

Annual Report

consolidated and standalone
for 2020

WARSZAWA, 30 kwietnia 2021 roku

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Dear Shareholders,

The Company's strategy is consistently based on Big Data analysis. Cloud Technologies remains one of the world's 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 end, and that is the reason for it not to be included in these financial statements.

Being aware of dynamic changes on the international data 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 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. As assumed in terms of consistently implemented strategy, 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 Annual Report for 2020.

Piotr Prajsnar
Chairman
of the Board

1 Consolidated financial data

Consolidated profit and loss statement

Continued operations	Q1-Q4 2020 01.01.2020-31.12.2020	Q1-Q4 2019 01.01.2019-31.12.2019
Revenues from sales	50 127 965	42 729 422
Operating expenses	52 196 247	46 287 167
Amortization and depreciation of projects with a subsidy	3 194 944	404 324
Amortization and depreciation of other assets	3 281 930	2 762 416
Consumption of materials and energy	100 013	155 251
Valuation of share-based payments	1 600 000	0
External services	42 175 646	40 966 700
Taxes and charges	131 176	102 609
Payroll	1 257 722	1 185 736
Social security and other benefits	160 175	181 316
Other costs by type	294 641	528 815
Value of goods and materials sold	0	0
Profit (loss) on sales	(2 068 282)	(3 557 745)
Other operating revenues - subsidies	2 012 330	297 791
Other operating revenues - other	525 864	113 001
Other operating expenses	917 463	1 152 369
Profit (loss) on operating activities	(447 551)	(4 299 322)
Financial revenues	658 424	53 115
Financial expenses	99 455	673 272
Profit (loss) before tax	111 418	(4 919 479)
Income tax	(525 732)	(201 774)
Total net profit (loss) attributable to:	637 150	(4 717 705)
- the owners of the parent company	637 150	(4 717 705)
- the non-controlling interest	0	0
Net profit (loss) on one share (PLN)		
Basic for the financial period	0.14	(1.03)
Diluted for the financial period	0.14	(1.03)

Consolidated other comprehensive income statement

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Profit (loss) after tax	637 150	(4 717 705)
Other comprehensive income:	801 810	879 900
Items that will be reclassified to profit and loss:	801 810	879 000
Exchange differences converted from OnAudience Ltd	801 810	879 000
Total comprehensive income for:	1 438 960	(3 837 805)
- the owners of the Parent Company	1 438 960	(3 837 805)
- the non-controlling interest	0	0

Consolidated statement of financial position

ASSETS	31.12.2020	31.12.2019
I. Fixed assets	47 341 825	34 904 566
Intangible assets	36 753 385	31 332 549
Goodwill	2 526 018	2 526 018
Tangible fixed assets	24 025	59 403
Lease assets	3 059 070	707 048
Long-term investments	42 590	12 951
Deferred tax assets	1 568 075	266 597
Long-term prepayments	3 368 662	0
II. Current assets	51 415 014	41 223 504
Trade receivables	28 131 792	25 812 156
Other receivables	4 456 030	6 965 037
Income tax receivables	0	3 506 693
Cash and cash equivalents	17 807 046	4 814 886
Short-term investments	42 734	10 744
Contract assets	0	56 275
Short-term prepayments	977 412	57 713
III. Total assets	98 756 840	76 128 070

EQUITY AND LIABILITIES	31.12.2020	31.12.2019
I. Total equity	64 556 510	58 739 495
Equity attributable to the owners of the Parent Company	64 556 510	58 739 495
Share capital	500 000	460 000
Own shares	(18 000 000)	(18 000 000)
Supplementary capital and other capital	35 714 729	37 694 379
Capital from the valuation of incentive program	26 015 000	24 415 000
Reserve capital	18 000 000	18 000 000
Current net profit (loss)	637 150	(4 717 705)
Exchange differences capital	1 689 631	887 821
Non-controlling interests	0	0
II. Long-term liabilities and provisions	20 330 062	8 467 353
Provision for deferred income tax	271 587	56 739
Long-term lease liabilities	1 764 889	494 929
Long-term credits and loans	2 550 000	0
Long-term subsidies	10 087 832	7 915 685
Long-term service liabilities	5 655 754	0
III. Short-term liabilities and provisions	13 870 268	8 921 222
Trade liabilities	4 868 757	6 154 477
Short-term lease liabilities	1 516 891	242 774
Short-term credits and loans	1 823 534	0
Income tax liabilities	65 824	0
Other liabilities	119 931	90 013
Short-term subsidies	2 377 086	1 314 524
Short-term service liabilities and advance payments	2 153 538	0
Other provisions	944 707	1 119 434
IV. Total equity and liabilities	98 756 840	76 128 070

Consolidated statement of changes in equity

	Share capital	Capital not registered in the National Court Register (KRS)	Own shares	Supplementary capital	Share premium	Capital from the valuation of the incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current net profit (loss)	Total equity
As of January 1st, 2020	460 000	0	(18 000 000)	25 200 627	13 685 000	24 415 000	18 000 000	(1 191 248)	887 821	(4 717 705)	58 739 495
Share issue – supplementary capital	0	0	0	0	2 738 055	1 600 000	0	0	0	0	4 338 055
Share issue – unregistered 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
Net profit distribution	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	801 810	0	801 810
Total comprehensive income	0	0	0	0	0	0	0	0	0	637 150	637 150
As of December 31st, 2020	460 000	40 000	(18 000 000)	23 878 746	16 423 055	26 015 000	18 000 000	(4 587 072)	1 689 631	637 150	64 556 510

	Share capital	Capital not registered in the National Court Register (KRS)	Own shares	Supplementary capital	Share premium	Capital from the valuation of the incentive program	Reserve capital	Retained earnings	Exchange differences capital	Current net profit (loss)	Total equity
As of January 1st, 2019	460 000	0	(18 000 000)	23 093 479	13 685 000	24 415 000	18 000 000	51 834	7 921	864 066	62 577 300
Distribution to retained earnings	0	0	0	0	0	0	0	864 066	0	(864 066)	0
Net profit distribution	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 comprehensive income	0	0	0	0	0	0	0	0	0	(4 717 705)	(4 717 705)
As of December 31st, 2019	460 000	0	(18 000 000)	25 200 627	13 685 000	24 415 000	18 000 000	(1 191 248)	887 821	(4 717 705)	58 739 495

Consolidated cash flow statement

Value in PLN	Note	Q1–Q4 2020 01.01.2020–31.12.2020	Q1–Q4 2019 01.01.2019–31.12.2019
Cash flow from operating activities	25		
I. Profit before tax		111 418	(4 919 479)
II. All adjustments, including:		7 780 102	27 135 792
Amortization and depreciation		6 476 874	3 166 740
Interests and profit sharing (dividend)		76 360	28 953
Change in provisions		40 120	630 844
Change in receivables		697 526	17 641 729
Change in liabilities other than loans		(1 189 978)	1 777 639
Change in accruals		(8 567 468)	2 770 240
Change in service liabilities		7 651 833	0
Other adjustments		2 594 835	1 119 647
III. Cash from operating activities		7 891 522	22 216 313
Tax paid		2 998 537	(3 828 335)
IV. Net cash flow from operating activities		10 890 059	18 387 978
Cash flow from investing activities	25		
I. Inflows, including:		6 457 149	7 279 163
Subsidies received		6 426 072	7 272 000
Repayment of long-term loans		31 077	7 163
II. Outflows		10 999 686	33 454 337
Purchase of a license and development of the DSP		343 765	16 339 418
UnBlock 3.2.1 Software		0	15 980 000
AN BGK Software		9 146 496	0
OnAudience.com Platform		1 178 787	671 723
Long-term loans granted		90 000	30 000
Other		240 638	433 196
III. Net cash flow from investing activities		(4 542 537)	(26 175 174)
Cash flow from financial activities	25		
I. Inflows		11 343 606	0
Share issue		2 800 000	0
Credits		5 143 606	0
PFR loans		3 400 000	0
II. Outflows		4 698 966	451 861
Repayment of credits and loans		4 170 072	0
Repayment of lease liabilities and interests		449 827	422 050
Interests		79 067	29 811
III. Net cash flow from financial activities		6 644 640	(451 861)
Net cash flow		12 992 160	(8 239 057)
Change in cash due to exchange rate differences		(404 337)	(39 913)

Cash opening balance	4 814 886	13 053 943
Cash closing balance	17 807 046	4 814 886

2 Standalone financial data

Standalone profit and loss statement

<i>Continued operations</i>	Q1-Q4 2020 01.01.2020-31.12.2020	Q1-Q4 2019 01.01.2019-31.12.2019
Revenue from sales	14 583 773	20 575 591
Operating expenses	20 354 489	21 845 086
Amortization and depreciation of projects with a subsidy	2 281 944	404 324
Amortization and depreciation of other assets	1 001 679	632 580
Consumption of materials and energy	56 751	100 930
Valuation of share-based payments	1 600 000	0
External services	14 336 457	19 493 090
Taxes and charges	58 396	61 726
Payroll	812 778	927 000
Social security and other benefits	96 485	89 891
Other costs by type	109 998	135 545
Profit (loss) on sales	(5 770 716)	(1 269 495)
Other operating revenue - subsidies	1 372 658	297 741
Other operating revenue - other	563 988	507 706
Other operating expenses	584 255	1 243 088
Profit (loss) on operating services	(4 418 325)	(1 707 136)
Financial revenues	684 553	766 998
Financial expenses	36 189	387 264
Profit (loss) before tax	(3 769 962)	(1 327 402)
Income tax	(805 631)	(5 521)
Net profit (loss) on continued operations	(2 964 331)	(1 321 881)
Net profit (loss) on discontinued operations	0	0
Total net profit (loss)	(2 964 331)	(1 321 881)
Net profit (loss) for one share (in PLN)		
Basic for the financial period	(.,64)	(0.29)
Diluted for the financial period	(0.64)	(0.29)

Standalone other comprehensive income statement

	Q1-Q4 2020 01.01.2020-31.12.2020	Q1-Q4 2019 01.01.2019-31.12.2019
Results after tax	(2 964 331)	(1 321 881)
Other comprehensive income	0	0
Total income in all	(2 964 331)	(1 321 881)

Standalone statement of financial position

ASSETS	31.12.2020	31.12.2019
I. Fixed Assets	41 508 722	38 496 377
Intangible assets	15 199 783	16 570 025
Tangible fixed assets	24 025	56 640
Lease assets	2 928 505	414 972
Investments in subsidiary companies	505 133	504 997
Long-term loans granted	21 513 682	20 926 507
Deferred tax assets	1 337 595	23 236
II. Current assets	40 248 600	32 454 029
Trade receivables	25 147 386	19 751 644
Other receivables	3 261 155	6 211 082
Income tax receivables	0	3 293 706
Cash and cash equivalents	11 292 314	3 113 153
Short-term loans granted	517 433	0
Contract assets	0	54 089
Short-term prepayments	30 312	30 356
III. Total assets	81 757 322	70 950 406
EQUITY AND LIABILITIES		
I. Total equity	61 434 180	60 020 456
Share capital	500 000	460 000
Own shares	(18 000 000)	(18 000 000)
Supplementary capital and other capital	37 883 511	36 467 337
Capital from the valuation of the incentive program	26 015 000	24 415 000
Reserve capital	18 000 000	18 000 000
Current net profit (loss)	(2 964 331)	(1 321 881)
II. Long-term liabilities and provisions	15 082 460	8 347 149
Provision due to deferred tax	418 079	248 550
Long-term lease liabilities	1 764 889	182 914
Long-term credits and loans	975 000	0
Long-term subsidies	6 558 613	7 915 685
Long-term service liabilities	5 365 879	0
III. Short-term liabilities and provisions	5 240 682	2 582 801
Trade liabilities	493 479	948 557
Short-term lease liabilities	1 202 114	150 471
Short-term credits and loans	325 000	0
Other liabilities	23 499	75 763
CIT liabilities	203 921	0
Short-term subsidies	1 357 072	1 314 524
Short-term service liabilities and advance payments	1 584 342	0
Other provisions	51 255	93 485
IV. Total equity and liabilities	81 757 322	70 950 406

