

Report

consolidated

for the fourth quarter of 2020

WARSAW, February 15th, 2021

Dear Shareholders,

The Company's strategy is consistently based on Big Data analysis. Cloud Technologies remains one of the largest providers of anonymous profiles of Internet users that are further used for targeting online advertisements. One of the Company's most precious resources is the data set with billions of anonymous profiles that belong to users of desktop computers and mobile devices from almost all over the world. This is the resource that had been created on our own from the beginning to the very end, and that is the reason for it not to be included in these financial statements.

Being aware of dynamic changes on the international market, the Company has taken actions to adapt both the business model and structure that temporarily impacted its financial performance. The Company's activity is focused on developing technologies, while activities in the scope of processing and selling data as well as performing services based on them are the tasks of specialized entities that constitute the Group.

The Company's crucial goal is at present to increase the scale of activities and further diversify the source of revenues, which, with relatively low level of variable costs, should result in positive margins achieved. Therefore, the Company is developing an OnAudience.com Data Alliance program that aims to increase our presence on data market. For the same reason, we have made new investments in the area of the DMP technology (Data Management Platform), as well as the DSP (Demand Side Platform). Currently, the Company is also considering acquisitions in this area that, due to the market consolidation effect, could contribute to a rapid improvement in financial results and permanent strengthening of the Group's strategic position internationally.

It is worth noticing that, despite the ongoing COVID-19 pandemic, the fourth quarter of 2020 was a period of improved financial results in key areas of the Group's activities, and the achieved revenue dynamics was much higher than the market growth rate. In line with our strategy implementation, the Data Enrichment segment is of key importance as it is characterized by high dynamics of revenues and an increasing margin level.

I present to you, the report for the fourth quarter of 2020.

Piotr Prajsnar,
Chairman of the Board

Selected financial data

Financial data (PLN million)	Q4 2020	Q4 2019	% change	Q1-Q4 2020	Q1-Q4 2019	% change
1. Revenues on sales:	15.7	12.6	24.9%	50,1	42.7	17.3%
a) Data enrichment	5.7	3.0	93.0%	13.4	7.2	86.3%
b) Data consulting	5.9	4.6	28.7%	15.9	14.3	11.1%
c) Data acquisition	3.4	5.0	-31.1%	19.6	21.2	-7.6%
d) Other	0.6	0.0	-	1.2	0.0	-
2. EBITDA segments:	2.9	0.9	235.5%	4.1	(0.4)	-
a) Data enrichment	4.2	1.4	199.4%	76.	3.1	146.1%
b) Data consulting	0.5	0.1	215.0%	0.1	(0.6)	-
c) Data acquisition	0.0	0.3	-81.4%	(0.3)	0.5	-
d) Other	(1.9)	(1.0)	92.9%	(3.2)	(3.3)	-3.3%
3. EBITDA	3.4	0.4	808.5%	5.7	(1.1)	-
4. Net profit / loss	1.4	(1.3)	-	0.5	(4.7)	-
5. Cash flow in the period:	3.0	(0.2)		5.9	(7.8)	
a) Operational	1.0	(0.4)		10.7	18.4	
b) Investment	3.6	0.3		(4.3)	(26.2)	
c) Financial	(1.6)	(0.1)		(0.5)	0.0	
6. Net debt in the period:	(10.2)	(4.1)				
(a) Interest debt	7.7	0.7				
(b) Cash and cash equivalents	17.8	4.8				
Net debt/EBITDA	(3.0)	(10.9)				

Commentary on the financial results:

- Q4 2020 was the eighth consecutive period of improved financial results in key areas of activity, including total sales revenues (increase by 25% y/y) and EBITDA (increase by PLN 3.0 million y/y).
- In accordance with the strategic assumptions justifying the business transformation, sales of data and technologies for its processing are growing the fastest (increase by 93% y/y), that constitutes the dominant part of the financial result.
- The decrease in revenues related to the purchase of advertising spaces (decrease by 31% y/y) still has no impact on the process of acquiring data that constitutes the basis of the Group's activities in other areas.
- Revenues from the Data Consulting segment increased by 11% y/y, mainly due to the successful end of the year, in particular the increased number of orders from advertising agencies and media houses.
- The Group has a stable level of cash (PLN 17.8 million), positive balance of cash flows from operating activities, and continues investing activities in accordance with the adopted schedule.
- Despite the increase in interest debt (resulting from obtaining PFR loans, incurring bank debt for the implementation of investments and recognizing new lease agreements), the Group's net debts remains negative.
- The Board of Directors expects an improvement in future financial results, subject to the typical seasonality of the market and the risks associated with the development of the pandemic.

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Appendix – Condensed consolidated financial statement for the fourth quarter of 2020

About us



We are one of the world's leading providers of anonymous data used for targeting online advertisements and one of the fastest growing technology companies in the CEE region.

We created a proprietary technology for gathering and processing anonymous data (Data Management Platform), which allows for dynamic business scalability.

Our Group constitutes of: OnAudience, Audience Network, and Online Advertising Network.

1 Introduction

The Group provides services based on Big Data. The key resource having the greatest impact on its activities is a set of the processed data that can be described in terms of the number of data as well as geographic range.

Currently, the Company processes over 100 billions of anonymous profiles of online users¹ using desktop computers and mobile devices. The data is collected from over 200 countries and territories, with the EU and the USA markets being essential for the Company's activity.

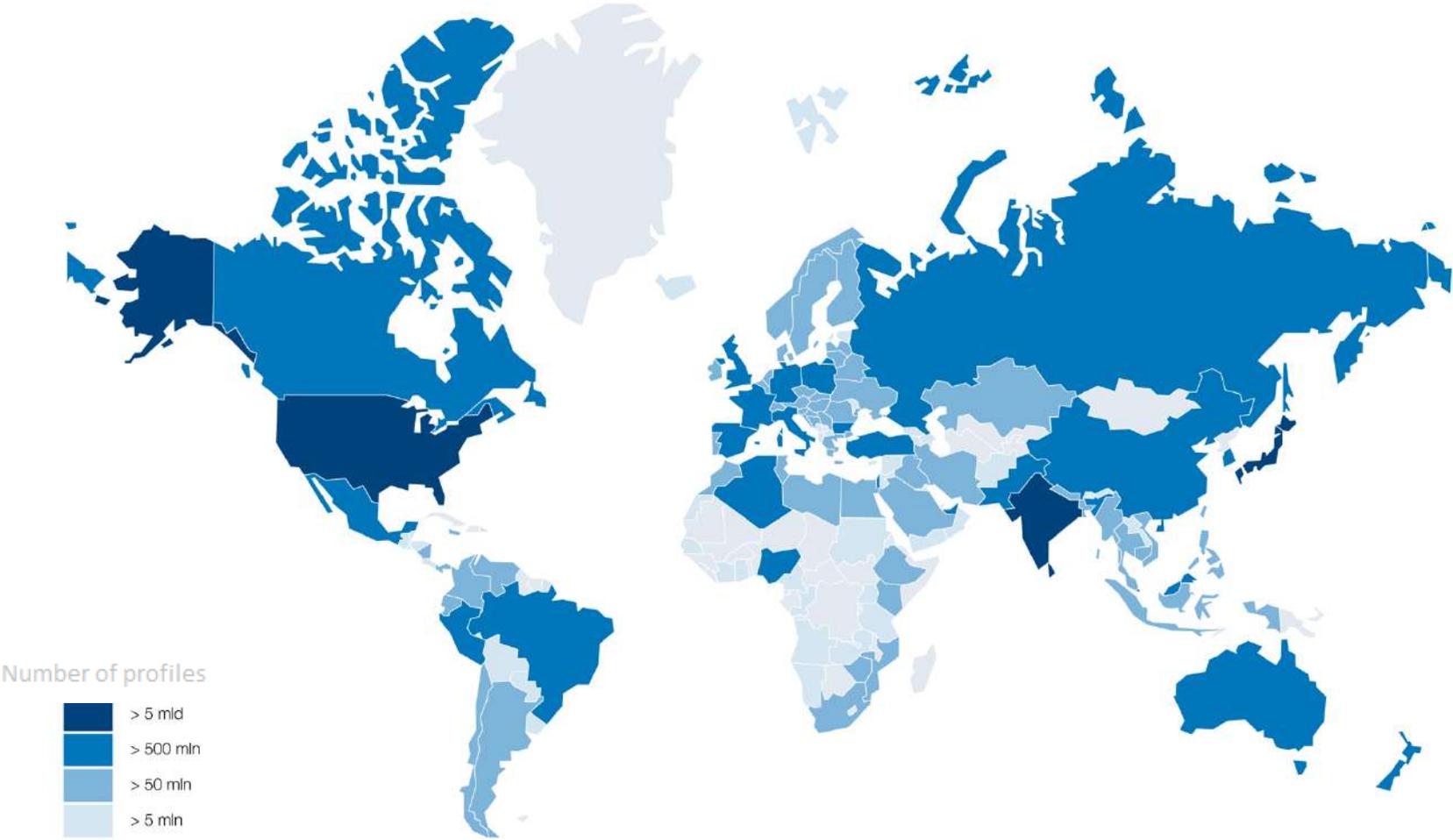
The amount of data has an impact on the scale of the provided services and, at the same time, affects the value of sales revenues. The basic criteria to state the amount of data is a number of profiles correlated to a number of devices and not people. Another important criteria is data resolution, i.e. the amount of information per profile.

Geographical range has an impact on the availability of services on individual markets and, at the same time, the base of potential clients. Saturation of individual markets with data, which corresponds with the number of profiled users, is also significant.

