
(a) PFR loans	3 400 000	0
(b) Credit in mBank and other	973 534	0
<b>Total financial liabilities</b>	<b>7 655 314</b>	<b>737 703</b>

As of December 31, 2020, the Group does not have other interest-bearing financial liabilities other than those indicated in the table above.

## Note 28. Short-term liabilities

The amount and main items of the Group's short-term liabilities divided into balance sheet dates were presented in the table below:

Specification	31.12.2020	31.12.2019
<b>I. Towards related entities, of which</b>	<b>230 856</b>	<b>8 644</b>
for suppliers and services for the period	212 913	738
other	17 943	7 906
<b>II. Towards other entities</b>	<b>4 800 367</b>	<b>6 235 846</b>
for suppliers and services	4 690 972	6 153 739
due to taxes and social security	105 154	71 518
for remuneration	0	3 817
other	4 241	6 772
<b>III. Total short-term liabilities</b>	<b>5 031 223</b>	<b>6 244 490</b>

Liabilities for deliveries and services concern mainly current, primarily non-overdue payments to the Group's clients, including mostly media suppliers (advertising spaces), and expenses for the maintaining of the DSP platform, as well as the costs of servers supporting the Group's technology.

Additionally, the aging of the Group's short-term liabilities for suppliers and services, divided into related and other entities is presented in the table below:

Specification	Total	Not overdue	Overdue				
			< 60 days	60 –90 days	90 – 180 days	180 – 360 days	>360 days
<b>31.12.2020</b>	<b>4 903 885</b>	<b>3 759 881</b>	<b>1 038 938</b>	<b>67 639</b>	<b>37 427</b>	<b>0</b>	<b>0</b>
Towards related entities	212 913	212 544	369	0	0	0	0
Towards other entities	4 690 972	3 547 337	1 038 569	67 639	37 427	0	0
<b>31.12.2019</b>	<b>6 154 477</b>	<b>3 228 450</b>	<b>1 332 578</b>	<b>455 589</b>	<b>1 027 679</b>	<b>110 181</b>	<b>0</b>
Towards related entities	738	0	738	0	0	0	0
Towards other entities	6 153 739	3 228 450	1 331 840	455 589	1 027 679	110 181	0

The Group settles its trade liabilities up to date. Possible delays in payments usually relate to situations, when it is necessary to establish the correct balance of settlements with the client, which in case of foreign clients may be time-consuming.

## Note 29. Deferred income

Specification	31.12.2020	31.12.2019
<b>Subsidies granted, including:</b>	<b>12 436 190</b>	<b>9 230 209</b>
CT UnBlock	7 915 685	9 230 209
AN Big Data Analytics Platform	4 520 505	0
Other subsidies	0	0
<b>Performance obligation, including:</b>	<b>7 809 292</b>	<b>0</b>
DMP agreements	6 950 221	0
DX agreements	701 612	0
Advances for sales	157 459	0
<b>Total deferred income</b>	<b>20 245 482</b>	<b>9 230 209</b>

The presented deferred income relates to, firstly, the grant for development of the *UnBlock* software, completed in November 2019 (in accordance with the information included in Note on intangible assets). The granted subsidy represents approximately 60% of the value of the asset purchased with the support of the subsidy. In accordance with the Group's accounting policy, the subsidy will be recognized in the same period as the expected useful life of the *UnBlock* software, i.e. 7 years. During Q3 2020, another subsidy was also recognized, in the amount of PLN 5.1 million, which will be settled over a period of 5 years.

Secondly, deferred income primarily presents the total value of the sale of licenses for the access to the Group's DMP platform decreased by the already recognized revenues from those licenses. The license is granted for a period of 5 years, and at the same the Group recognizes revenue from the sale of this license in the same period (usually close to 60 months). Payment for the sold license is made once for the total amount, according to the date indicated on the invoice (usually up to 60 days). This item also shows revenues from sales of data, where the contract with the contractor is for a period of 12 months or longer, as well as advances received from contractors.

## Note 30. Accruals

The most significant items in the Group's accruals are presented in the table below:

Specification	31.12.2020	31.12.2019
Provision for expenses	1 049 372	1 119 434
<b>Total accruals</b>	<b>1 049 372</b>	<b>1 119 434</b>

The main item of the RMK accruals are provisions for expenses set up by the Group's entities, relating mainly to media expenses incurred for the implementation of campaigns, for which – as of the balance sheet date – the Group's subsidiary companies did not receive appropriate cost invoices. In addition, this item includes provisions for reliably estimated additional services and costs, the incurrence of which by the Group in the coming periods is sufficiently probable.