Standalone report of changes in equity

	Share capital	Capital not registered in the National Court Register (KRS)	Own shares	Supplementary capital	Share premium	Capital from the valuation of the incentive program	Reserve capital	Retained earnings	Current net profit (loss)	Total equity
As of January 1st, 2020	460 000	0	(18 000 000)	22 782 337	13 685 000	24 415 000	18 000 000	0	(1 321 881)	60 020 456
Share issue – supplementary capital	0	0	0	0	2 738 055	1 600 000	0	0	0	4 338 055
Share issue – share capital	0	40 000	0	0	0	0	0	0	0	40 000
Net profit distribution	0	0	0	0	0	0	0	(1 321 881)	1 321 881	0
Distribution to supplementary capita	0	0	0	(1 321 881)	0	0	0	1 321 881	0	0
Total comprehensive income	0	0	0	0	0	0	0	0	(2 964 331)	(2 964 331)
As of December 31st, 2020	460 000	40 000	(18 000 000)	21 460 456	16 423 055	26 015 000	18 000 000	0	(2 959 315)	61 434 180

	Share capital	Capital not registered in the National Court Register (KRS)	Own shares	Supplementary capital	Share premium	Capital from the valuation of the incentive program	Reserve capital	Retained earnings	Current net profit (loss)	Total equity
As of January 1st, 2019	460 000	0	(18 000 000)	21 603 175	13 685 000	24 415 000	18 000 000	0	1 179 162	61 342 337
Distribution to supplementary capital	0	0	0	0	0	0	0	1 179 162	(1 179 162)	0
Net profit distribution	0	0	0	1 179 162	0	0	0	(1 179 162)	0	0
Total comprehensive income	0	0	0	0	0	0	0	0	(1 321 881)	(1 321 881)
As of December 31st, 2019	460 000	0	(18 000 000)	22 782 337	13 685 000	24 415 000	18 000 000	0	(1 321 881)	60 020 456

3 Standalone cash flow statement

<i>Value in PLN</i>	Q1–Q4 2020	Q1–Q4 2019
Cash flow from operating activities		
I. Profit before tax	(3 769 962)	(1 327 402)
II. All adjustments, including:	4 728 654	22 907 949
Amortization and depreciation	3 283 623	1 036 904
Interests and profit sharing (dividend)	(552 479)	(710 716)
Profit (loss) from investing activities	(136)	(208)
Change in provisions	127 299	(118)
Change in receivables	(2 310 536)	21 039 528
Change in liabilities other than loans	(303 421)	(1 261 347)
Change in accruals	(4 830 750)	2 858 282
Change in performance liabilities	6 950 221	0
Other adjustments	2 364 833	(54 378)
III. Cash from operating activities	958 692	21 580 545
Tax paid	3 158 428	(3 293 706)
IV. Net cash flow from operating activities	4 117 120	18 286 839
Cash flow from investing activities		
I. Inflows	5 256 000	7 272 000
Inflows from subsidies	2 256 000	7 272 000
Repayment of the loans granted	3 000 000	0
II. Outflows	4 905 503	34 071 598
Purchase of intangible assets and tangible fixed assets	1 405 503	16 703 848
Loans granted	3 500 000	17 367 750
III. Net cash flow from investing activities	350 497	(26 799 598)
Cash flow from financial activities		
I. Inflows	4 100 000	0
Share issue	2 800 000	0
Credits and loans	1 300 000	0
II. Outflows	388 455	379 006
Payments of liabilities under lease contracts	355 179	366 577
Interests	33 276	12 429
III. Net cash flow from financial activities	3 711 545	(379 006)
Net cash flow	8 179 161	(8 891 765)
Change of cash due to exchange rate differences	(164 364)	(35 972)
Cash opening balance	3 113 153	12 004 918
Cash closing balance	11 292 314	3 113 153

Statement of the
Board of Directors
on activities in 2020

Selected financial data

Financial data (in PLN million)	2020	2019	Change in %
1. Revenue from sales:	50.1	42.7	17.3%
a) Data enrichment	13.4	7.2	86.3%
b) Data consulting	15.9	14.3	11.1%
c) Data acquisition	19.6	21.2	(7.6%)
d) Other	1.2	0.0	-
2. EBITDA of segments:	4.4	(0.4)	-
a) Data enrichment	7.5	3.1	146.1%
b) Data consulting	0.2	(0.6)	-
c) Data acquisition	(0.3)	0.5	-
d) Other and exclusions	(3.0)	(3.3)	-
3. EBITDA	6.0	(1.1)	-
4. Net profit / loss	0.6	(4.7)	-
5. Cash flow in the period:	13.0	(8.2)	
a) Operating	10.9	18.4	
b) Investing	(4.5)	(26.2)	
c) Financial	6.7	(0.5)	
6. Net debt in the period:	(10.2)	(4.1)	
(a) Interest bearing debt	7.7	0.7	
(b) Cash and cash equivalents	17.8	4.8	
Net debt/EBITDA	(1.7x)	-	

Commentary on the financial results:

- The year 2020 was a period of improved financial results in the key areas of activity, including total revenues from sales (increase by 17% y/y), EBITDA (increase by PLN 7.1 million y/y), and net profit (increase by PLN 5.3 million y/y).
- In accordance with the strategic assumptions justifying the business transformation, sales of data and technologies for processing the data are improving (increase by 146% y/y) and are responsible for the dominant part of the financial result.
- The decrease in turnover in the purchase of advertising spaces (decrease by 8% y/y) does not impact the process of obtaining data, that is the basis of the Group's operations in other areas.
- Revenues from the Data Consulting segment increased by 11% y/y, mainly due to the prosperous end of the year, due to the increased level 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 investment activities in accordance with the adopted schedule.
- Despite the increase in interest debt (resulting from obtaining PFR loans, a credit for the implementation of investments and the recognition of new leasing contracts), the net debt of the Group remains negative.
- The Board of Directors expects improved financial results in the future, subject to the typical seasonality of the market and the risks associated with the development of the pandemic.

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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: Audience Network, OnAudience, 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 its geographic range.

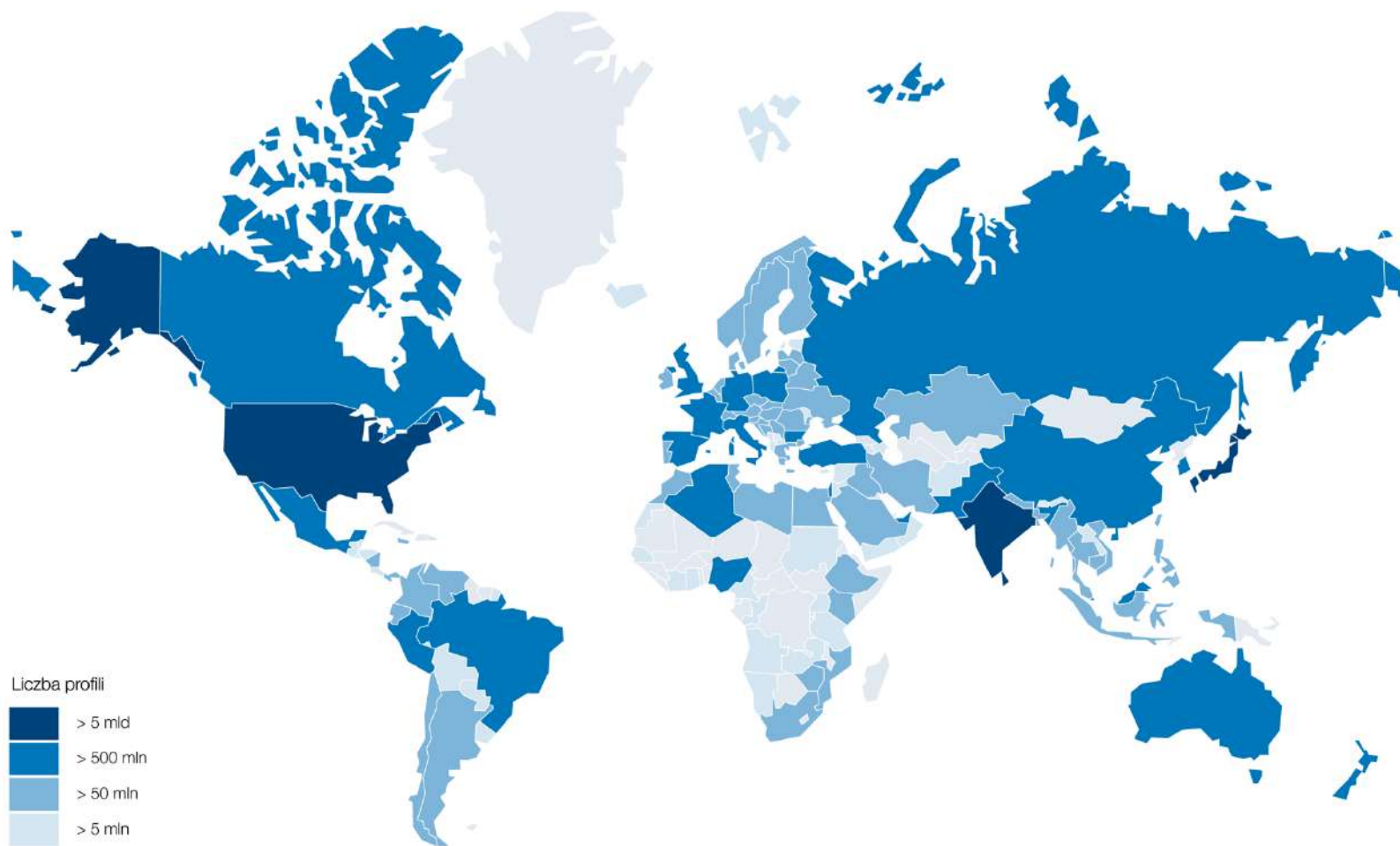
Currently, the Company processes over 100 billion of anonymous profiles of online users using desktop computers and mobile devices. The data is collected from over 200 countries and territories, with the EU and the USA markets being essential for the Company's activity.

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 criterion is data resolution, i.e., the amount of information per profile.

