
CloudNode Ltd.

2022 Annual Report

About CloudNode Ltd.

CloudNode Ltd. is a leading provider of data center solutions, offering a comprehensive suite of services for managing and maintaining critical IT infrastructure. With a focus on reliability, energy efficiency, and scalability, CloudNode serves a global client base across various sectors, including finance, healthcare, and technology. Our facilities are strategically located to optimize connectivity and minimize environmental impact.

CloudNode is committed to advancing sustainable data center management through investments in renewable energy, water conservation, and energy-efficient technology. In alignment with the EU Taxonomy, our sustainability practices underscore our dedication to creating a greener future in the data center industry.

1. Financial and Operational Highlights

2022 was a year of significant growth for CloudNode, with increased demand for data center solutions and expanded sustainability initiatives. Below is a summary of key financial metrics for 2021 and 2022, as well as a forecast for 2023.

Financial Metric	2021 (€M)	2022 (€M)	2023 Forecast (€M)	Change 2021-2022 (%)
Total Revenue	520	600	680	+15.4%
Operating Expenses	350	410	430	+17.1%
Net Profit	60	70	85	+16.7%
Capital Expenditure (CapEx)	120	135	150	+12.5%
R&D Investment	30	35	40	+16.7%
Renewable Energy Purchase (CapEx)	45	55	60	+22.2%

Operational Metrics

- **Data Centers Managed:** 32 facilities worldwide
- **Average Uptime:** 99.999%
- **Energy Usage Effectiveness (EUE):** 1.35 (2022), targeted improvement to 1.30 in 2023
- **Renewable Energy Utilization:** 75% of total energy in 2022, targeting 80% in 2023

2. EU Taxonomy Compliance

CloudNode is dedicated to advancing sustainable practices that align with the EU Taxonomy on environmentally sustainable economic activities. Our efforts center on improving energy efficiency, increasing the use of renewable energy, and reducing emissions across our data centers.

The following table provides a breakdown of CloudNode's EU Taxonomy-eligible and aligned activities for the year 2022, based on turnover, capital expenditure (CapEx), and operating expenditure (OpEx).

Metric	Eligible (€M)	Aligned (€M)	Eligible (%)	Aligned (%)
Turnover	600	400	100%	67%
Capital Expenditure	135	90	100%	67%
Operating Expenditure	410	250	100%	61%

Eligible Activities and Alignment with EU Taxonomy

- **Turnover:** 100% of CloudNode's revenue is eligible under the EU Taxonomy. This includes revenue from managing energy-efficient data centers and implementing sustainable IT solutions.
 - **67% aligned:** Revenue derived from data centers that meet or exceed energy-efficiency thresholds defined by EU Taxonomy guidelines.
- **Capital Expenditure (CapEx):** 100% of our CapEx is EU Taxonomy-eligible, encompassing investments in renewable energy procurement, efficient cooling systems, and infrastructure upgrades.
 - **67% aligned:** CapEx related to projects that directly support our EU-aligned sustainability goals, such as renewable energy installations and energy-efficient equipment upgrades.
- **Operating Expenditure (OpEx):** 100% of OpEx is EU Taxonomy-eligible, covering costs for operations that focus on reducing environmental impact and maintaining sustainable infrastructure.
 - **61% aligned:** Includes expenditure on energy management, renewable energy procurement, and water efficiency projects within our facilities.

CloudNode is committed to improving our alignment with EU Taxonomy targets, aiming to increase CapEx and OpEx alignment through additional investments in renewable energy and energy-saving technology in 2023.

3. Sustainability Initiatives and Goals

CloudNode's sustainability strategy is built around four core pillars: energy efficiency, renewable energy, water conservation, and waste reduction. We strive to reduce our environmental footprint while providing top-tier data center solutions to our clients.

Key Sustainability Initiatives in 2022

1. Increased Renewable Energy Utilization

- Expanded renewable energy usage to cover 75% of total energy consumption, with a goal to reach 80% in 2023.
- Signed agreements with certified renewable energy providers to supply our facilities.

2. Energy Efficiency Upgrades

- Installed advanced cooling technologies that reduce power usage by up to 20%.
- Achieved an Energy Usage Effectiveness (EUE) rating of 1.35, with plans to lower this to 1.30 in 2023 through continued efficiency improvements.

3. Water Conservation

- Implemented water-saving technologies in all new facilities, reducing water consumption by 15% across our global data centers.
- Established a water recycling system in our largest data center, saving an estimated 5 million liters annually.

4. Waste Reduction

- Reduced electronic waste by 25% through equipment recycling and refurbishment programs.
 - Partnered with local recycling organizations to ensure responsible disposal of e-waste.
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4. Research & Development (R&D) for Sustainable Innovation

CloudNode is committed to advancing sustainable technology in the data center industry. In 2022, we increased our R&D spend by 16.7%, focusing on projects that enhance efficiency and reduce our environmental impact. R&D efforts are aligned with the EU Taxonomy to ensure compliance and maximize our contribution to a sustainable digital economy.

R&D Highlights

- **Smart Cooling Systems:** Developed a new, AI-driven cooling system that adjusts temperature and power usage in real-time, reducing energy consumption by up to 25%.
 - **Green Backup Solutions:** Designed a prototype for renewable energy-based backup systems, allowing data centers to stay operational during outages without relying on fossil fuels.
 - **Battery Recycling Initiatives:** Launched a pilot program for recycling lithium-ion batteries used in UPS systems, reducing waste and material costs.
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5. Governance and Compliance

CloudNode is fully committed to transparent governance and regulatory compliance, including adherence to EU Taxonomy standards. Our internal sustainability committee

oversees all environmental initiatives, ensuring that our operations remain aligned with EU sustainability goals and industry best practices.

Compliance and Audit

- **External Sustainability Audits:** Conducted annual audits to verify alignment with EU Taxonomy standards and measure progress on sustainability targets.
 - **Reporting Standards:** CloudNode’s sustainability reporting adheres to the Global Reporting Initiative (GRI) and EU Taxonomy criteria, with quarterly updates provided to stakeholders.
 - **Training and Education:** Provided training programs for all employees on sustainability practices, with a 95% completion rate in 2022.
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6. Outlook for 2023

Looking forward to 2023, CloudNode is dedicated to furthering its commitment to sustainable data center management. Our goals for the coming year include:

- **Achieving 80% Renewable Energy Utilization:** Expanding partnerships with renewable energy providers to supply an even larger portion of our energy needs.
- **Lowering Energy Usage Effectiveness (EUE) to 1.30:** Investing in new technology and refining operations to reduce overall energy consumption.
- **Increasing EU Taxonomy Alignment:** Targeting 70% alignment in CapEx and 65% alignment in OpEx through ongoing investments in efficient and sustainable data center infrastructure.

CloudNode remains optimistic about achieving these goals, reinforcing our position as an industry leader in sustainable data center management. By adhering to EU Taxonomy guidelines and maintaining our commitment to environmental stewardship, we aim to set a new standard for sustainability in the digital infrastructure industry.

7. EU Taxonomy Summary

EU Taxonomy Metric	Turnover (€M)	Capital Expenditure (€M)	Operating Expenditure (€M)
Eligible Amount	600	135	410
Aligned Amount	400	90	250
% Eligible	100%	100%	100%
% Aligned	67%	67%	61%

CloudNode is proud of its commitment to EU Taxonomy compliance and will continue to increase its alignment percentage in 2023 through investments in renewable energy, energy-efficient technology, and waste reduction initiatives.

For additional information, please refer to our full sustainability report at:
<https://www.cloudnode.com/sustainability2022>.