## Note 31. Dividends

There were no dividend payments recorded in the reporting period.

## Note 32. Contingent liabilities

As of 31 December, 2020, the only significant contingent liabilities relate do the signed promissory notes in blanco, securing the Group's car leasing contracts.

## Note 33. Change in the presentation of comparative data:

In order to increase the informative value of the Issuer's financial statement, when preparing the statement for 2019, it was decided to detail and change the presentation of selected items of the Group's assets as well as

equity and liabilities, with no introduced changes to the value of those assets. Changes were also made in the scope of shifting the costs of rent re-invoices and other re-invoices between the Group's subsidiary companies, between external services and other operating expenses. This change influences the reported EBITDA, however, it does not affect the Group's net result.

Contrary to the previous quarters of 2019, the final results for Q4 2019, calculated on the basis of the Group's audited annual report for 2019, differ from those presented in the Group's quarterly report for Q4 2019. This is due to the inclusion of income and cost invoices issued or received after the date of the report's publication for Q4 2019 and relating to 2019, as well as implementation of the auditor's comments and suggestions received during the audit of the annual financial statements for 2019 (which happened again after the publication of the report for Q4 2019). As a result, the basic financial data for Q4 2019 (revenues, expenses, result) changed.

The main changes in the value of the main items in the income statement for Q4 2019, calculated on the basis of the audited annual report of the Group, compared to the results for the period Q4 2019 included in the quarterly report for this period are included in the table below:

Specification	Was Q4 2019	Change	Is Q4 2019
Revenues from sales	12 499 259	+86 403	12 585 662
Operating expenses	12 260 339	(602 204)	12 862 543
Other operating expenses	930 638	(126 491)	804 147
<b>Net profit/loss</b>	<b>(1 127 315)</b>	<b>(153 941)</b>	<b>(1 281 256)</b>

### **Note 34. Events after the balance sheet date**

In the period from December 31, 2020 to the report's publication date, i.e. February 15, 2021, the following significant event after the balance sheet date was recorded:

- (a) **Planned introduction of a new tax on advertising revenues:** at the beginning of February 2020, a project has appeared to introduce a new tax on advertising revenues, including both online and traditional advertising. Although at the date of the report's publication there is no precise information on the rules for calculating the amount and scope of this tax (as well as the date of its possible introduction), according to the Group's current knowledge, the introduction of this tax may have a significant impact on the advertising activities conducted by Issuer's subsidiary companies on the Polish market. Potentially, the Group's clients may want to shift the costs of the new tax onto their subcontractors, including entities running marketing campaigns on the Internet to which the Group belongs. As a result, the level of the achieved margin on this activity may decrease. A reduced number of advertising orders also may be potentially expected (both from industries directly covered by the tax, as well as from other industries, which, due to the growing costs of purchasing advertising spaces, may resign from running campaigns), and thus a lower level of revenues may be recorded from this activity.

Information about  
financial results of  
Cloud Technologies S.A.

For the IV quarter of 2020

## Standalone profit and loss statement of Cloud Technologies S.A.

Value in PLN	Q4 2020 01.10.2020 – 31.12.2020	Q4 2019 01.10.2019 – 31.12.2019	Q1-Q4 2020 01.01.2020 – 31.12.2020	Q1-Q4 2019 01.01.2019 – 31.12.2019
<b>A. Net revenues from sales</b>	<b>4 040 549</b>	<b>4 424 150</b>	<b>14 583 902</b>	<b>20 575 591</b>
<b>B. Operating expenses</b>	<b>6 057 146</b>	<b>4 514 131</b>	<b>20 354 489</b>	<b>21 845 086</b>
IA. Depreciation of projects with a subsidy	570 486	380 324	2 281 944	404 324
IB. Depreciation of other assets	411 761	176 063	1 001 679	632 580
II. Consumption of materials and energy	14 615	35 730	56 751	100 930
III. Valuation of share-based payments	3 232 412	3 580 974	14 336 457	19 493 090
IV. External services	1 600 000	0	1 600 000	0
V. Taxes and charges	16 344	18 526	58 396	61 726
VI. Payroll	169 344	243 148	812 778	927 000
VII. Social security and other benefits	18 178	29 557	96 485	89 891
VIII. Other costs by type	24 005	49 809	109 998	135 545
<b>C. Profit on sales</b>	<b>(2 016 597)</b>	<b>(89 981)</b>	<b>(5 770 587)</b>	<b>(1 269 495)</b>
D1. Other operating revenues - subsidies	374 149	273 791	1 372 658	297 791
D2. Other operating revenues - other	1 154 478	147 168	1 590 634	507 656
E. Other operating expenses	1 163 100	833 964	1 604 845	1 243 088
<b>F. Profit on operating activities</b>	<b>(1 651 070)</b>	<b>(502 986)</b>	<b>(4 412 140)</b>	<b>(1 707 136)</b>
G. Financial revenues	201 852	191 614	684 557	766 998
H. Financial expenses	25 600	364 629	36 189	387 264
<b>I. Gross profit before tax</b>	<b>(1 474 818)</b>	<b>(676 001)</b>	<b>(3 763 772)</b>	<b>(1 327 402)</b>
J. Income tax	(140 751)	(55 390)	(804 457)	(5 521)
<b>K. Profit after tax</b>	<b>(1 334 067)</b>	<b>(620 611)</b>	<b>(2 959 315)</b>	<b>(1 321 881)</b>
<b>Profit per share</b>	<b>(0,29)</b>	<b>(0,13)</b>	<b>(0,64)</b>	<b>(0,29)</b>
- basic	(0,29)	(0,13)	(0,64)	(0,29)
- diluted	(0,29)	(0,13)	(0,64)	(0,29)