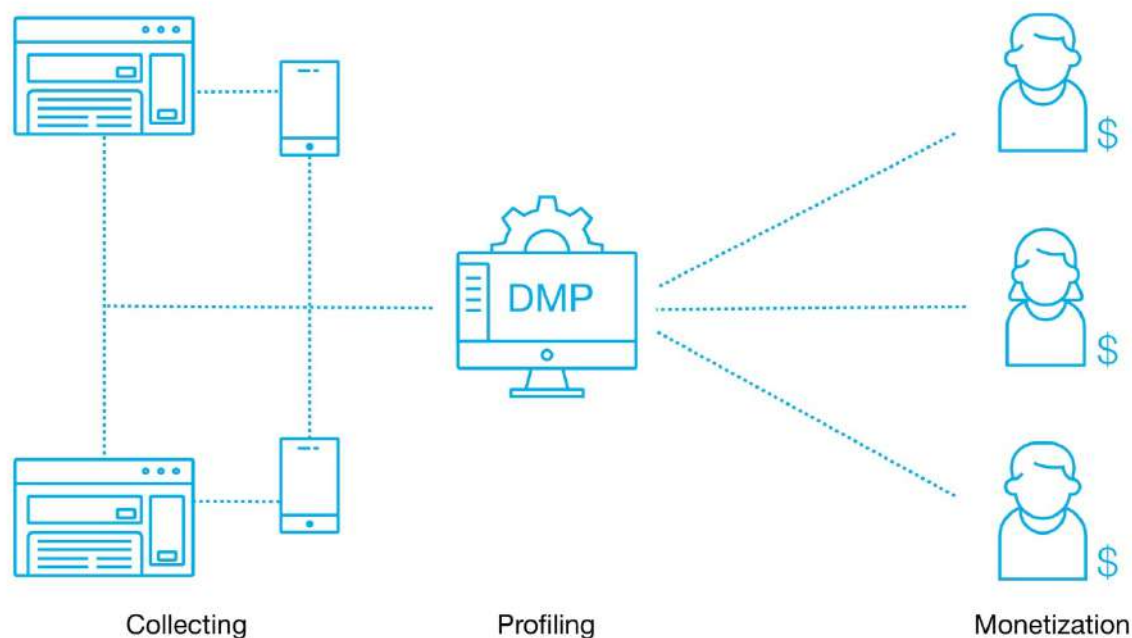
Geographical range has an impact on the availability of services on individual markets and, at the same time, the base of potential clients. Saturation of individual markets with data, which are profiled users, is also significant.

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.

Markets from which Cloud Technologies obtains anonymous data about Internet users (as of the end of 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 a 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



Scalable model of obtaining data

Stable, low cost of obtaining data, regardless of the scale and over 200 markets from which the data is



Unique business model

Easily scalable business with a global reach and three different segments focused on dynamically developing online advertising.



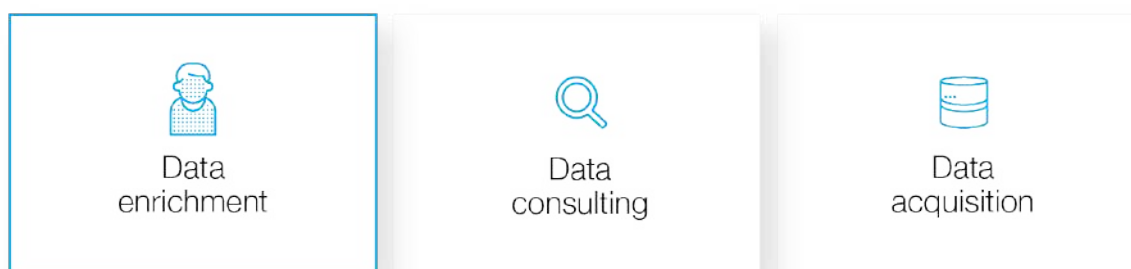
Own advanced technologies

Own technology for collecting, processing and analyzing data, covering approximately 100 billion anonymous profiles from all around the world.

3 Segments of activity

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

Segments of the Group's activities



Data enrichment

Data enrichment segment is a strategic activity of the Cloud Technologies Group that includes the monetization of data and technologies for their processing – the proprietary Data Management Platform (DMP), offered in the SaaS model or through a license. This segment is the main source of revenue growth, and due to the high level of margins, it is of key importance for the financial results of the Group.

Data enrichment segment includes the sale of anonymous data about Internet users, which is used to target Internet advertising. The most important recipients of data are platforms enabling the purchase of advertising space in the programming model – Demand-Side Platforms (DSP), used by advertisers from all around the world, and the key market for the Cloud Technologies Group is one of the most developed digital advertising markets in the world, i.e., the USA.

Data consulting

The activity based on services is implemented with the use of anonymous data about Internet users as well as proprietary Data Management Platform (DMP) technology. With the competences and

many years of experience in running campaigns in the programmatic model, the Group provides data consulting services, including the analysis, interpretation, and use of data about Internet users in advertising campaigns to achieve specific marketing goals.

The services include implementation of the precisely targeted campaigns using data about Internet users, analysis of the profiles of recipients and their interpretation, analysis of the campaign's course and its optimization, and determination of the most effective channel to reach potential clients.

Data consulting services are provided by Audience Network and Online Advertising Network that belong to the Cloud Technologies Group. The services are mostly provided for advertising agencies and direct clients, mostly from the B2C segment.

Data acquisition

This activity aims to obtain anonymous data about Internet users that is further used in other segments of the Group's activities. Cloud Technologies processes approximately 5 billion online activities every day and has approximately 100 billion user profiles from all over the world. Data on the behavior of Internet users is collected from many sources, including from advertising campaigns, brokerage in buying media, and from external data providers. It comes from websites from all around the world and from hundreds of thousands of mobile applications.

All information goes to the proprietary technology that belongs to Cloud Technologies – Data Management Platform (DMP) – where it is automatically subjected to the anonymization process and is analyzed and integrated. User profiles are created on the platform and used later to target online advertisements.

Revenues in this segment are mainly result of running advertising campaigns for affiliate networks and intermediation in the purchase of advertising spaces. The characteristic feature of this business segment is high turnover on the purchase of advertising spaces and a relatively small or negative margin.

4 Description of activity and strategic development goals

We provide data for the global online advertising market

The Company provides services based on Big Data and owns one of the largest Data Management Platform that processes anonymous information about Internet users from more than 200 markets worldwide. The Cloud Technologies Group provides services based on anonymous online information about Internet users and provides high quality anonymous data about online users used mainly for precise targeting of online advertising.

Cloud Technologies has unique competences in the field of optimizing advertising campaigns with the use of Programmatic Buying, also called Real-Time Bidding. The activity related to online advertising that enables the acquiring of raw data on the behavior of Internet users the monetization of data processed on sales platforms with a global reach.

We develop an international business based on data

Cloud Technologies implements a global strategy based on the analysis of Big Data sets. The Company runs investing activities focused on markets with high growth potential and thus systematically accumulates value for Shareholders.

It focuses on the consistent development of its own set of information with anonymous data about Internet users and on increasing the scale of operations, e.g., by expanding the cooperation with a network of international data distributors to obtain new channels to monetize the collected data. The Group is developing the portfolio of Its products and is monitoring the international market to acquire companies that may become data distributors and increase the scale of the Group's operations.

The market leader position based on innovative Technologies allows the Company to act as a consolidation center. The consistent increase in the sale of operations enables the Company to develop dynamically that is a source of a sustainable competitive advantage.

Outline of strategic development goals

1. Global commercialization and technology development:
 - a. Data Management Platform, used to profile Internet users,
 - b. Demand Side Platform, for automatic media buying.

2. Increasing the level of data monetization:
 - a. with the use of own distribution channel,
 - b. as a result of acquisitions on international markets.

The global digital market by the numbers

149 zettabytes

that is 149 trillion bytes
will the global data
volume reach in 2024¹

**51% of the global
population**

already has Internet
access. It's over 4
billion users²

7h 50 min daily

the USA residents use
the Internet³

USD 4.9 trillion

will global spending on
e-commerce reach this
year⁴

USD 620 billion

will marketers from the
whole world spend on
online advertising⁵

**58% of advertising
spending**

will marketers spend on
online channel in 2023⁶

PLN 5 billion

is the value of the online
advertising market in
Poland in 2019⁷

72%

global digital advertising
is the programmatic
advertising. The
anonymous data model
is dominant⁸

¹ Statista.com

² International Telecommunication Union

³ eMarketer

⁴ As above

⁵ zenithmedia.com

⁶ As above

⁷ IAB Polska

⁸ zenithmedia.com

5 Market environment

Use of data and the development of the global online advertising market

In the next three years, the number of the generated data will increase by nearly 100%. Already more than 4 billion people around the world have access to the Internet. The time spent online is also increasing, and the coronavirus pandemic has accelerated the transfer of daily activities to the digital reality. Marketers from all around the world, due to data, are able to understand the behavior of Internet users and want to reach them online, since the web became a natural environment for the humanity.

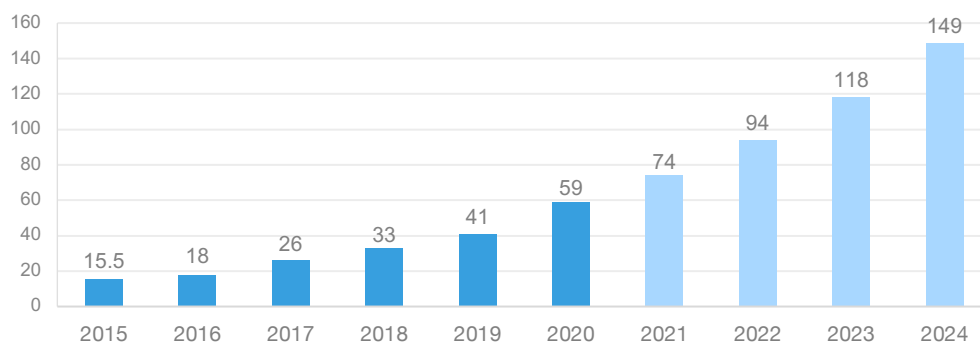
As the Cloud Technologies Group, we collect and deliver data to run effective online campaigns. The digital information we collect enables precise targeting and reaching clients online. It is the data that is the foundation and fuel driving the rapidly growing programmatic advertising market that enables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

Growing global data volume

With the development of technology and increasing access to devices connected to the Internet, the amount of the generated data globally is growing rapidly. It is forecast to double over the next three years.

Every day, users from all around the world generate billions of information on devices connected to the global network. The signals are further transferred into user profiles that constitute of, e.g., interests or purchase intentions. Such profiles are used for targeting online advertisements.