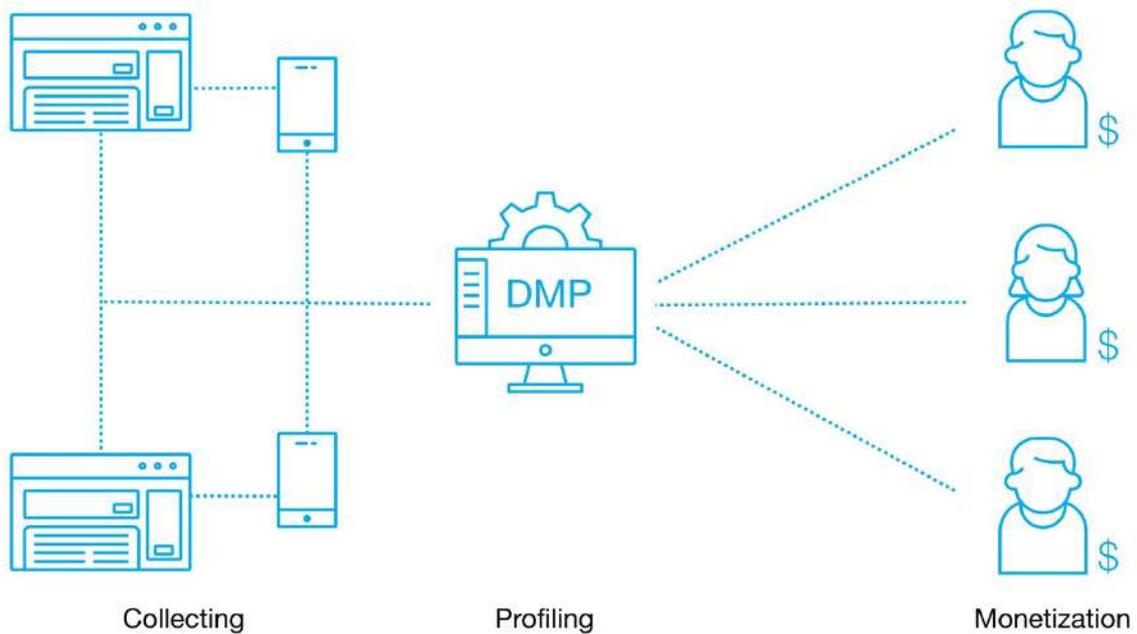
The ability to process raw data and the distribution of this processed data has an impact on the efficiency of data sets. That is why the Company created its own technology to process data, i.e. Data Management Platform that operates under the OnAudience.com brand. The Company is systematically expanding sale channels, and that is why new trade relations are being established.

¹ **The number of profiles** is the product of the number of users and the segment to which they have been classified.

Markets from which Cloud Technologies obtains anonymous data about Internet users (as of Q4 2020)



2 Business model



Collecting data

The first stage is collecting anonymous data about the activity of Internet users based on cookies, mobile identifiers, and similar technologies. The Company obtains data of the following types: 1st party (from own sources), 2nd party (from partners), and 3rd party (from suppliers).

Raw data is collected and, afterwards, it is a subject to a multi-stage analysis with the use of statistical methods and machine learning. The Company employs its own technologies that aim to use the whole potential hidden in the acquired data.

Data Profiling

The second stage is data processing that aims to identify valuable information and then create anonymous profiles of users. Every user can be described with the help of even a few thousand of features that are regularly updated.

Profiling is aimed at classifying the user to appropriate segments, a catalog of which is called a taxonomy. In this form, data is prepared for further distribution and can be transferred to technological partners.

Data monetization

The third stage is commercial use of the processed data in one area of the Group's activities, that is monetization of the gathered information. Data monetization can occur in two ways:

1. **Data as a Product (DaaP)** – created profiles can be monetized in programmatic advertising which uses anonymous data about Internet users to target selected groups of clients based on specific characteristics (such as interests or purchasing intentions). Data monetization occurs through the distribution of Cloud Technologies data to partners and clients, and has an international scope – the collected data can be distributed to any market where Cloud Technologies had a data distribution partner.
2. **Data as a Service (DaaS)** – data collected and processed by Cloud Technologies is also used in online campaigns run by subsidiary companies of the Group: Audience Network and Online Advertising Network. Anonymous profiles are used to target the right audience and to optimize campaigns run for clients.

Data buyers are mainly companies from the online marketing industry that use it for precise campaign targeting as well as companies that use Business Intelligence tools to analyze the market and profile clients.

Advantages of Cloud Technologies



One of the global leaders on the market using data for targeting online advertisements – over 100 billion profiles in the base.



Cloud Technologies acquires digital information about Internet users from over 200 markets.



Proprietary technology for data collection and global distribution network with the leaders of the AdTech sector.

3 Segments of activity

In connection with significant organizational changes, division of company’s operating segments has been updated. It allows better understanding of the business and changes that occur in it. Detailed information on the operating segments along with corresponding financial data can be found in the appendix.



Data acquisition

Activity leading to acquiring anonymous data about Internet users, which are used in other segments of the Group’s activities. Revenues in this segment come mainly from advertising campaigns run for affiliate networks and from brokerage of the purchase of advertising spaces. The characteristic feature of this business segment is high turnover on the purchase of advertising space and relatively small margin.

Data consulting

Service activities with the use of anonymous data about Internet users and own DMP technology (Data Management Platform). The provided services include especially the implementation of precisely targeted online advertising campaigns. The main clients of these services advertising agencies as well as direct clients, mostly from the B2C segment.

Data enrichment

Activity of enriching digital information by selling anonymous data about Internet users and selling licenses for own DMP technology (Data Management Platform). Data is sold on global market and it is mostly distributed via DSP systems (Demand Side Platform) and CRM (Customer Relationship Management).

4

Description of activity

Mission

The Company provides services based on Big Data and has one of the largest Data Management Platforms that processes anonymous profiles of Internet users from all around the world. For this purpose, it develops its own technologies based on Cloud Computing and employing methods of Machine Learning.

The Company has unique competences in the scope of optimizing advertising campaigns with the use of automatic media buying (Programmatic Buying, Real-Time Bidding). This activity connected to digital advertising allows the Company to acquire raw data and monetize the processed data.

Vision

The Company pursues a global strategy that is based on the analysis of Big Data. Among the Company's services, there are technologies employing methods of Machine Learning and using elements of Internet of Things. The Company continues investment activities focused on markets with a high growth potential and thus systematically accumulated value of Shareholders.

The position of market leader based on innovative technologies allows the Company to act as a consolidation center. Consistent increase in the scale of operations with the use of synergy effect enables the Company to develop dynamically, which is the source of permanent competitive advantage.

Outline of strategic objectives

1. **Globalization of innovative products and services, including:**
 - a. technologies based on Big Data.
 - b. technologies of Programmatic Buying.

2. **Diversification of the portfolio of products and services, including:**
 - a. methods of Machine Learning.
 - b. elements of Internet of Things.

Global Ad Market

- key figures

149 zettabytes

or 149 trillion bytes will the global data volume count in 2024²

51% of the global population

already has internet access. It's over 4 billion users³

7h 50 min daily

usage of the Internet by US residents⁴

USD 4.9 trillion

estimated global spending on e-commerce⁵

USD 620 billion

marketers around the world will spend on online advertising⁶

58% of ad spending

marketers will use on online channel in 2023⁷

PLN 5 billion

is the value of the online advertising market in Poland in 2019⁸

72%

of global impressions online is programmatic. The model that uses⁹ anonymous data is dominant⁹.

² Statista.com

³ International Telecommunication Union

⁴ eMarketer

⁵ As above

⁶ Zenithmedia.com

⁷ As above

⁸ IAB Poland

⁹ Zenitmedia.com

5 Market environment

Use of data and the development of the global advertising market

Over the next three years, the number of generated data will increase by nearly 100%. By now, more than 4 billion people around the world have access to the Internet. They spend more time online, and the COVID-19 pandemic has accelerated the transfer of daily activities to digital. Marketers from all around the world, due to data, can understand the behavior of Internet users better. They want to reach them online, since the Internet has become a natural environment for humanity.

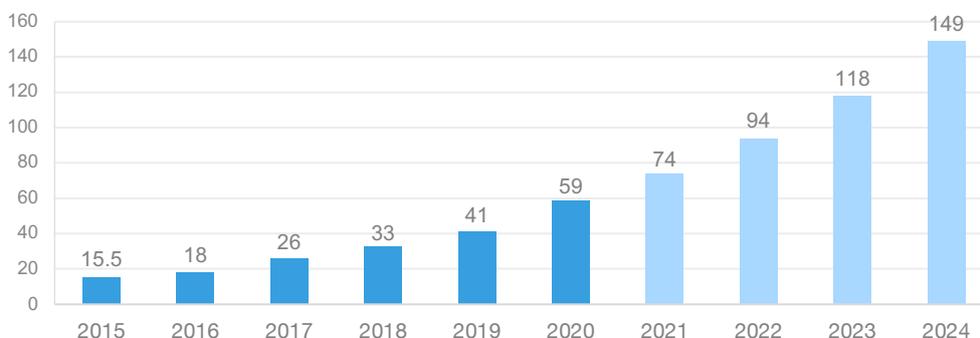
As the Cloud Technologies Group, we collect and provide data to run effective online campaigns. The digital information that we gather enables precise targeting and reaching consumers online. It is the data that is the foundation and the fuel driving the rapidly growing programmatic advertising market, which enables full automation of purchasing spaces in digital media and reaching target groups with a specific profile.

Growing global data volume

As technology advances and devices connected to the Internet become more and more popular, the amount of generated data worldwide is increasing rapidly. It is forecast to double over the next three years.

Every day, users from all around the world generate billion of information on their devices connected to the global network. These signals are further used to create profiles of users, including i.e. their purchasing interests or intentions. Such profiles are used for targeting online advertisements.

Global volume of data, 2015-2024
(zettabytes)



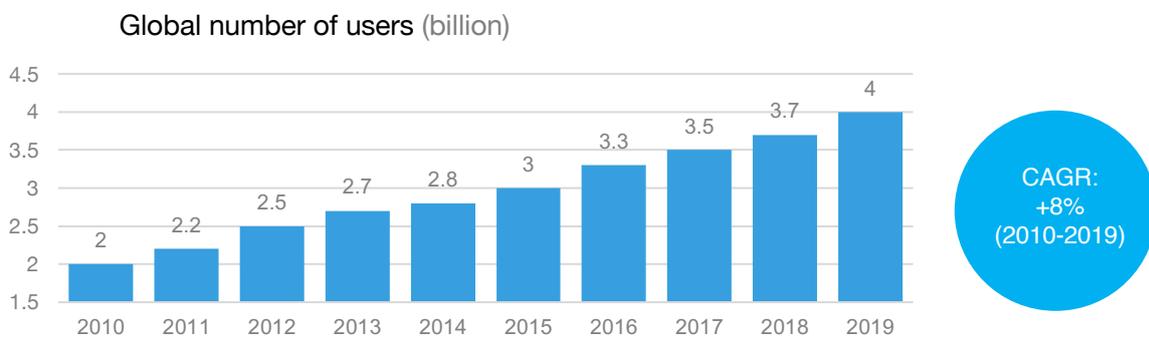
CAGR:
+28.6%
(2015-2024)

Source: Statista.com; light blue: forecast

More than half of humanity has access to the Internet

According to International Telecommunication Union, in 2019 over 4 billion people from all around the world had access to the Internet. By now, more than half of humanity is connected to the Web with the number consistently growing. Every second, billions of people generate data that enable advertisers reaching the right groups with a personalized digital campaign.