### Standalone comprehensive income statement of Cloud Technologies S.A.

Value in PLN	<b>Q4 2020</b> 01.10.2020 – 31.12.2020	<b>Q4 2019</b> 01.20.2019 – 31.12.2019	<b>Q1-Q4 2020</b> 01.01.2020 – 31.12.2020	<b>Q1-Q4 2019</b> 01.01.2019 – 31.12.2019
Profit after tax	(1 334 067)	(620 611)	(2 959 315)	(1 321 881)
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>(1 334 067)</b>	<b>(620 611)</b>	<b>(2 959 315)</b>	<b>(1 321 881)</b>

## Standalone statement on cash flows of Cloud Technologies S.A.

Value in PLN	Q4 2020 01.10.2020 – 31.12.2020	Q4 2019 01.10.2019 – 31.12.2020	Q1-Q4 2020 01.01.2020 – 31.12.2020	Q1-Q4 2019 01.01.2019 – 31.12.2019
<b>Cash flows from operating activities</b>				
I. Profit before tax	(1 474 818)	(676 001)	(3 763 772)	(1 327 402)
II. All adjustments	(893 189)	135 637	4 728 519	22 907 947
III. Tax paid	(36 894)	0	3 158 428	(3 293 706)
<b>IV. Net cash flows from operating activities</b>	<b>(2 404 901)</b>	<b>(540 364)</b>	<b>4 123 175</b>	<b>18 286 839</b>
<b>Cash flows from investing activities</b>	<b>668 004</b>	<b>324 703</b>		
I. Inflows	1 000 000	4 590 000	5 256 000	7 272 000
II. Outflows	331 996	4 265 297	4 911 559	34 071 598
<b>III. Net cash flows from investing activities</b>	<b>668 004</b>	<b>324 703</b>	<b>344 441</b>	<b>(26 799 598)</b>
<b>Cash flows from financial activities</b>				
I. Inflows	2 800 000	0	4 100 000	0
II. Outflows	248 511	99 572	388 455	379 006
<b>III. Net cash flows from financial activities</b>	<b>2 551 489</b>	<b>(99 572)</b>	<b>3 711 545</b>	<b>(379 006)</b>
Net cash flows	814 592	(315 233)	8 179 161	(8 891 765)
<b>Change in cash and cash equivalents</b>	<b>814 592</b>	<b>(315 233)</b>	<b>8 179 161</b>	<b>(8 891 765)</b>
Net exchange rate differences	(11 866)	(30 880)	(164 364)	(35 972)
<b>Cash opening balance</b>	<b>10 477 722</b>	<b>3 428 386</b>	<b>3 113 153</b>	<b>12 004 918</b>
<b>Cash closing balance</b>	<b>11 292 314</b>	<b>3 113 153</b>	<b>11 292 314</b>	<b>3 113 153</b>

### Standalone statement on changes in the share capital of Cloud Technologies S.A.

	Share capital	Not registered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Current profit (loss)	Total equity
<b>As of 01.10.2020</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>21 460 456</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(1 625 247)</b>	<b>58 395 209</b>
shares issue – supplementary capital	0	0	0	4 338 055	0	0	0	0	0	4 338 055
shares issue – share capital	0	40 000	0	0	0	0	0	0	0	40 000
Total current income	0	0	0	0	0	0	0	0	(1 334 068)	(1 334 068)
<b>As of 31.12.2020</b>	<b>460 000</b>	<b>40 000</b>	<b>(18 000 000)</b>	<b>25 798 511</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(2 959 315)</b>	<b>61 439 196</b>