Global data volume, 2015-2024
(zettabytes)



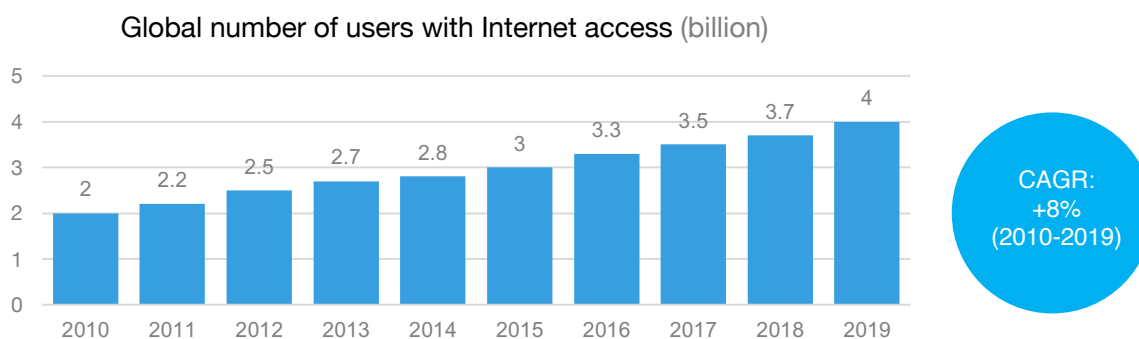
CAGR:
+28.6%
(2015-2024)

Source: Statista.com; light blue - forecast

More than half of the world's population has access to the Internet

According to the International Telecommunication Union, in 2019, over 5 billion people from all around the world had access to the Internet. Already more than half of humanity is connected to the Web, and the number is constantly growing. Billions of people generate data every second, enabling advertisers to reach the right groups with a personalized digital camping.

If an advertiser wants to reach people from a specific market, e.g., the USA, and additionally interested in travelling, the digital advertising and anonymous data about Internet users provided by Cloud Technologies can enable this process.



Source: International Telecommunication Union

Pandemic and transfer of daily activities to the online world

The coronavirus pandemic forced the inhabitants of almost every country to change their behavior, including consumer behavior. Due to the lockdown, for their own safety, people stayed at homes and transferred their daily activities to the digital reality. In turn, this resulted in a sudden acceleration of the e-commerce and online advertising market.

As McKinsey & Company indicates, the pandemic changed people's lives in many ways. There has been a sudden and rapid development of online services. The pandemic became an accelerator of changes. The trends that will persist after the pandemic include remote business meetings, telemedicine, e-learning, abrupt increase in online shopping, as well as sudden and increased need for digital entertainment.

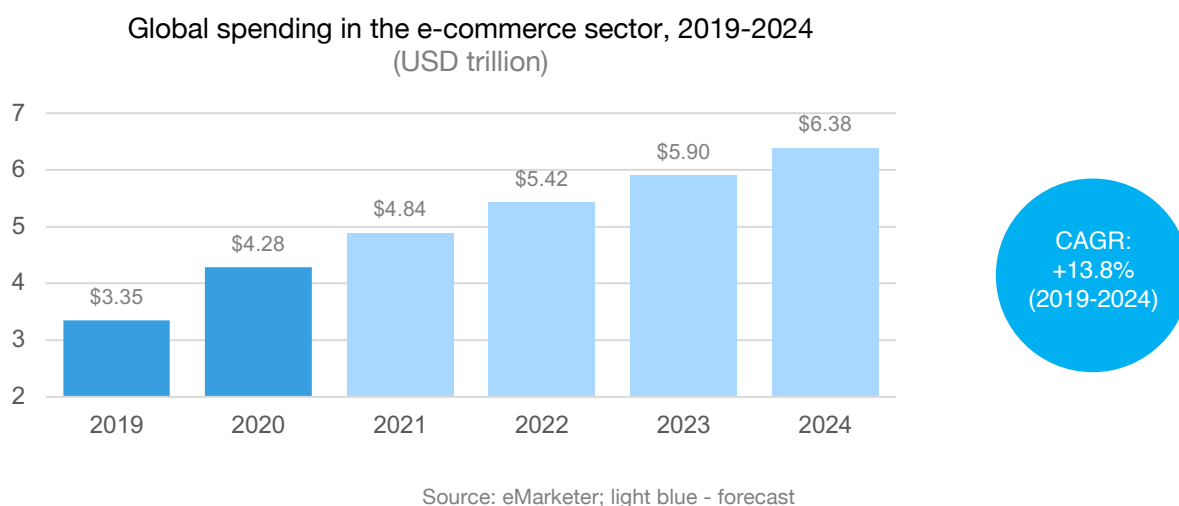
Disney Plus gained 50 million subscribers in five months. It took Netflix 7 years.

Source: McKinsey.com

The development of the e-commerce market

One of the most visible effects of the pandemic on the online world is the rapid growth of the e-commerce market. The closure of brick-and-mortar shops as well as remaining of people at homes resulted in users shopping online on a massive scale. Due to this change in consumer behavior, the e-commerce sector reached a level in 2020 that was forecast to take place not earlier than in two years, i.e., in 2022.

As calculated by eMarketer, in the previous year, the growth dynamics of the e-commerce market reached 27%, and in 2021 global spending will reach nearly USD 5 trillion. The rapid development of the online sales market had an impact on the development of online advertising enabling events such as the promotion of selected products among consumer groups with specific interests or purchase intentions.

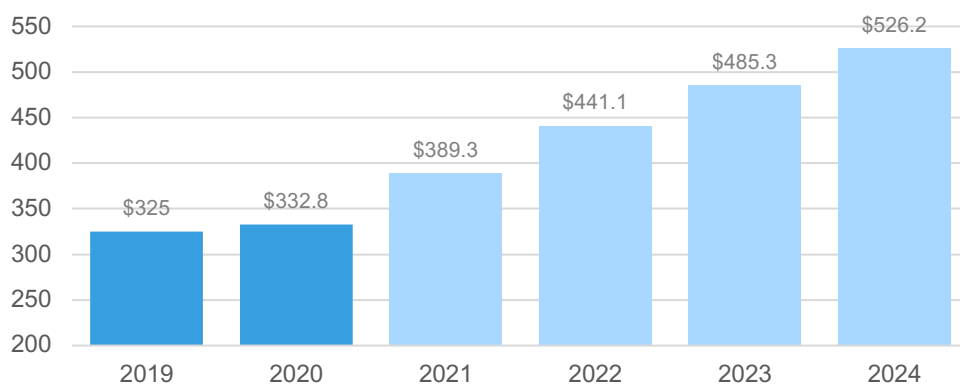


Online advertising spending has exceeded half of the world's ad spend

The online advertising market was also developing dynamically before 2020, and the coronavirus pandemic accelerated the transfer of advertising budgets to the online channel. International agency Zenith indicates that, in 2020, online advertising spending exceeded 50% of all advertising spending in the world. This trend will continue and in 2023 this percentage will increase to 58%.

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

Global spending on digital advertising, 2019-2024
(USD billion)



CAGR:
+10.1%
(2019-2024)

Source: eMarketer; light blue: forecast

Online advertising market in Poland reached PLN 5 billion

In Poland, the online advertising market is growing dynamically, as evidenced 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 rate exceeded 10% y/y. Graphic advertising, i.e., display and data-targeted advertising, accounts for almost half of the value of the Polish digital advertising market. Two subsidiary companies from the Cloud Technologies, i.e., Online Advertising Network and Audience Network, operate on the Polish online advertising market and use the unique Technologies as well as data provided by the Company. They also provide services supported by advanced Big Data analyses.

The most recent report by IAB Polska and PwC shows that, after the budgets were suspended at the beginning of the pandemic, the online advertising market in Poland is growing again. In Q3 of 2020, there was recorded an increase compared to the corresponding period a year earlier that allows us to be optimistic about the whole year, especially since Q4 2020 on the advertising market, including the Holiday and sale season, means higher expenses.

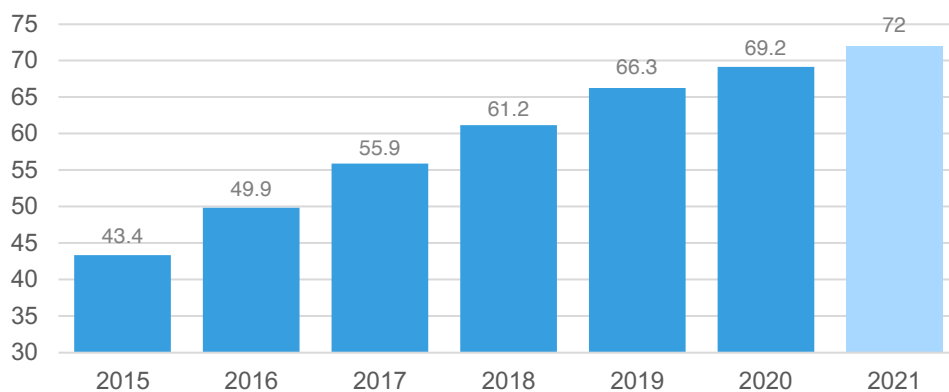
Programmatic advertising dominates among digital advertising

Programmatic is the dominant advertising model on the market of online advertising. This model is driven by anonymous data about Internet users used for targeting selected groups of clients. The data is collected from 200 markets around the world and provided to the advertising sector of Cloud Technologies.

Research or international agency Zenith shows that, in the automatic model of purchasing advertising spacer, i.e., the programmatic model, advertisers will buy 72% of all online advertising this year. This model is met with great interest by advertisers and market penetration has double since 2014.

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

% share of the programmatic model in global spending for online advertising, 2015-2021



CAGR:
+10.6%
(2015-2021)

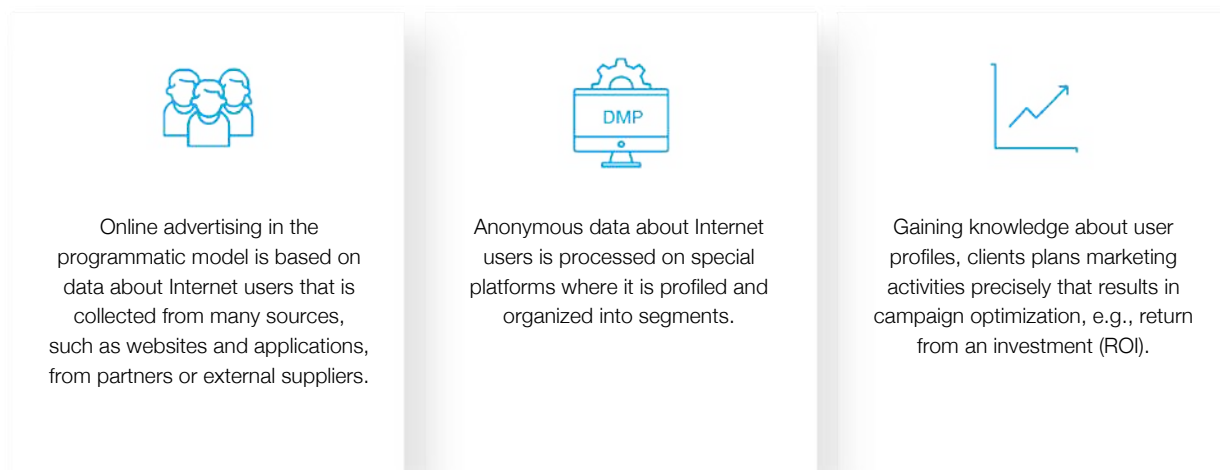
Source: Zenith; light blue: forecast

6 Programmatic advertising market

Programmatic Buying is a model of online advertising that uses anonymous data about Internet users' behavior to target advertisements. It is the advertisement model to which Cloud Technologies provides anonymous data about Internet users for targeting purposes. As the market grows, the demand for data increases. The largest programmatic markets (i.e., the USA, Europe) are at the same the largest data markets.

The programmatic model enables automatic media purchase in the Real-Time Bidding system and the personalization of advertisement that is the adjustment of an advertisement to the profile of a user displaying the ad (e.g., according to the user's interests, demography or purchase 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.