If the advertiser wants to reach people from a specific market, such as the US and e.g. interested in travelling, online advertisements and anonymous data about users provided by Cloud Technologies will enable this process.



Source: International Telecommunication Union

Pandemic and the transfer of daily activities to the online world

The coronavirus pandemic forced inhabitants of almost every country to suddenly change their behavior, including consumer behavior. Due to the lockdown, people stayed at homes for safety reasons and moved their daily activities to the digital reality. As a result, the e-commerce and online advertising markets suddenly accelerated.

As McKinsey & Company indicates, the pandemic has changed the life of people in many aspects. There was a sudden and meteoric development of online services. The pandemic has become the accelerator of changes. Some of developed trends are likely to persist after the pandemic, including remote business meetings, telemedicine, e-learning, increased online shopping activities, and rapid growth of digital entertainment.

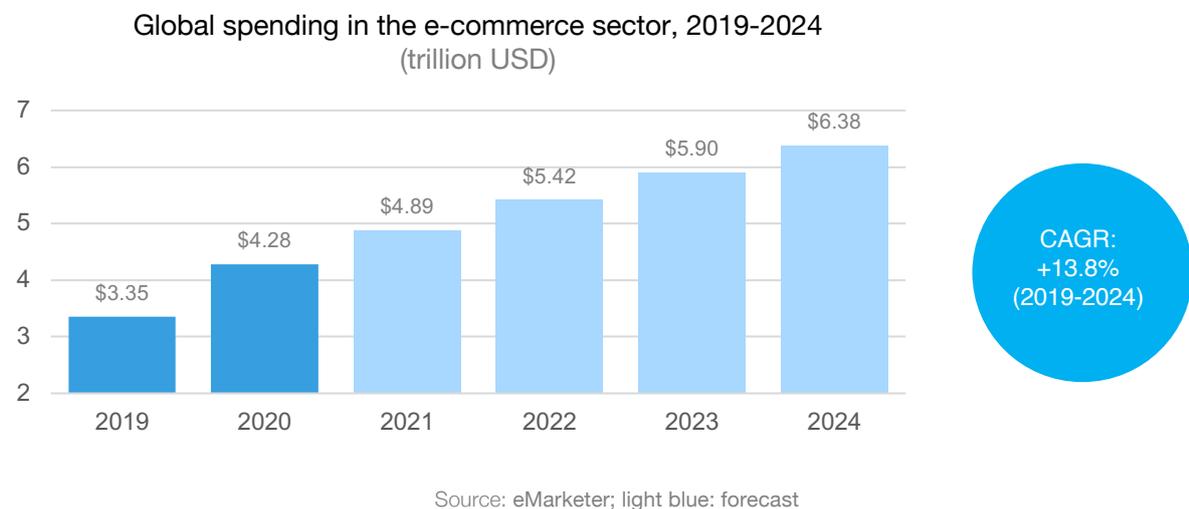
Disney Plus gained 50 million subscribers in five months. It took Netflix 7 years.

Source: McKinsey.com

The development of the e-commerce market

One of the most visible effects of the pandemic in the online world is the rapid growth of the e-commerce market. Since stationary shops were closed and people stayed at homes, users were shopping online on a massive scale. Due to this change of consumer behavior, the e-commerce sector reached a level in 2020 that was previously forecast for 2022 (two years later).

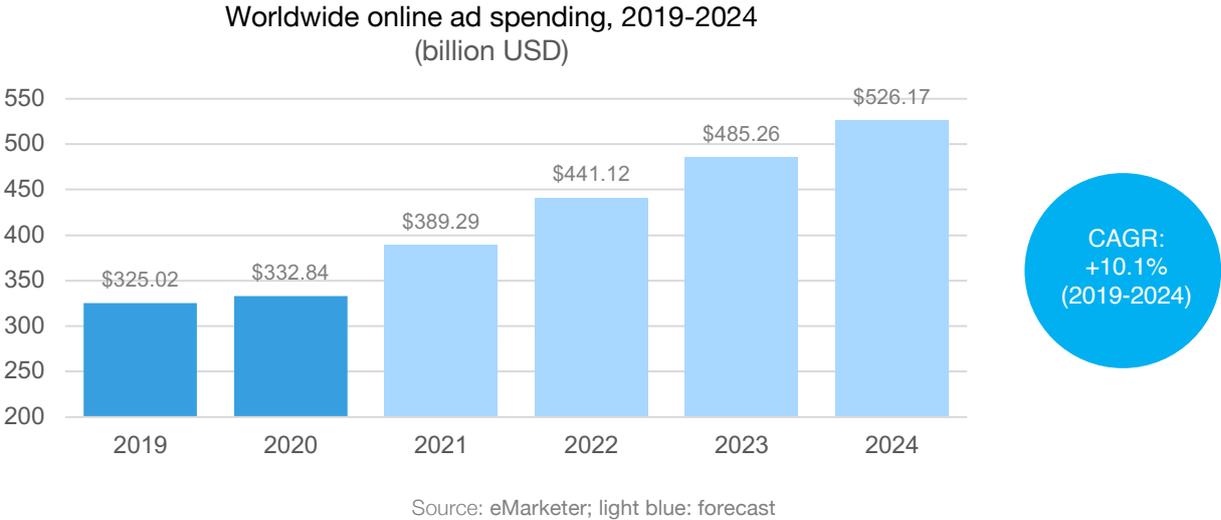
According to calculations of eMarketer, the dynamics of the e-commerce market growth reached 27% last year and, in 2021, global spending will reach almost USD 5 trillion. The rapid development of the online sales influenced the development of online advertising that enables, among others, the promotion of selected products within consumer groups having specific interests or purchasing intentions.



Online advertising spending has exceeded half of the world’s ad spend.

The online advertising market had been developing dynamically also before 2020, and the coronavirus pandemic accelerated the transfer of advertising budgets to the online channel. Zenith, an international agency, indicates that in 2020 online advertising expenditure exceeded 50% of all ad spending in the world. This trend will continue and in 2023 the percentage is estimated to increase to 58%.

eMarketer also forecasts further growth of the online advertising market with double-digit dynamics until 2024. This year, digital advertising spending will reach USD 390 billion.



The online advertising market in Poland reached PLN 5 billion

The online advertising market in Poland is growing dynamically as proved by cyclical research conducted by IAB Polska and PwC. In 2019, the digital advertising market on the Vistula River reached a value of nearly PLN 5 billion, and the growth dynamics exceeded 10% y / y. Graphic advertising, i.e. display and targeted based on data, accounts for almost half of the value of the Polish digital advertising market. Subsidiary companies of the Cloud Technologies Group - Online Advertising Network and Audience Network - operate on the Polish online advertising market and, employing the unique technology as well as data supplied by the Company, provide advertising services supported by advanced big data analysis.

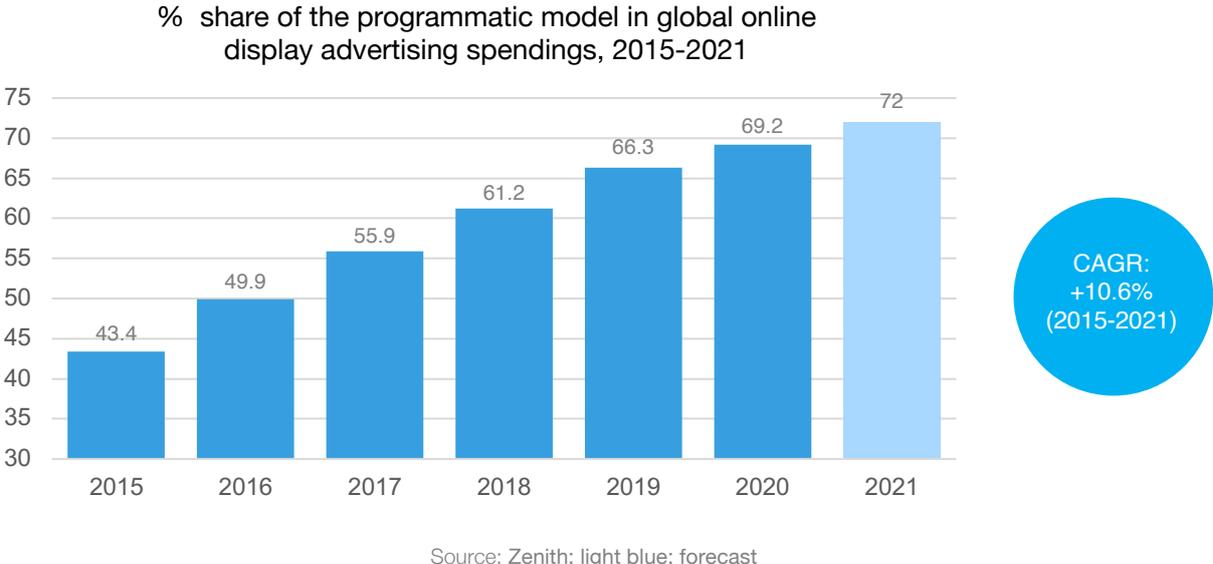
The most recent IAB Polska and PwC report shows that while the budgets were suspended at the beginning of the pandemic, the online advertising market in Poland started growing again. In Q3 2020, it recorded a rebound compared to the same period previous year, which allows us to be optimistic about the entire year, especially since Q4 of 2020 on the advertising market, among other due to the holiday and sale seasons, which usually mean higher expenses.

Programmatic advertising dominates among online display advertising

Programmatic is the dominant advertising model on the market of online display advertising. It is the model that is driven by anonymous data about Internet users used for targeting to selected audiences. Such data is collected from 200 markets worldwide and further provided to the advertising sector of Cloud Technologies.