	Share capital	Not registered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Current profit (loss)	Total equity
<b>As of 01.10.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>22 782 337</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(701 270)</b>	<b>60 641 067</b>
Net profit (loss) distribution	0	0	0	0	0	0	0	0	0	0
Total current income	0	0	0	0	0	0	0	0	(620 611)	(620 611)
<b>As of 31.12.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>22 782 337</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(1 321 881)</b>	<b>60 020 456</b>



	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Current profit (loss)	Total equity
<b>As of 01.01.2020</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>22 782 337</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(1 321 881)</b>	<b>60 020 456</b>
Shares issue – supplementary capital	0	0	0	4 338 055	0	0	0	0	0	4 338 055
Shares issue – share capital	0	40 000	0	0	0	0	0	0	0	40 000
Distribution to retained earnings	0	0	0	0	0	0	0	(1 321 881)	1 321 881	0
Net profit (loss) distribution	0	0	0	(1 321 881)	0	0	0	1 321 881	0	0
Total current income	0	0	0	0	0	0	0	0	(2 959 315)	(2 959 315)
<b>As of 31.12.2020</b>	<b>460 000</b>	<b>40 000</b>	<b>(18 000 000)</b>	<b>25 798 511</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(2 959 315)</b>	<b>61 439 196</b>

	Share capital	Unregistered share capital	Own shares	Supplementary capital	Share premium	Capital from the valuation of incentive program	Reserve capital	Retained earnings	Current profit (loss)	Total equity
<b>As of 01.01.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>21 603 175</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>1 179 162</b>	<b>61 342 337</b>
Distribution to retained earnings	0	0	0	0	0	0	0	1 179 162	(1 179 162)	0
Net profit (loss) distribution	0	0	0	1 179 162	0	0	0	(1 179 162)	0	0
Total current income	0	0	0	0	0	0	0	0	(1 321 881)	(1 321 881)
<b>As of 31.12.2019</b>	<b>460 000</b>	<b>0</b>	<b>(18 000 000)</b>	<b>22 782 337</b>	<b>13 685 000</b>	<b>24 415 000</b>	<b>18 000 000</b>	<b>0</b>	<b>(1 321 881)</b>	<b>60 020 456</b>

### Separate statement of financial situation of Cloud Technologies S.A. - Assets

Value in PLN	31.12.2020	31.12.2019
<b>I. Fixed assets</b>	<b>42 032 211</b>	<b>38 496 376</b>
Intangible assets	15 199 783	16 570 025
Tangible fixed assets	30 080	56 640
Lease assets	2 928 505	414 971
Investments in subsidiary companies	505 133	504 997
Long-term loans granted	22 031 115	20 926 507
Deferred tax assets	1 337 595	23 236
<b>II. Current assets</b>	<b>39 731 301</b>	<b>32 454 030</b>
Trade receivables	25 147 521	19 751 644
Other receivables	3 261 154	6 211 082
CIT receivables	0	3 293 706
Short-term investments	11 292 314	3 113 153
Contract assets	0	54 089
Short-term prepayments	30 312	30 356
<b>III. Total assets</b>	<b>81 763 512</b>	<b>70 950 406</b>

### Separate statement of financial position of Cloud Technologies S.A. – Equity and liabilities

Value in PLN	31.12.2020	31.12.2019
<b>I. Total equity</b>	<b>61 439 196</b>	<b>60 020 456</b>
Share capital	500 000	460 000
Own shares	(18 000 000)	(18 000 000)
Supplementary capital and other capital	39 483 511	36 467 337
Capital from the valuation of incentive program	24 415 000	24 415 000
Reserve capital	18 000 000	18 000 000
Current profit	(2 959 315)	(1 321 881)
<b>II. Long-term liabilities and provisions</b>	<b>1 767 096</b>	<b>431 464</b>
Provisions for deferred income tax	418 077	248 550
Long-term lease liabilities	1 349 019	182 914
<b>III. Short-term liabilities and provisions</b>	<b>18 557 220</b>	<b>10 498 486</b>
Trade liabilities	493 479	948 557
Short-term lease liabilities	1 617 984	150 471
Credits and loans	1 300 000	0
Other liabilities	228 596	75 764
Deferred revenues	14 865 906	9 230 209
Accruals	51 255	93 485
<b>III. Total equity and liabilities</b>	<b>81 763 512</b>	<b>70 950 406</b>