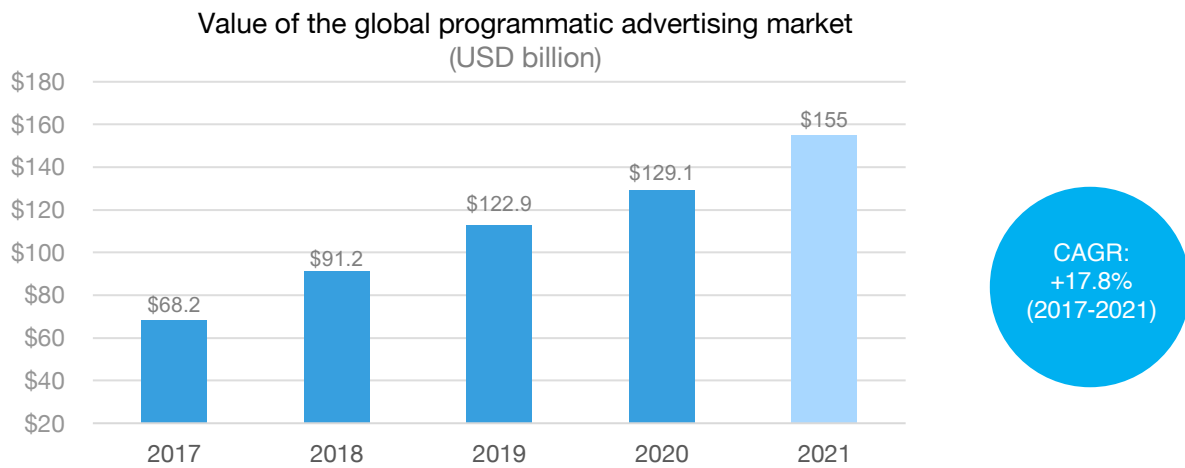
How is data used in the programmatic model?



Cloud Technologies holds a significant position on the global market of data providers. The Company collects and processes data on the proprietary DMP and distributes data in cooperation with partners from all over the world whose network is consistently expanding. Cloud Technologies focuses primarily on the American and Western European markets.

Value of the global programmatic advertising market

The programmatic model is the dominant model in online advertisement. International Zenith agency estimates that, in 2021, as many as **72% of display advertisements** will be run in the programmatic model in 2021. This model enables targeting ads based on anonymous data and its value has been growing with double-digit dynamics for years.



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



Maciej Sawa

CEO
OnAudience.com,
Cloud Technologies Group



The pandemic has accelerated the increasing interest in online advertising

Year 2020, the year in which pandemic started, was a period of many uncertainties and dynamic changes, not only on the online advertising market. During the first lockdown, the concerns of marketers and brands were the most visible, however, when the market and consumer began to get used to the new reality, marketers were also more optimistic about promotional activities, and started transferring budgets from traditional media to the Internet.

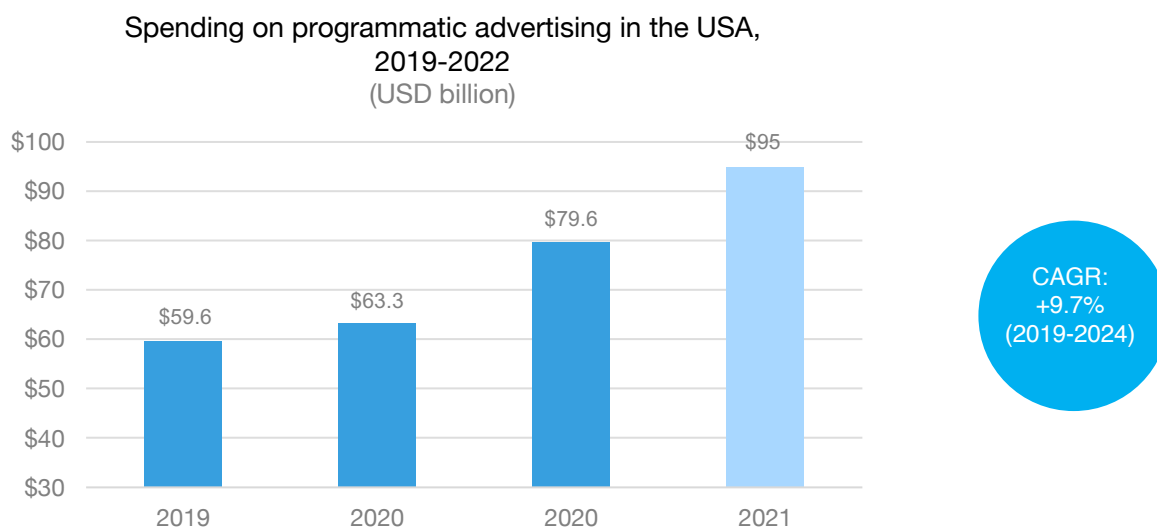
According to the Zenith report, the pandemic has accelerated the transfer of advertisers to online channels, and in 2020, global digital ad spending exceeded 50% of all global ad spending. Looking at the analysis of the advertising market in the USA, prepared by MediaPost and Standard Media Index, there is a visible market collapse after March 2020. However, as far back as in August, there was a market rebound lasting until the end of the previous year, and the American market is one of the most important markets to our Company's operations.

The increased demand for online advertising data and services is visible, as shows the new partnerships we have established – many of them just in the last quarter of 2020, that is in the period when the market was already familiar with the pandemic. We started cooperating with platforms distribution data to the US and Western Europe markets, and we have extended our existing cooperation to new markets.

At the same time, we are further developing the product related to the identification of online users, since growing interest of the market in targeting Internet users with the use of various available identifiers can be observed.

The largest programmatic markets in the world.

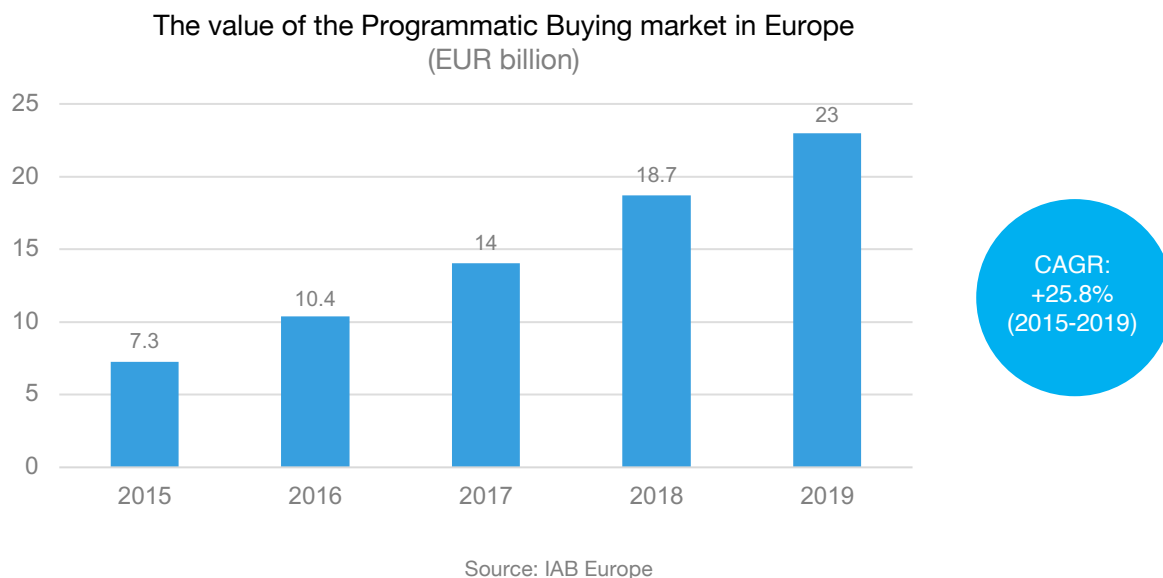
The development of online advertising aims to automate the process of displaying advertisements and reach user groups with specific attributes (such as location, interests, purchase intentions, etc.). These functions are performed by programmatic advertising, which is growing rapidly all around the world. The percentage of display advertisements made in the programmatic model exceeds even 90% on the most developed markets. According to the eMarketer's estimates that in the USA, the world's largest advertising market, 86.5% of spending on the digital display advertisement will be implemented in the Programmatic Buying model in 2021. The increasing investment in this area equals increasing demand for data about the behavior of Internet users.



Source: eMarketer; light blue: forecast

European programmatic advertising market

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 increasing 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.



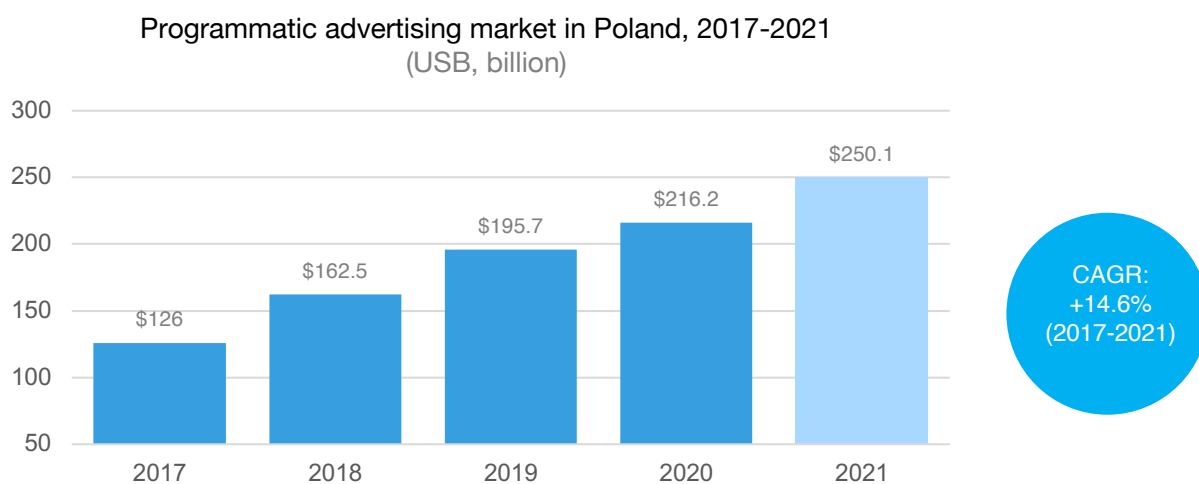
Programmatic advertising market in Poland

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

IAB Polska reports that, in 2018, the growth dynamics of the programmatic market reached 40%. The cumulative growth rate for the programmatic market in Poland in years 2015-2020 is over 35%⁹. Despite a relatively small share of programmatic in media spending, Poland is one of the fastest growing markets in the EMEA region.

Compared to developed online advertising markets, such as Great Britain and the USA, where the value of the programmatic market is counted in billions of dollars, Poland is only a small market. Therefore, the activities of Cloud Technologies focus on the international market. The expansion into markets from all around the Globe is possible due to the scalable business model and the possibility of digital distribution, the most valuable resource of the Group, available in every corner of the world that is the set of anonymous data about Internet users.

⁹ Perspektywy rozwojowe reklamy online w Polsce 2018/2019, IAB Polska.