According to research conducted by Zenith, the international agency, the automatic model of purchasing advertising spaces, i.e. in the programmatic model, advertisers will buy 72% of all display advertisements online this year. This model is met with great interest from advertisers, and market penetration has doubled since 2014.

It is worth noticing that, in the programmatic model, ads are purchased not only via online services, but also TV on demand (Connected TV), on digital media in public space or on the audio market (podcasts). The automated model based on user data is evolving together with the development of digital technologies.



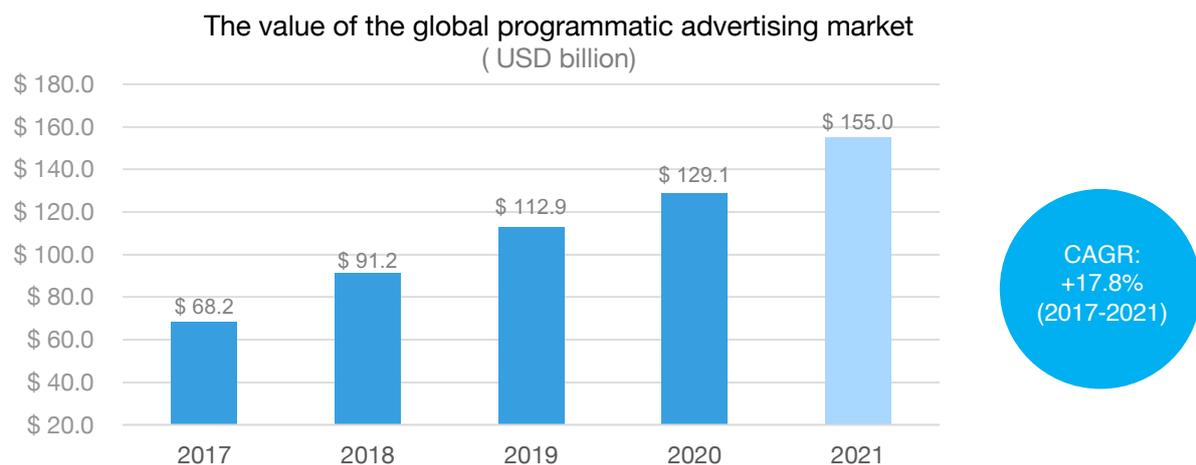
6 Programmatic advertising market

Programmatic Buying is a model of internet advertising that uses anonymous data on Internet users' behavior to target advertisements. For this advertising model, Cloud Technologies provides anonymous data about Internet users that is further used for targeting. As this market grows, the demand for data increases. The largest programmatic markets (such as the US, Europe) are at the same time the largest data markets.

The programmatic model enables automatic media buying in the Real-Time Bidding and personalization of the advertising message that is adjusting an ad to the profile of the user who will see it (e.g. interests, demographics or purchasing intentions). The advantages of this model include the possibility of reaching a wide group of users and precise measurement of campaign effectiveness based on data.

Value of the global programmatic advertising market

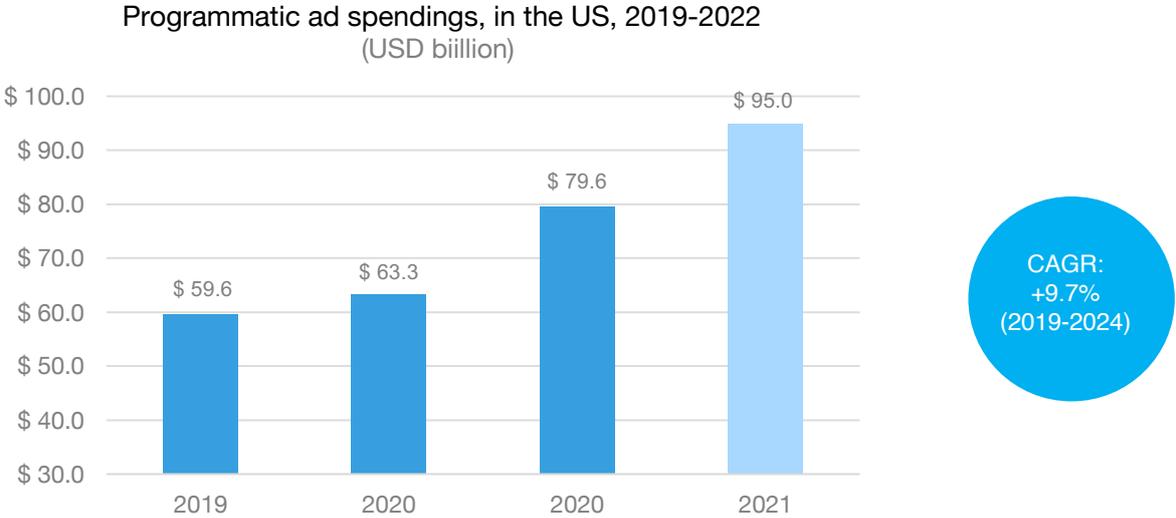
The programmatic model is the dominant model in the online impression advertising. Zenith, an international agency, estimates that in 2021 as many as **72% of impression advertisements** will be run in the programmatic model that enables targeting ads based on anonymous data. Its value has been growing for years with double-digit dynamics.



Source: Global Data Market Size 2017-2021, OnAudience.com; light blue, forecast.

The largest programmatic markets in the world

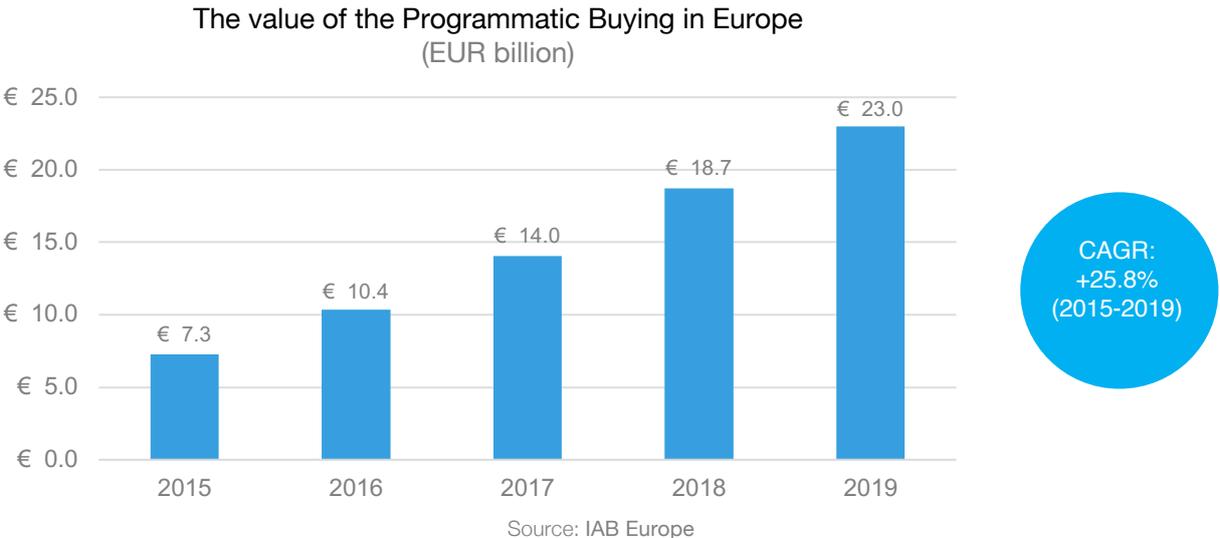
The development of the online advertising aims to automate the process of displaying advertisements and reach user groups having specific attributes (such as location, interests, purchase intentions, etc.). These functions are met by the programmatic advertising growing rapidly around the world. The percentage of impressions in the programmatic model exceeds 90% even on the most developed markets. eMarketer estimates that in the USA, which is the largest advertising market in the world, 86.5% of expenses on impression advertising will be realized in the Programmatic Buying model in 2021. Higher and higher investments in this model of online advertisement mean an increasing demand for data on the behavior of Internet users.



Source: eMarketer; light blue, forecast

Programmatic advertising market in Europe

According to the report „Global Data Market Size 2017-2021, Europe is one of the largest programmatic advertising markets in the world. Its value is still growing dynamically, and the countries of Western Europe are the leaders of this model. According to the IAB report, European marketers spent over EUR 23 billion on programmatic advertising in 2019.

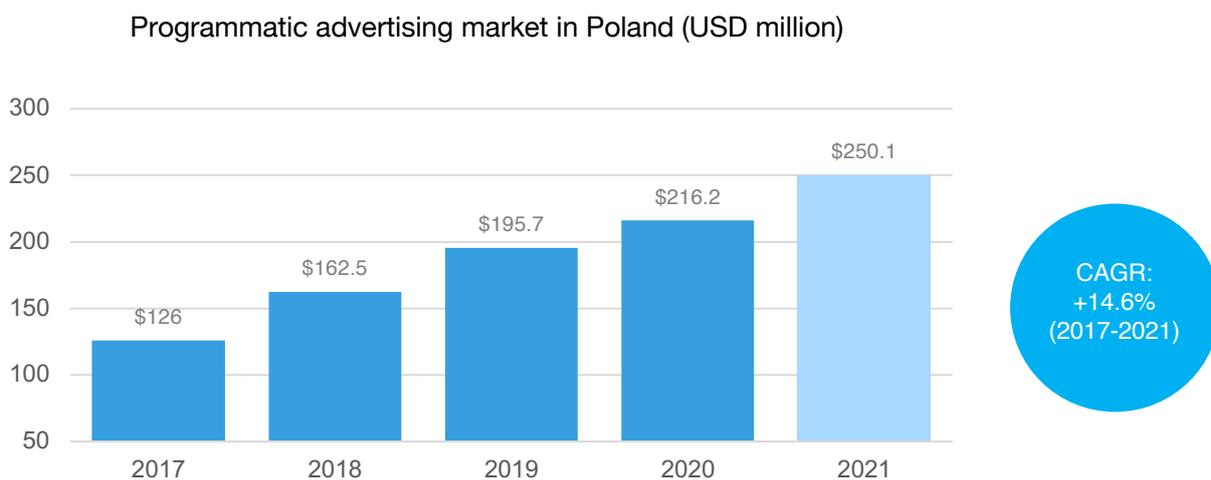


Programmatic advertising market in Poland

The programmatic online advertising market in Poland, on which two companies from the Cloud Technologies Group operate: Online Advertising Network and Audience Network, reached almost PLN 5 billion in 2019 and increased by over 10% y/y. The programmatic segment, in which the subsidiary companies from the Cloud Technologies Group specialize, is growing much faster than the online advertising market.