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



Grzegorz Kosiński

CEO

Audience Network,
Cloud Technologies Group



2020 is the beginning of the e-commerce boom

The pandemic stopped the world as we know it, but at the same time, it accelerated the digital transformation of enterprises. In March, when marketers encountered the lockdown for the first time, a visible suspense of budgets could be observed, and the advertisers were uncertain about the coming quarters. However, after the period of uncertainty, promotional activities started again with impetus.

Looking at the Polish e-commerce market, we can see that brands focus on this channel, and consumer quickly switched from visiting brick and mortar shops to online shops. According to PwC research, this trend will continue even after the pandemic – as many as 85% of Poles declare that they will continue shopping online, and the e-commerce market value will be increasing at a double-digit rate until 2026 – the average annual growth will reach 12%.

The development of this channel means optimistic perspectives for the online advertising market. Only the end of the last year showed a clear recovery – clients renewed their budgets and began to carefully launch new campaigns.

We started campaigns, inter alia, for companies from the health industry as well as renovation industry, but we also promoted premium class cars. Some of the clients eagerly reached for new forms of promotion – for the OSHEE brand we run an online camping with the pioneering use of the TikTok application in Poland. At the end of the year, we run intensive campaigns for one of the electronics giants that promoted holiday offers of its products.

7 Global data market for online advertising

Along with the automation of media buying, the demand for anonymous data is increasing, which allows targeting of online advertising and conducting business analyzes (including analysis of the behavior and effectiveness of online campaigns). The processed data is 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). Marketers from all around the world can obtain data to target specific groups of users in programmatic campaigns. An appropriate selection of a target group is decisive for the effectiveness of online advertising campaigns.

Data Management Platform in the RTB ecosystem

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

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

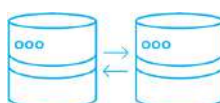
Types of data in Internet advertising

Online advertising uses various types of data about Internet users collected from many sources. Due to the source of origin, they are 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

that is data obtained from external sources – from data providers

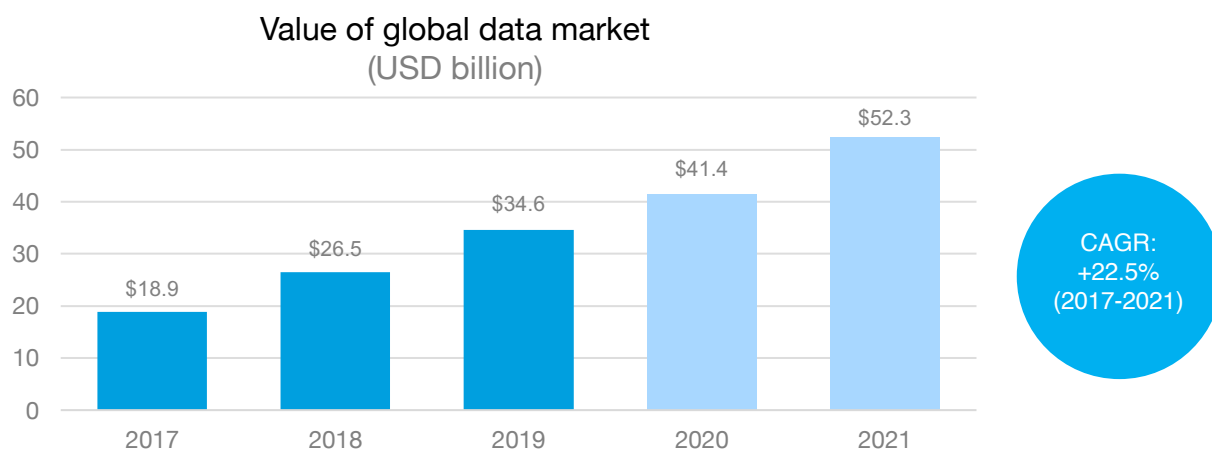
Cloud Technologies is one of the world's leading 3rd party data providers. The Company distributes data in cooperation with international partners, including the ones on the American and European market. Due to the distribution network, which is consistently expanding, anonymous data

collected by the Company can be acquired by marketers from all around the world using advertising platforms designer 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 USD 52 billion this year that means 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 threefold (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 largest data markets in the world overlap with the largest programmatic advertising markets. To function effectively, this advertising model requires high-quality anonymous data about online 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 USD 30 billion in 2021 that means an 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)

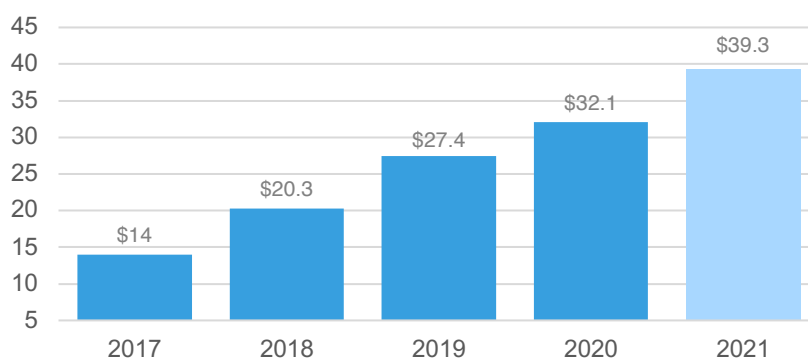


Source: Global Data Market Size 2017-2021, OnAudience.com

Development of the data market in Poland

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

The value of the data market in Poland, 2017-2021
(USD billion)



CAGR:
+22.9%
(2017-2021)

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



Rafał Szychowski

CEO

Online Advertising Network,
Cloud Technologies Group

A boom in online advertising in the second half of 2020

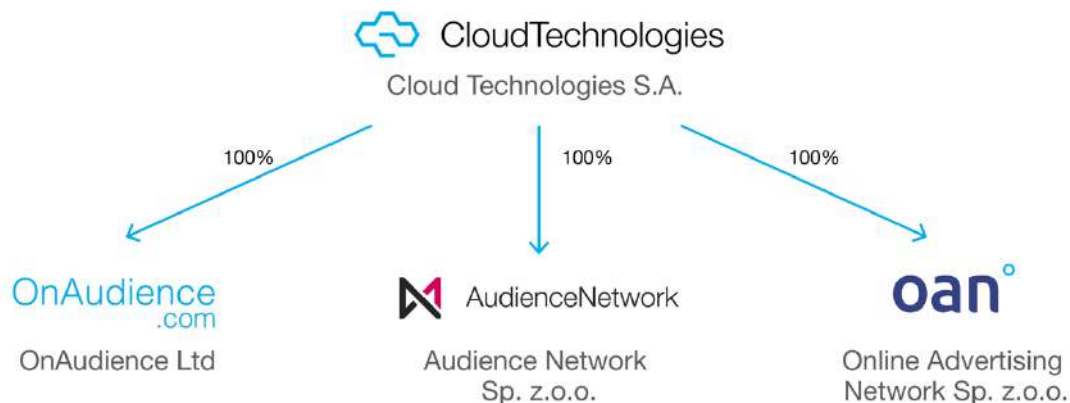
The previous year will always be associated with the pandemic. Its impact is visible in online advertising that is also reflected in the latest research conducted by IAB Polska and PwC.

On the Polish online advertising market, the whole first half of 2020 recorded a decrease of 4.5%. However, the results observed already in June allow us to be optimistic about the third quarter and the entire year, although we will have to wait for the next edition of the market survey to confirm these tendencies.

From our perspective, there was a visible downturn caused by the first lockdown. Moreover, clients turned towards digital communications channels. However, we observed a clear rebound in the last quarter of the year. As the largest data distributor on the Polish market, we have noticed the return of well-known advertising agencies and brands, for example from the FMCG sector, that want to purchase data for campaigns.

We also focus on campaigns in the programmatic model, and the desire to develop this model is also evident among large publishers. For one of them we implement a bidding header system that will facilitate the sale of their advertising space. After the summer holiday season, there was a visible revitalization of the development industry – after the lockdown - the budgets increased by nearly 30%. We also recorded a great emphasis on digital promotion among companies from the e-commerce, automotive, and technology sectors.

8 The Group



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.

Significant achievements in 2020

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 emission of 400,000 of common shares to the G series bearer within a nominal value of PLN 0.10 each share.

The emission 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 limit the possibility of using shares until December 31, 2021.

The funds obtained because of the series G shares emission will be used to implement the Company's strategy, including potential acquisitions or capital investments in foreign entities having 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.

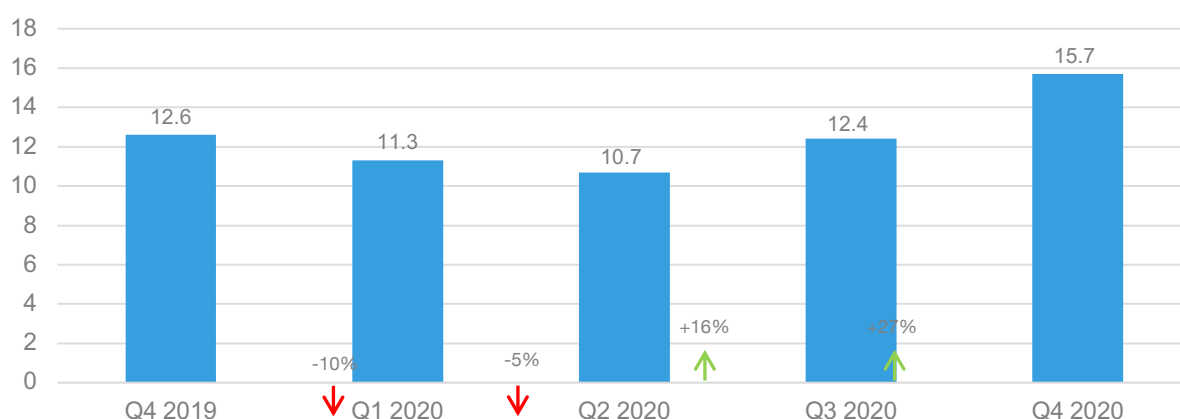
Additional information and a commentary on the financial results can be found in the appendix.

10

Commentary to financial results in 2020

In 2020, the Group's consolidated revenues from the sale of services were PLN 50.1 million compared to PLN 42.7 million in 2019. If compared to the previous year, the Group recorded an increase in sales of PLN 7.4 million (17%). The quarterly level of the Group's revenues from the sale of services for the period Q4 2019 – Q4 2020 is presented below:

Consolidated revenues of the Group in the period
Q4 2019 – Q4 2020 (in PLN million)



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.

After a sales drop in 2019 (-2% y/y), in 2020 the Group recorded an increase in revenues by 17%. There were also significant changes in the structure of recipients of the Group's services. There was a further reduction in the scale of cooperation with historically the most important group of recipients of the Group's services, i.e., affiliate networks (accounting for 23.8% of the Group's sales in 2020, compared to 35.4% in 2019). Campaigns run through affiliate networks become, first, a source of collecting data that is monetized in subsequent segments of activity. The focus on sales of the Group's data and technology to distributors was adopted as the most strategic direction for further development. Sales to this group of recipients is growing dynamically and should constitute a source of revenue growth also in the following years (in 2019 this segment was responsible for 16.9% of total

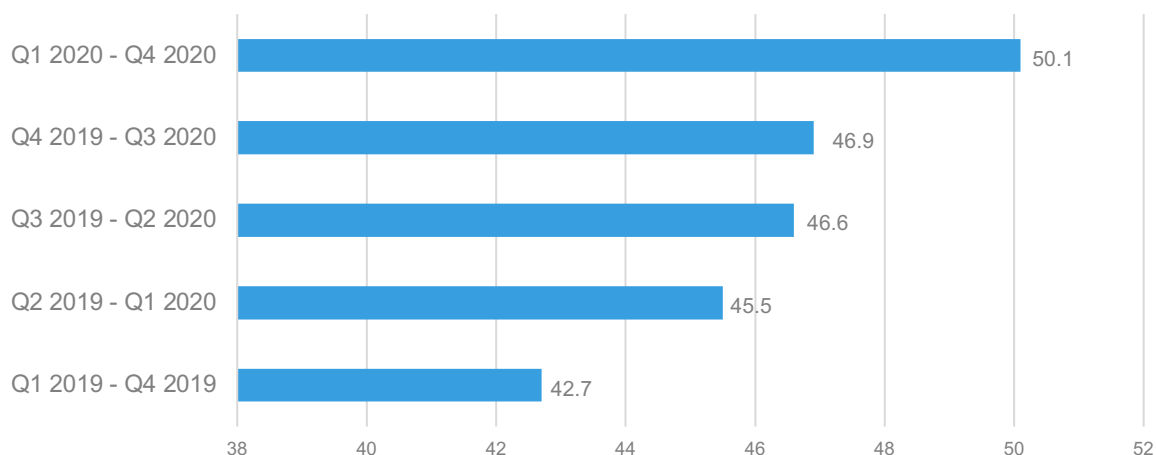
sales, and in 2020 already for 26.7% of revenues). In 2020, there was an increase in sales in strictly advertising activities (sales to agencies and direct advertising clients) by PLN 2.5 million and 27% y/y.

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

	Q1-Q4 2020	Q1-Q4 2019
Affiliate networks	11.9	15.1
Brokers of advertising spaces	7.7	6.1
Advertising agencies and media houses	11.6	9.1
Direct clients of advertising services	4.3	5.2
Data and technology distributors	13.4	7.2
Other recipients	1.2	0
Total revenues from sales	50.1	42.7
Affiliate networks	23.8%	35.4%
Brokers of advertising spaces	15.3%	14.2%
Advertising agencies and media houses	23.1%	21.4%
Direct clients of advertising services	8.6%	12.1%
Data and technology distributors	26.7%	16.8%
Other recipients	2.5%	0.0%
Total	100%	100%

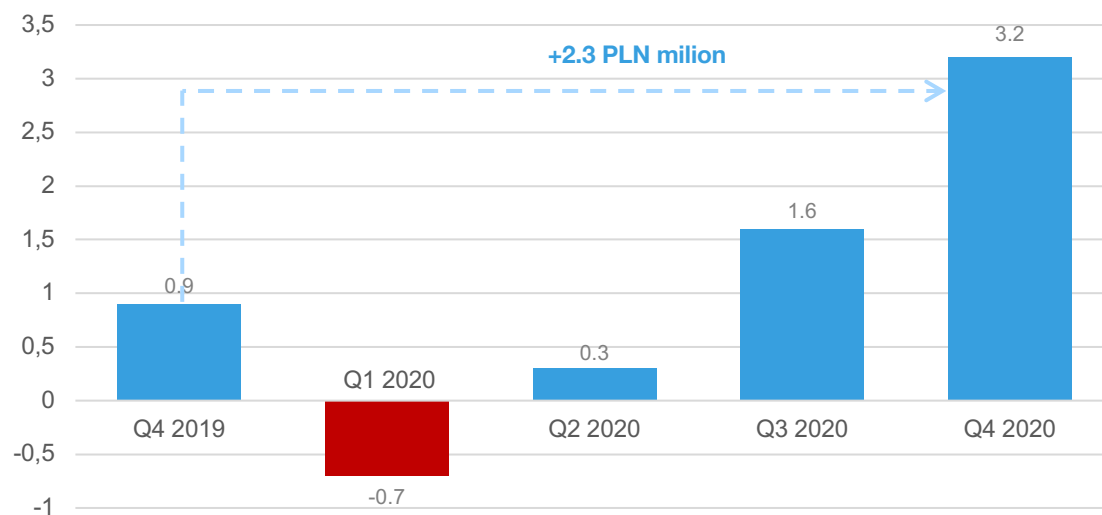
The Group's revenues in terms of LTM (Last Twelve Months) show a stable increase in the period Q1 2019 – Q4 2020. A significant increase in sales can be observed in Q1 – Q4 2020, compared to the previous analyzed period, they increased by 7%.

Group's consolidated revenues in terms of LTM in the period Q1 2019 - Q4 2020 (in PLN million)



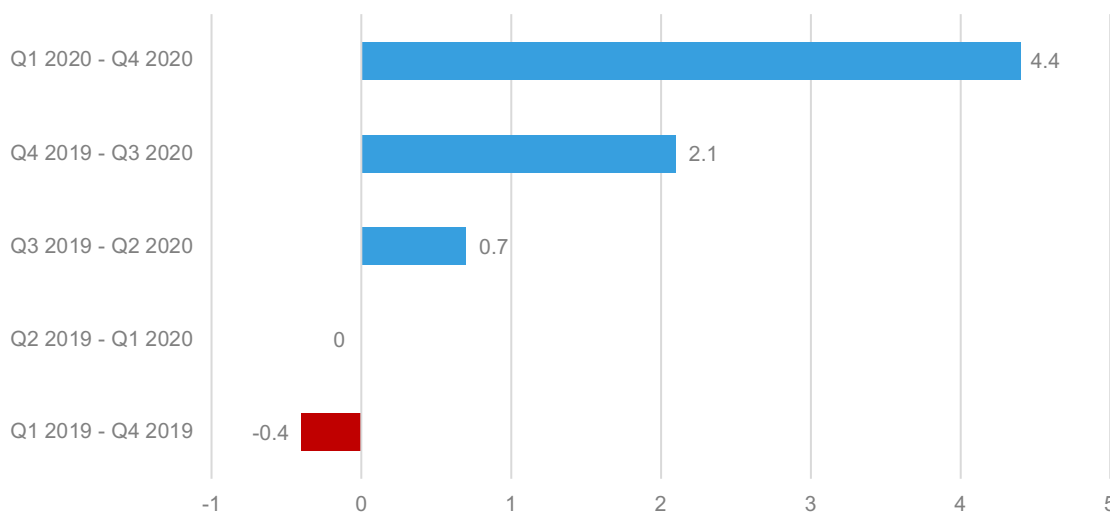
In Q4 2020, there was also a significant increase in the level of the generated EBITDA for the Group's segments that amounted total PLN 3.2 million (including the one-off cost of issuing shares that was PLN 1.6 million). For comparison, in Q4 2019, the Group generated segment EBITDA of PLN 0.9 million.

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



*EBITDA = profit on sales increased by depreciation

Consolidated EBITDA of the Group's segments in terms of LTM in the period
Q1 2019 – Q4 2020 (in PLN million)



The increase of EBITDA in segments in 2020 is primarily due to changes in the Group's revenues (the increase in revenues alone was responsible for PLN 7.14 million of the EBITDA segments' growth). It results mainly from the increase of sales to data and technology distributors. A positive effect on the value of EBITDA's segments had also the cost reduction of tools by PLN 0.4 million compared to the previous year. Additionally, in 2020 the Group incurred a one-off cost of share emission in the amount of PLN 1.6 million (presented as a part of the „other increase OPEX“).

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

Segments EBITDA 2019	Increase in revenues	Increase in media costs	Decrease in tool costs	Change in personnel costs	Other increase OPEX	Segments EBITDA 2020
(0.4)	7.4	(2.0)	0.4	0.0	(1.0)	4.4

In terms of segments of the Group's result, 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, because 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 2020 and 2019 (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)	0.2	7.5	(3.0)	4.4
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 through the prism of operating segments, it should be noted that the Data enrichment segment had the greatest impact on the EBITDA value in 2020 (increase by PLN 4.4 million y/y). 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 improved if compared to 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) slightly improved compared to 2019.

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

EBITDA 2019	Data Acquisition	Data Consulting	Data Enrichment	Other and exclusions	EBITDA 2020
(0.4)	(0.8)	0.8	4.5	0.3	4.4

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.

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Analysis of key risk factors

The risk related to the innovation of services

The Group invests in innovative products with high technological complexity. This is related to the risk of unexpected technical problems that may cause project implementation schedules to be exceeded. In addition, the Group made significant investments last year to expand its technological and product portfolio, including the purchase of a DSP license, completion of the UnBlock software (with the use of PARP subsidies), and commencement of the development of a new version of the DMP platform. As a result of these investments, significant new intangible assets were recognized. The Group assumes that it will be able to commercialize these products and technologies and that they will become an important source of revenue generation. In the event of the lack of a satisfactory level of sales and the margin generated by these products, the Group may be forced to recognize impairment losses on these assets in subsequent periods. Additionally, putting new assets of significant value into use increases the level of depreciation costs recognized in the profit and loss statement, which has a negative impact on the reported level of the Group's net result.

The risk associated with market volatility

The Group's activity is related to the dynamic market of internet advertising. This is related to the risk of unexpected changes in the business models of contractors, which may have a significant impact on the way the products and services offered are used.

The Group analyzes the trends prevailing in the markets to improve the offered products. The Group is also looking for new niches on markets with high growth potential.

Risk related to law changes

The Group's activity is related to services provided by electronic means. This involves the risk of unexpected changes in the provisions of applicable law, which may have a significant impact on the offered technological solutions and the conditions of their sale.

The Group analyzes the work of the legislator to adapt the offered products to changes in the provisions of the applicable law. The group undertakes actions creating good practices but has no influence on regulations at the legislative level.

Risk related to failure of IT systems

The Group's activity is related to the operation of IT systems. This is related to the risk of failure or other circumstances causing limitations in access to the technological infrastructure that is necessary to provide services by electronic means.

The Group uses technological infrastructure with a level of reliability adequate to the expectations of contractors and the requirements of the legislator. The Group has no influence on force majeure, which may result in interruptions in the availability of products and services.

Risk of fluctuations of the exchange rate

The Group sells its services to a significant extent in foreign currencies, while most operating costs are incurred in PLN or USD.

The appreciation of the Polish zloty in relation to the exchange rates of other currencies and, therefore, it may have a negative impact on the margin level and, consequently, on the Group's financial results.

The Group considers using additional hedging against foreign exchange risk, e.g., by using simple forward derivatives. Additionally, the Group tries to apply natural hedging, i.e., settle accounts with clients in the currency in which it incurs costs for the provision of services for these clients.

Risk of unstable tax environment

The Group's operations depend on the tax system in force in Poland and the United Kingdom. Instability of tax regulations and the constantly changing interpretations of regulations may adversely affect the Group's results in the form of increasing tax burdens.

The Group monitors and analyzes all significant changes in the tax environment that affect the Group's operations.

For the operations of the subsidiary OnAudience Ltd., the process of Great Britain leaving the structures of the European Union may be significant, which may result in a change in the regime of tax settlements between the subsidiary and other companies of the Group, as well as contractors and suppliers.