IAB Polska reports that the growth dynamics of the programmatic market reached 40% in 2018. The cumulated growth rate for the programmatic market in Poland in 2015-2020 is over 35%¹⁰. Poland, despite a relatively small share of programmatic in media spending, is one of the fastest growing markets in the EMEA region.

Compared to developed online advertising markets such as Great Britain or the US, where the value of the programmatic market is counted in billions of dollars, Poland is just a small market. That is why the activity of Cloud Technologies is focused on the international market. The expansion into markets around the world can take place thanks to a scalable business model and the possibility of digital distribution, i.e. the most valuable resource of the group available in every corner of the world, i.e. a set of anonymous data about online users.



Source: Global Data Market Size 2017-2021, OnAudience.com; light blue, forecast

¹⁰ „Perspektywy rozwojowe reklamy online w Polsce 2018/2019”, IAB Polska.

7 Global data market for Internet advertising

Along with the automation of media buying, the demand for anonymous data is increasing. The data allows targeting of online advertising and conducting business analyzes (including the analysis on the behavior and effectiveness of online campaigns). The processed data is then segmented using machine learning algorithms, and then distributed in the form of segments (e.g. users interested in the BMW or Samsung brand) to sales platforms (Demand-Side Platforms), from where marketers from all around the world can purchase data to target specific groups of users in programmatic campaigns. Appropriate selection of the target group is decisive for the effectiveness of advertising campaigns run on the Internet.

Data Management Platform in the RTB ecosystem

The processing of data used in online advertising is carried out with the use of DMP (Demand Management Platform) that enables the exchange of data in the RTB ecosystem (Real-Time Bidding) and ensures the protection of users' anonymity.

The proprietary DMP Cloud Technologies technology processes approximately 100 billion of anonymous Internet user profiles and analyzes approximately 5 billion online activities a day to enable marketers precisely to target a specific group of consumers on the Internet.

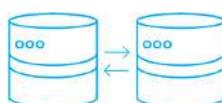
Types of data in Internet advertising

Online advertising uses various types of data about Internet users collected from many sources. Due to the source of its origin, it is divided into:



1st party data

the advertiser's own data, e.g. obtained from own websites or applications



2nd party data

data obtained from partners, e.g. as a result of a jointly run promotional campaign



3rd party data

data collected from external sources – from data providers

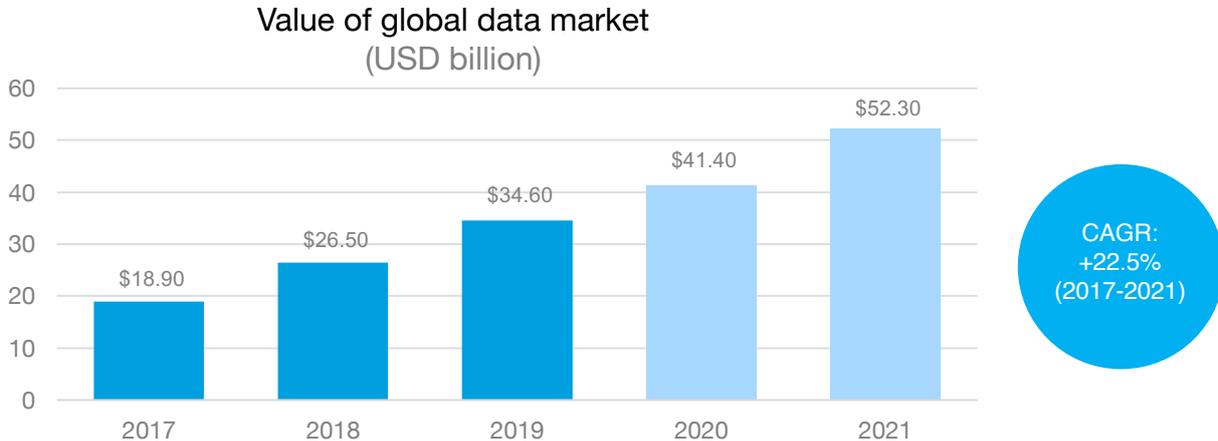
Cloud Technologies is one of the world's largest leading 3rd party data providers. The Company distributes data in cooperation with international partners, including on the American and European market.

Due to the distribution network, which is being consistently expanded, anonymous data obtained by the Company can be acquired by marketers from around the world using advertising platforms designed to purchase data for targeting online campaigns.

Value of the global data market

Along with the development of the programmatic advertising market, the market of data used in online advertising grows dynamically. According to the report "Global Data Market Size 2017-2021", global spending on data will exceed \$ 52 billion this year, an increase of 26% y/y.

Since 2018, the data market has been growing at double-digit dynamics and from 2017 to 2021 it increased in value almost three times (from USD 18.9 billion to USD 52.3 billion).



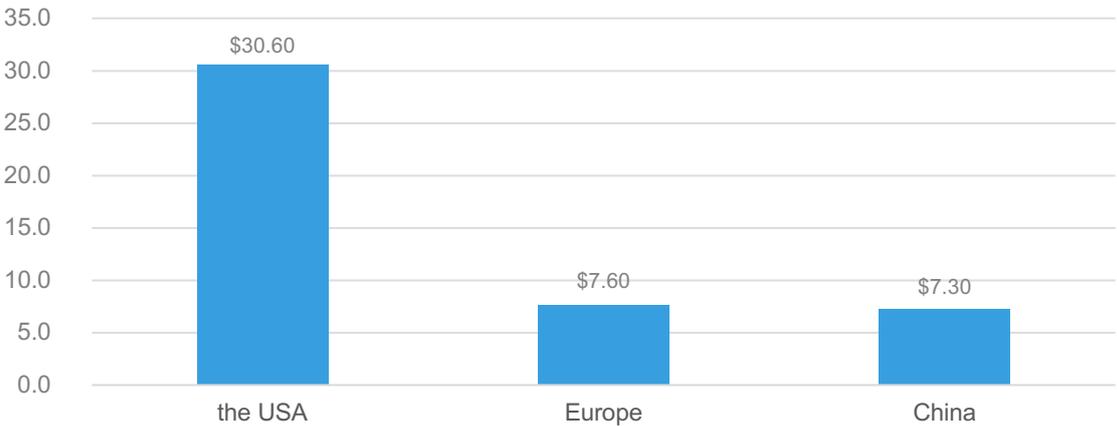
Source: Global Data Market Size 2017-2021, OnAudience.com; light blue, forecast

The largest data markets in the world

The world’s largest data markets overlap with the largest programmatic advertising markets. To function effectively, this advertising model requires high-quality anonymous data about Internet users, therefore the value of the data market is growing rapidly along with the programmatic segment. The progressive shift of advertising budgets to the online channel was additionally accelerated by the pandemic. And with the demand for digital campaigns, the demand for data used to target internet users is growing.

The data market is dominated by the United States – spending there will exceed by USD 30 billion in 2021, or increase by 24.1% compared to 2020, according to the report “Global Data Market Size 2017-2021”. The largest data markets also include Europe with the value of USD 7.6 billion in 2021 (+ 22.1% y/y) and China, which is just behind the Old Continent, where the value of the programmatic market will reach USD 7.3 billion (+35, 1% y/y).

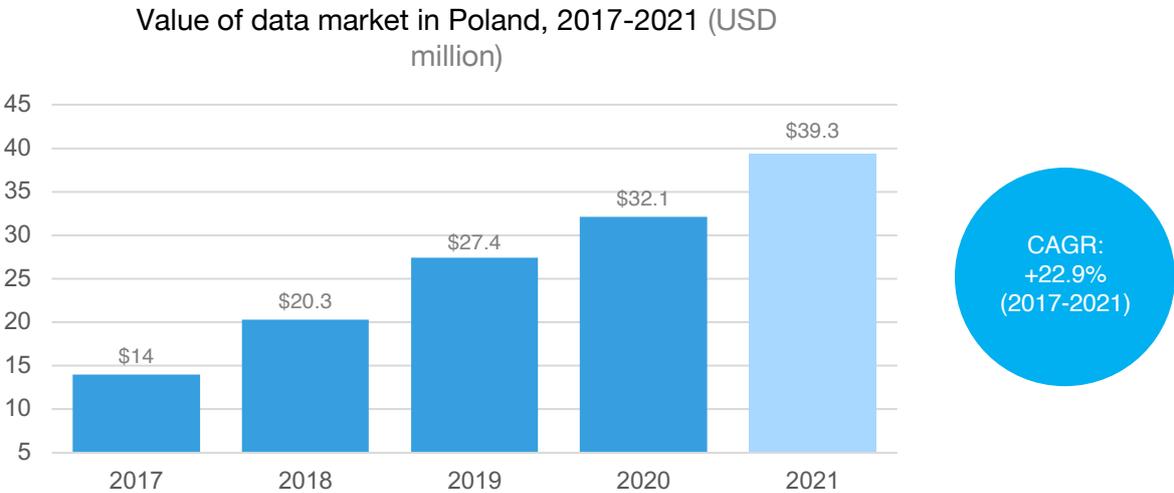
The largest data markets in the world in 2021
(USD billion)



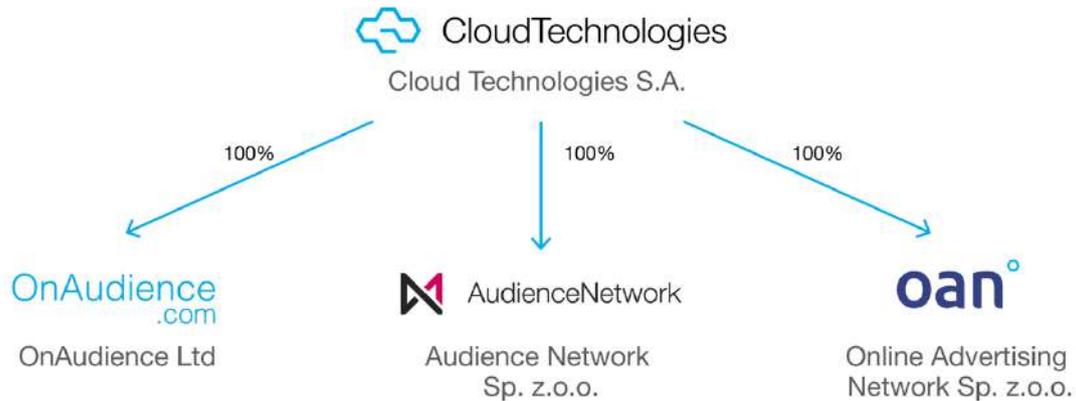
Source: Global Data Market Size 2017-2021, OnAudience.com

Development of the data market in Poland

The data market in Poland is growing at a double-digit pace. This year, the growth is forecast at the level of 22.4% and the value of the data market will reach nearly USD 40 million. Despite the rapidly growing demand for data, the Polish market is relatively small compared to world leaders in this area. Marketers in the UK, USA, and France spend billions of dollars. Therefore, the natural way for Cloud Technologies to expand is to develop its operations on the largest data markets in the world. The scalability of the business model and the universality of the data product enables quick expansion into new markets and reach new customers.



Source: Global Data Market Size 2017-2021; light blue, forecast



 CloudTechnologies

Cloud Technologies S.A. based in Warsaw operates in the segment of new technologies specializing in data analysis and monetization. It is one of the fastest growing technology companies in Europe. Cloud Technologies S.A. was awarded in the rankings of Deloitte Technology Fast 50 CE 2017, Deloitte Technology Fast 500 EMEA 2017, and FT 1000 2018, a prestigious ranking of the fastest growing European companies according to Financial Times.

Cloud Technologies has created one of the world’s largest warehouses of anonymous data about the interests of Internet users and a technology for data integration and management, i.e. Data Management Platform (DMP). Data collected and processed by Cloud Technologies allows marketers to personalize advertising campaigns on the Web and expand Business Intelligence solutions in companies (data enrichment).

The Cloud Technologies Group consists of three companies specializing in various branches of online marketing: OnAudience, Audience Network, and Online Advertising Network.

Characteristics of the entities belonging to the Cloud Technologies Group



OnAudience Ltd – is based in London and conducts international activities in the field of data monetization. It provides technologies used in online advertising and digital business. OnAudience owns a unique DMP (Data Management Platform) for integration and data management that is mainly used in programmatic advertising. It provides anonymous data enabling the personalization of advertisements, reaching the right target groups, and adapting the creation to recipients' profiles. The Company holds 100% of shares in the share capital and the total number of votes, and it is fully consolidated.



Audience Network Sp. z o.o. based in Warsaw is an agency running online campaigns with the use of data, and a pioneer of data consulting in Poland. It specializes in the use of big data analysis and artificial intelligence algorithms in digital campaigns closely tailored to recipient profiles. As a part of the Cloud Technologies Group, it has access to a unique database on the behavior of Internet users and technologies for processing data on e-consumers. It runs online campaigns, such as programmatic, content marketing and provides analytical services that increase conversion in the ongoing campaigns. Cloud Technologies holds 100% shares in the share capital and the total number of votes, the consolidation is full.



Online Advertising Network Sp. z o.o. based in Warsaw – an agency connecting the competences of a media broker with a modern, automated approach to selling advertising spaces and running online campaigns. It is one of the largest distributors of data on Internet users in Poland and runs programmatic campaigns in which it uses data provided by the Company. Cloud Technologies holds 100% of shares in the share capital and the total number of votes, the consolidation is full.

Commentary on the circumstances and events significantly impacting the Issuer's activity

The company acquired new partners for the OnAudience.com Data Alliance program, which aims to expand the data acquisition and distribution network. Among the key assumptions of the program is the strengthening of cooperation with local partners and international clients.

The Company made further technological integrations with global data distributors and started the process of selling data. Due to the characteristics of this market segment, it may take up to several months to reach the financial target parameters.

The Company monitors legal changes (including GDPR, CCPA), in particular these regarding the EU and the USA, and systematically adjusts its activities to the changing market environment. The Company is one of the first signatories of the Good Programmatic Advertising Practices Code developed by IAB Polska, and it is a member of the Transparency & Consent Framework within IAB Europe.

The Company monitors technological changes (i.e. ITP, ETP), especially those regarding cookies and similar technologies. It systematically adapts its activities to the changing market environment. The Company follows the recommendations of web browser developers and it has implemented the SameSite attribute, the use of which is required by Google since the beginning of this year.

The development of the COVID-19 pandemic had a negative impact on financial results in Q2 2020, but there has been a visible recovery of the key markets since Q3 2020. Currently available information indicates that the circumstances mentioned above should not have a significant impact on the operations of the capital group in a long term, subject to the risk related to a possible further deterioration of the global economic situation.

Audience Network Sp. z o.o. a subsidiary of the Company, is implementing a project called "Wdrożenie nowej technologii – OnAudience Big Data Analytics Platform" (ang. -"Implementation of a new technology – OnAudience Big Data Analytics Platform") under the sub-measure 3.2.2. Loan for technological innovations of the Intelligent Development Operational Program 2014-2020. The project assumes the construction of a platform that automates data management in online advertising and is implemented in the period from January 1, 2019 to November 30, 2020 and the extension of the deadline was aimed at reducing the risk associated with the selection of a contractor. The total cost of the project was estimated at PLN 9,054 000 + VAT, and the amount of the co-financing granted was PLN 5,128 800.

On December 7, 2020, the Board of Directors adopted a resolution on increasing the share capital within the authorized capital, excluding the preemptive rights of the existing shareholders and change of the Company's Articles of Association. The resolution was adopted based on the authorization resulting from § 8 of the Company's Articles of Association, and the existing shareholders were deprived of the preemptive right with the consent of the Supervisory Board on December 4, 2020.

Pursuant to the above resolution, the capital of the Company was increased from PLN 460,000,00 to PLN 500,000,00, i.e. by PLN 40,000,00, through the issue of 400,000 of common shares to the G series bearer within a nominal value of PLN 0.10 each share.

The issue price of the series G shares was PLN 7.00 per share, and the preferential conditions are a form of remuneration for the management. The shares will be covered by a cash contribution made in full prior to the registration of the increase in the Company's share capital.

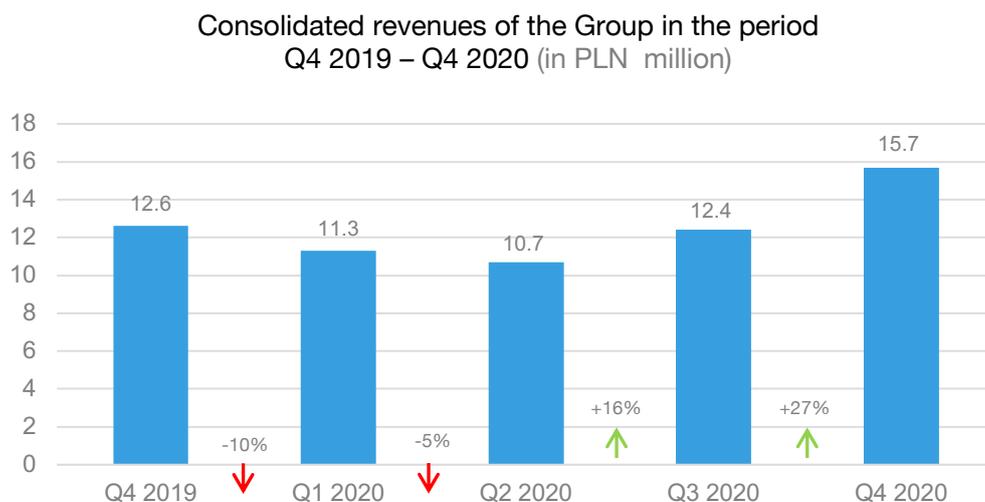
Entities from the Company's Board of Directors as well as from the subsidiaries will be entitled to take up series G shares that aims to increase the involvement of management in the Company's affairs and long-term binding of the Board of Directors with the Company. Beneficiaries will conclude investment agreements with the Company that, inter alia, will prohibit the possibility of selling those shares until December 31, 2021.

The funds obtained as a result of the series G shares emission will be used to implement the Company's strategy, including potential acquisitions or capital investments in foreign entities of strategic importance. The activity in this area is aimed at diversifying data monetization on the Internet and thus improving the Company's future financial results.

Additional information and a commentary on the financial results can be found in the appendix.

1 Commentary on the financial results achieved in Q4 2020

In Q4 2020, the Group’s consolidated revenues from the sale of services were PLN 15.7 million compared to PLN 12.6 million in Q4 2019. If compared to the same quarter of the previous year, the Group recorded an increase in sales of PLN 3.1 million (25%). The quarterly level of the Group’s revenues from the sale of services for the period Q4 2019 – Q4 2020 is presented below:



Despite the outbreak of COVID-19, the Group’s quarterly sales structure retained the typical seasonality of the internet advertising market (the highest revenues generated in Q4). A clear impact of the pandemic could be observed in Q2 2020 since it was a period of significant freezing of market budgets. The following quarters brought a significant improvement in results, an increase in revenues by 16% in Q3 2020, and by 27% in Q4 2020 compared to the previous periods.