Risk related to new legal regulations, including GDPR regulation, the e-Privacy regulation and the CCPA

From May 25, 2018, the Group is a subject to obligations under the Regulation of the European Parliament and of the Council (EU) 2016/679 of April 27, 2016 ("GDPR"). Violations of the GDPR may result in administrative fines of up to EUR 20 million or up to 4% of the annual turnover (higher amount applies). In addition, EU institutions are working on a draft regulation on privacy and electronic communications (ePrivacy regulation) - i.e., a regulation that to some extent supplements and details the GDPR. The purpose of the ePrivacy Regulation is, inter alia, the protection of the web user from being "tracked" by service providers and internet advertisers.

The Group processes personal data to a very limited extent. The basic activity of the Company is related to the acquisition, analysis and processing of data on the behavior of Internet users. The Company's efforts as part of its operating activities do not collect data that could directly be used to determine the identification data of individual Internet users, in particular, the Company does not collect data on the name, surname, e-mail address of Internet users. Nevertheless, the Company has implemented appropriate procedures for the proper and legal processing of personal data and is constantly monitoring the approach of supervisory authorities to the interpretation and application of applicable laws that may affect the Group's operations.

At the same time, the Group is monitoring the progress of the protracted work on the draft e-Privacy regulation and designs the possible scope of preparatory work for the implementation of the e-Privacy regulation to be able to comply with the requirements of the regulation when it is adopted.

Another factor affecting the Group's operations was the work to ensure compliance with the California Consumer Privacy Act (CCPA), which entered into force on January 1, 2020. The Group closely watched this regulation, as many of the American contractors made it a standard for their activities. The Group is currently monitoring work related to the amendment of the CCPA. In addition, the Company is analyzing the changes resulting from the California Privacy Rights Act (CPRA), the provisions of which will enter into force on January 1, 2023. At the same time, the Company is monitoring the course of legislative work on the protection of personal data in the US, which is to be implemented at the federal level.

Apart from the above-mentioned legal factors, another event influencing the Group's operations was the departure of Great Britain from the structures of the European Union, as one of the companies belonging to the Group is a company governed by British law. Despite the so-called

"Brexit", the Group did not report any problems with the further operational functioning of this company.

Risk related to the irrecoverability of receivables from recipients

The most frequently used payment terms are 60 days, but due to the time-consuming process of settling services provided for affiliate networks, the invoice payment deadline for these contractors may exceed 180 days. Therefore, prolonged periods of payment of receivables or their complete non-payment may cause the deterioration of the financial results of the Group and may have a negative impact on its financial liquidity.

To minimize this risk, the Group regularly analyzes its receivables and when the number of unpaid receivables reaches a significant amount, the Group takes active steps to recover them, e.g., by working out a mutual agreement with a given contractor regarding the terms and dates of repayment of trade receivables.

If individual invoices are not paid within 365 days from the date of payment, the Group will recognize a write-off in the full amount of the unpaid invoices, or in the event of an earlier information on the threat of payment, the Group will recognize the appropriate level of expected losses in accordance with IFRS 9.

Risk related to the loss of contractors

Due to the diverse offer of services, the Group has a significant number of recipients of products and services. Nevertheless, in 2019, revenues from one contractor exceeded 10% of the Group's consolidated sales.

Therefore, the loss of any of the key recipients may have a negative impact on the Group's operations and its financial results. To mitigate this risk, the Group cares for ongoing contact with representatives of a given recipient and ensures high quality of its services, as well as carries out active measures aimed at expanding the group of customers and reducing the concentration of the Group's revenues.

Risk related to the COVID-19 pandemic impact

In March 2020, the beginning of the impact of the coronavirus pandemic on the Polish economy could be observed. The Group has taken steps to monitor the impact of COVID-19 on the Group's operations and development prospects. Currently, the Group has not recorded a significant impact of the coronavirus pandemic on its operating activities.

Although there are chances for an increase in the level of data monetization due to the pandemic (due to limitations in the movement of people in many national economies, many consumers spend more time online), some of the industries that are recipients of the Group's services have significantly reduced their activities practically overnight (tourism, hotel industry, automotive industry).

There is a risk that should the pandemic persist over an extended period, the Company's revenue generation prospects will be significantly diminished and thus lead to a deterioration in the financial performance and ultimately the Group's liquidity.

Risk related to blocking the processing of cookies

Leading web browsers are gradually limiting the use of cookies from external suppliers (so-called 3rd party cookies). At the beginning of 2020, Google announced that the Chrome web browser will also implement such restrictions within 2 years.

The cookie technology is used, inter alia, to identify devices and thus plays an important role in targeting online advertising. Industry organizations and key players in the advertising market are currently working on developing alternative technologies, but target solutions are not yet known at this stage. There is a risk that future technological standards will force a change in the functioning of the products and services provided by the Group or even lead to changes in business models on the internet advertising market.

Risk related to the growing importance of closed advertising systems

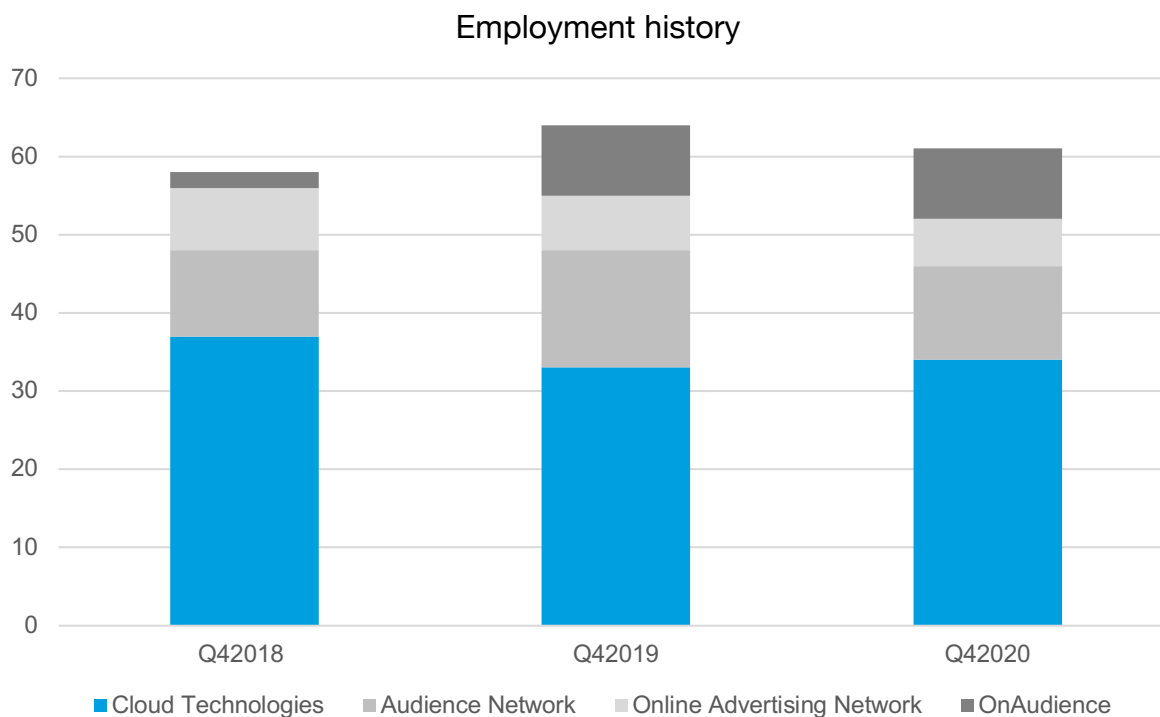
The market shows a systematic increase in the importance of closed advertising systems (the so-called Walled Gardens) created, among others, by Google and Facebook. Increasing their role may lead to limiting the variety of technologies used on the internet advertising market, which in turn may result in limiting the number of potential customers of the Group.

12 Employment information

	Group	Company
Number of employees	61	39

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 otherwise indicated, 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 Supervisory 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
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Piotr Soleniec	Member of the Board
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On February 26th, 2021, the Supervisory Board of Cloud Technologies S.A. adopted a resolution on appointing Piotr Soleniec to the Board of Directors as of March 1st, 2021.

Supervisory Board

Tomasz Zadroga	Chairman of the Supervisory Board
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Aleksandra Szweryn-Prajsnar	Member of the Supervisory Board
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Łukasz Krasnopolski	Member of the Supervisory Board
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Kamil Bargiel	Member of the Supervisory Board
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Szymon Okoń	Member of the Supervisory Board
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Marcin Brendota	Member of the Supervisory Board
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On October 12th, 2020, the Ordinary General Meeting adopted a resolution on appointing Marcin Brendota to the Supervisory Board.

Shareholders

Piotr Prajsnar	1.437.000 shares	28.74%
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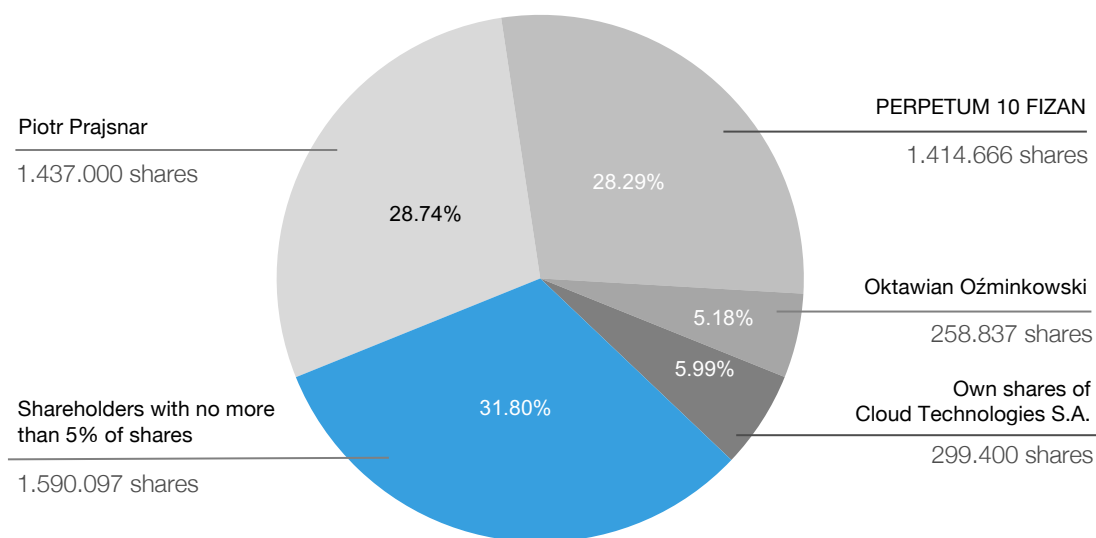
PERPETUM 10 FIZAN	1.414.666 shares	28.29%
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Oktawian Oźminkowski	258.837 shares	5.18%
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Own shares of Cloud Technologies S.A.	299.400 shares	5.99%
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Shareholders with no more than 5% of shares	1.590.097 shares	31.80%
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Total	5.000.000 shares	100.00%
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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.

The above data on Shareholders was prepared as of the date of the Annual Report's publication, i.e., they include the registration of the increase in the capital of 400 000 G-series shares from March 2021.

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	PLN 460.000,00
National Court Number (KRS)	0000405842
Tax Identification Number (NIP)	9522106251
National Business Registry Number (REGON)	142886479

Contact details

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