The increase in revenues noted in Q4 2020 (by 25%) was higher by 4pp. from the increase recorded in Q4 2019 compared to Q4 2018. However, there were much greater changes in the structure of recipients of the Group’s services. The cooperation with historically the most important group of recipients of the Group’s services, i.e. affiliate networks, was further reduced (they were responsible for 13% of the Group’s sales, compared to 28% in Q4 2019). Campaigns run through affiliate networks become, first of all, a source of collecting data that is further monetized in subsequent segments of activities. The focus on sales to the Group’s data and technology distributors was adopted as the most strategic direction for further development. Sale to this group of recipients is growing dynamically and should constitute a source of revenue also in the following quarters (in Q4 2019 this segment was the main reason of 24% of total sales, in Q4 2020 it was already 36% of revenues). In Q4 2020, there was an increase

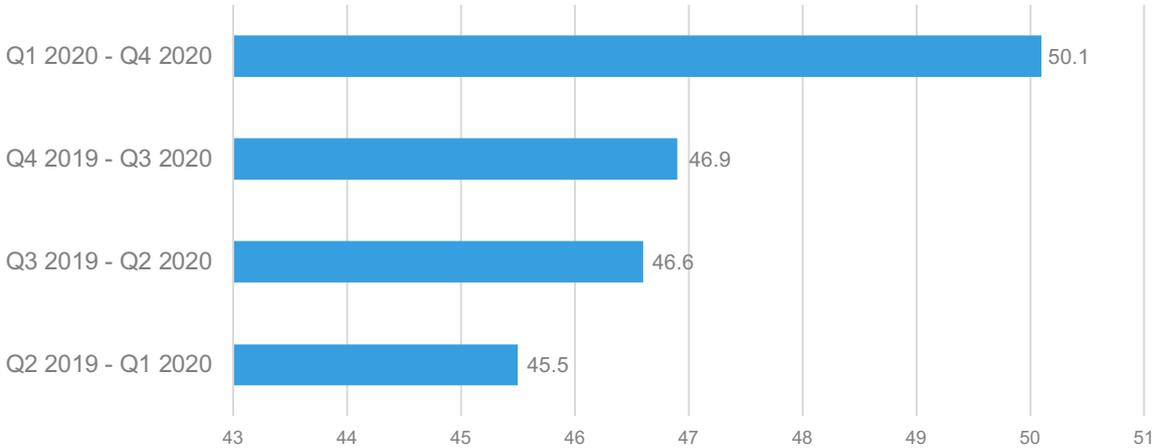
in sales strictly in the advertising activities (sales to agencies and direct advertising clients) by PLN 1.4 million and by 30% compared to Q4 2019.

The Group's consolidated revenues by customers' groups in the period 2019-2020
(in PLN million)

	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Affiliate networks	2.0	3.5	11.9	15.1
Brokers of advertising spaces	1.4	1.5	7.7	6.1
Advertising agencies and media houses	4.6	3.0	11.6	9.1
Direct clients of advertising services	1.4	1.6	4.3	5.2
Data and technology distributors	5.7	3.0	13.4	7.2
Other recipients	0.6	0	1.2	0
Total revenues from sales	15.7	12.6	50.1	42.7
Affiliate networks	13.3%	27.8%	23.8%	35.4%
Brokers of advertising spaces	8.9%	11.9%	15.4%	14.3%
Advertising agencies and media houses	29.1%	23.8%	23.2%	21.3%
Direct clients of advertising services	8.9%	12.7%	8.6%	12.2%
Data and technology distributors	36.1%	23.8%	26.7%	16.9%
Other recipients	3.8%	0.0%	2.4%	0.0%
Total	100%	100%	100%	100%

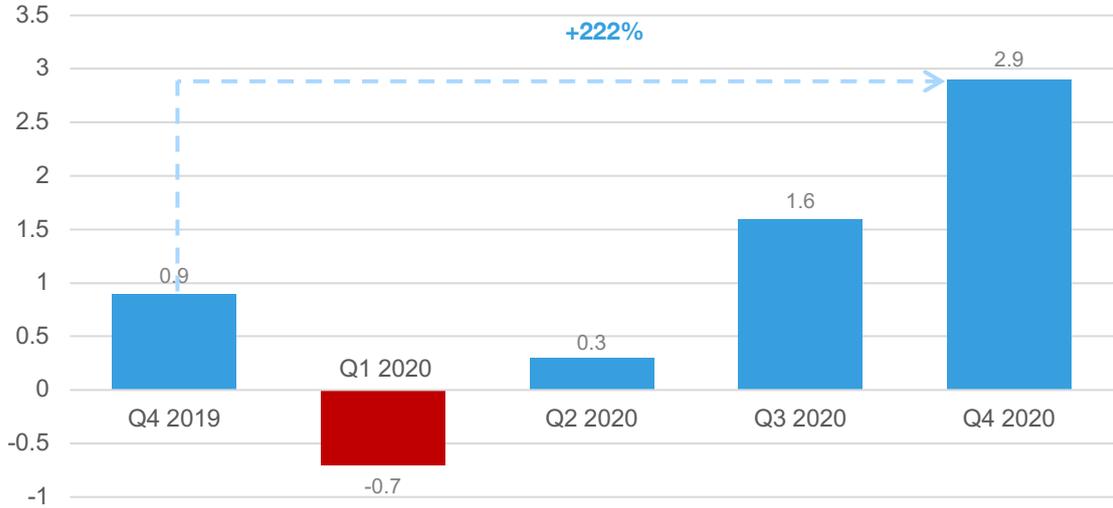
The Group's revenues in terms of LTM (Last Twelve Months) show a stable increase in the period Q2 2019 – Q4 2020. A significant increase in sales can be observed in Q1 – Q4 2020, compared to the previous analyzed period, they increased by 7%.

Group's consolidated LTM revenues in the period Q2 2019 - Q4 2020
(in PLN million)



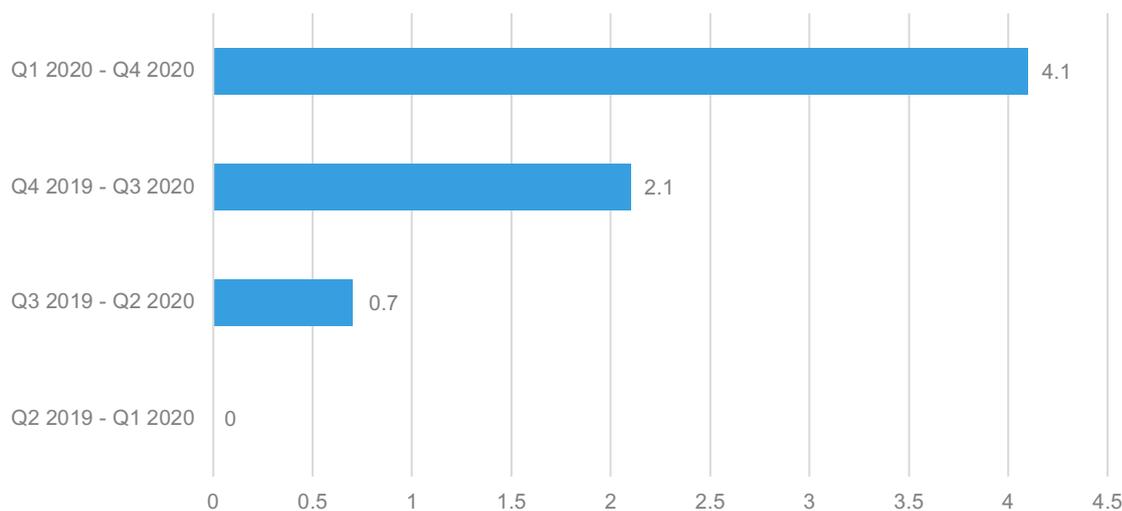
In Q4 2020, there was also a significant increase in the level of the generated EBITDA for the Group's segments that amounted total PLN 2.9 million (including the one-off cost of issuing shares that was PLN 1.6 million). For comparison, in Q4 2019, the Group generated segment EBITDA of PLN 0.9 million.

Consolidated Group EBITDA* in the period
Q4 2019 – Q4 2020 (in PLN million)



*EBITDA = profit on sales increased by depreciation

Consolidated LTM EBITDA of the Group's segments in the period
Q4 2019 - Q4 2020
(in PLN million)



The increase in segment EBITDA in Q4 2020 is primarily due to changes in the Group's revenues (the increase in revenues alone was responsible for PLN 3.1 million of the EBITDA segments' growth). The segments EBITDA was positively affected by the reduction of media purchase costs by PLN 0.5 million compared to the same quarter in the previous year. This is mainly due to the limitation of sales of the lowest margin level segment to advertising brokers. In Q4 2020, The Group incurred a one-off cost of issuing shares in the amount of PLN 1.6 million and higher personnel costs than in Q4 2019 (an increase of PLN 0.4 million), mainly due to the staff strengthening, costs incurred by OnAudience Ltd in London, and the costs of adjusting rates to trends on the IT market.

Reconciliation of the consolidated segments EBITDA in Q4 2020 to the result of Q4 2019 – managerial approach (in PLN million)

Segments EBITDA Q4 2019	Increase in revenues	Decrease in media costs	Decrease in license costs	Increase in personnel costs	Increase in other OPEX	Segments EBITDA Q4 2020
0.9	3.1	0.5	0.1	(0.4)	(1.3)	2.9

Reconciliation of the consolidated segments EBITDA in 2020 to the result from 2019 – managerial approach (in PLN million)

Segments EBITDA 2019	Increase in revenues	Increase in media costs	Decrease in license costs	Increase in personnel costs	Increase in other OPEX	Segments EBITDA 2020
(0.4)	7.4	(2.2)	0.4	(0.1)	(1.0)	4.1

In terms of segments, in Q4 2020, there is a visible effect of the consistently implemented strategy focused on the development of the segment with the highest margin level, i.e. the sale of technology and data to distributors (Data enrichment). The Parent Company – Cloud Technologies - was still focused on providing resources, technology, as well as support for subsidiary companies that served external clients. On the other hand, as a result of limiting the activity in the field of sales to advertising brokers (Data Acquisition), the level of settlements within the Group decreased significantly.

Results of the Group's segments in Q4 2020 and Q4 2019 (in PLN million)

in PLN million	Data acquisition	Data consulting	Data enrichment	Other and exclusions	Total
Q4 2020					
Revenues	6.5	6.3	8.8	(5.9)	15.7
Segments EBITDA	0	0.5	4.3	(1.9)	2.9
Q4 2019					
Revenues	10.9	5.0	5.4	(8.7)	12.6
segments EBITDA	0.3	0.2	1.4	(1.0)	0.9

Results of Group's segments in 2020 and 2019 (in PLN million)

in PLN million	Data acquisition	Data consulting	Data enrichment	Other and exclusions	Total
2020					
Revenues	38.8	16.6	21.0	(26.3)	50.1
segments EBITDA	(0.3)	0.1	7.5	(3.2)	4.1
2019					
Revenues	50.7	14.9	12.4	(35.3)	42.7
segments EBITDA	0.4	(0.6)	3.1	(3.3)	(0.4)

When analyzing the change in the EBITDA of Q4 2020 y/y through the prism of operating segments, it should be noted that the data enrichment segment had the greatest impact on the EBITDA value (increase by PLN 2.9 million). This was possible mainly due to the increased data monetization that, with a partially constant cost base, enabled the increase of the business profitability. Currently, the segment is decisive for the Group's operating result. Moreover, the result of Data consulting segment for the quarter improved compared to the same quarter in the previous year, mainly due to the release of marketing budgets of the Polish advertising market. The impact of the „Other and exclusions” segment (including mainly the Group's general expenses not allocated to other business areas) was similar in Q4 2020 to the effect in Q4 2019.

Reconciliation of the consolidated Q4 2020 segments EBITDA compared to result of Q4 2019 – segment approach (in PLN million)

EBITDA Q4 2019	Data Acquisition	Data Consulting	Data Enrichment	Other and exclusions	EBITDA Q4 2020
0.9	(0.2)	0.3	2.8	(0.9)	2.9

Reconciliation of the consolidated 2020 segments EBITDA compared to the result for 2019 – segment approach (in PLN million)

EBITDA 2019	Data Acquisition	Data Consulting	Data Enrichment	Other and exclusions	EBITDA 2020
(0.4)	(0.8)	0.7	4.5	0.1	4.1

The main components of the Group’s assets relate to intangible assets, working capital, and free cash. The most important items of intangible assets include: the value of the DSP platform license, the value of the *UnBlock* software, and the value of the Big Data Analytics Platform recognized in 2020. The receivables mentioned in the balance sheet result from long payment terms that, in turn, result from market standards and a long campaign settlement process, usually to the largest group of recipients, i.e. affiliate networks. Most payments are made in PLN or foreign currencies. Currently, the most important for the Group, from the perspective of settlements with clients in terms of currencies, are the EUR/PLN and USD/PLN exchange rates, and from the perspective of the settlements within the Group, the GBP/PLN exchange rates.

The main items of equity and liabilities concern equity (including the acquired own shares) and, to a lesser extent, liabilities (to perform services and trade liabilities). In 2020, the Group received a subsidy from PFR and took a credit to finance works on the Big Data Analytics Platform. The granted subsidy (presented as deferred income) is also an important item. Moreover, a significant change for Q4 2020 was the recognition of PLN 2.9 million of additional assets and liabilities due to the recognition of server and office rental as leasing.

As of December 31, 2020, the Group has PLN 17.8 million of free cash. The Group does not provide forecasts of financial results.

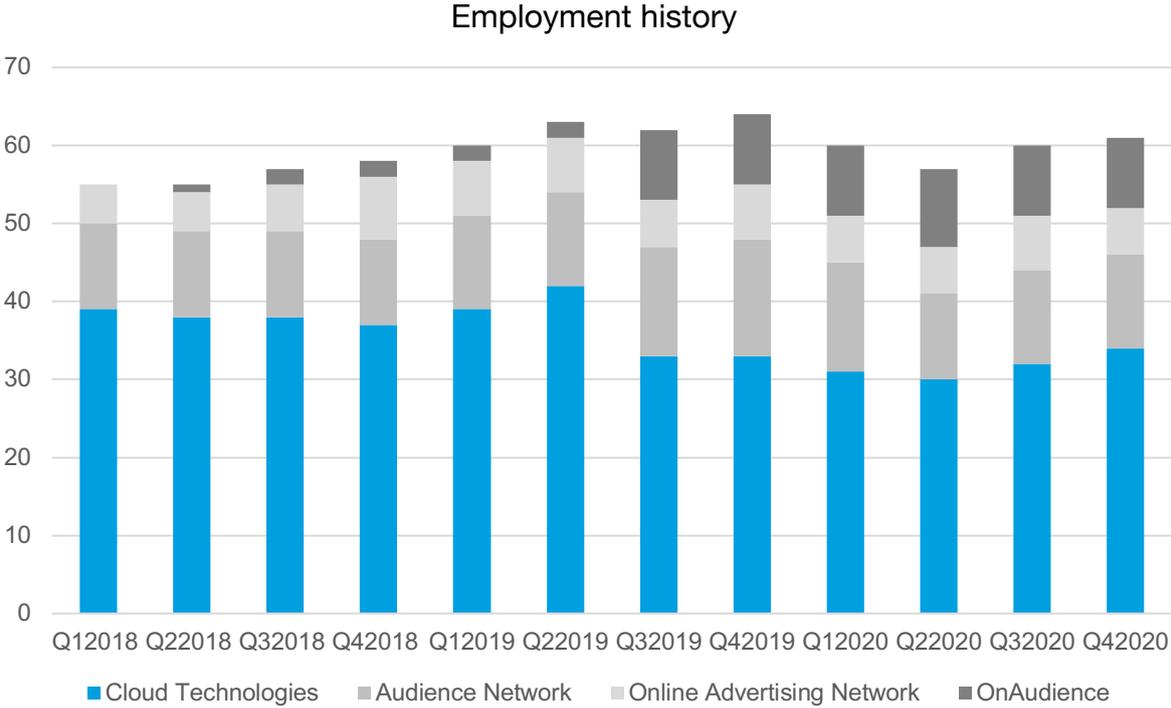
The Group’s present financial situation is stable.

11 Employment information

	Group	Company
Number of employees	61	34

The number of employees was estimated including:

1. Employment contracts,
2. Civil-law contracts,
3. Employee leasing,
4. Employee contracts,
5. Other forms of employment.



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Other information

Unless indicated otherwise, information presented in the quarterly report, including the Group's data on employment, subsidiaries, and shareholders, is as of the day of the publication.

The information document of April 18, 2018 did not contain the information referred to in § 10 point 13a of Annex 1 to the Alternative Trading System Regulations (pl. – Regulamin Alternatywnego Systemu Obrotu).

The Company upholds its plans to move to the Main Market in the future.

The Company does not provide forecasts of financial results.

Statement on the information provided

The Management Board declares that, to the best of its knowledge, the quarterly and separate financial statements as well as comparable data were prepared in accordance with standards recognized internationally (including IAS 34), and that they reflect in a true, honest, and clear manner the property and financial situation of the Company, the Group, and their financial result.

Board of Directors

Piotr Prajsnar

Chairman of the Board

Supervisory Board

Tomasz Zadroga

Chairman of the Supervisory Board

Aleksandra Szweryn-Prajsnar

Member of the Supervisory Board

Łukasz Krasnopolski

Member of the Supervisory Board

Kamil Bargiel

Member of the Supervisory Board

Szymon Okoń

Member of the Supervisory Board

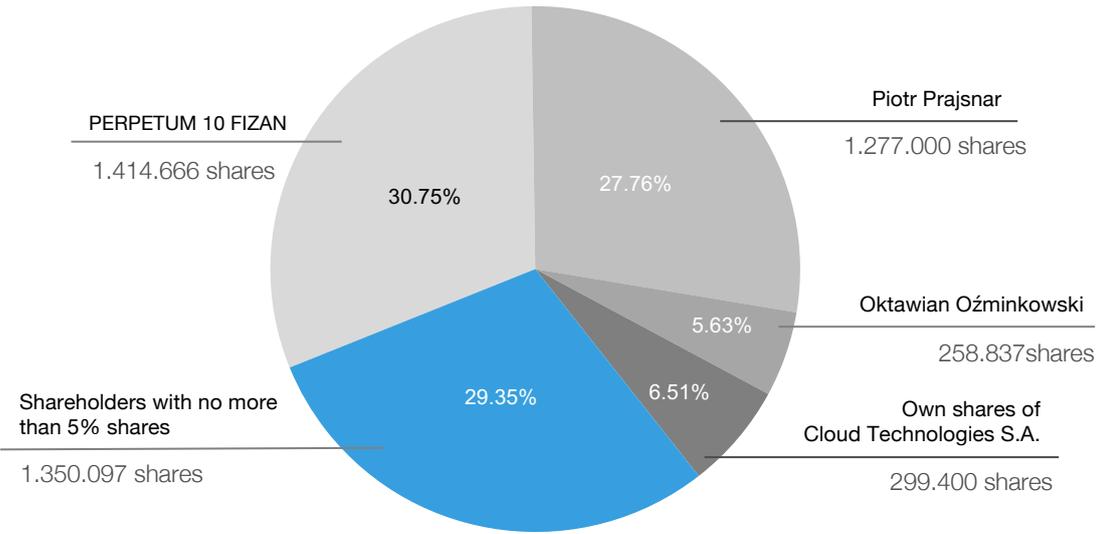
Marcin Brendota

Member of the Supervisory Board

On October 12, 2020, the Ordinary General Meeting adopted a resolution on appointing Marcin Brendota to the Supervisory Board.

Shareholders

PERPETUM 10 FIZAN	1.414.666 shares	30.75%
Piotr Prajsnar	1.277.000 shares	27.76%
Oktawian Oźminkowski	258.837 shares	5.63%
Own shares of Cloud Technologies S.A.	299.400 shares	6.51%
Shareholders with no more than 5% shares	1.350.097 shares	29.35%
Total	4.600.000 shares	100.00%



Piotr Prajsnar, acting in an agreement with Aleksandra Szweryn-Prajsnar, holds a total of 1 317 000 shares that constitute 28.63% of the share capital.

After registration of the capital increase from the issue of G-series shares, Piotr Prajsnar, acting in an agreement with Aleksandra Szweryn-Prajsnar, holds a total of 1.517.000 shares that constitute 30.34 of the share capital.

Registration data

Address of the registered office	Cloud Technologies S.A. ul. Żeromskiego 7 05-075 Warszawa
Registration files	Sąd Rejonowy dla m.st. Warszawy w Warszawie XIII Wydział Gospodarczy Krajowego Rejestru Sądowego ul. Czerniakowska 100 00-454 Warszawa
Share capital	460.000,00 PLN
National Court Number (KRS)	0000405842
Tax Identification Number (NIP)	9522106251
National Business Registry Number (REGON)	142886479

Contact details

Contact address	Cloud Technologies S.A. ul. Marszałkowska 89 00-693 Warszawa
Website	www.cloudtechnologies.pl
E-mail	biuro@cloudtechnologies.pl
Phone number	+48 225353050
FAX	+48 225353070

