

Rezultate financiare preliminare la 31 decembrie 2022

2Performant Network S.A.

companie listată pe piața SMT-AeRO a Bursei de Valori București



TABLE OF CONTENTS

TABLE OF CONTENTS	2
ISSUER INFORMATION	3
LETTER FROM THE CEO	4
ABOUT 2PERFORMANT	9
KEY EVENTS IN Q4 2022 AND AFTER CLOSING THE REPORTING PERIOD	11
FINANCIAL RESULTS ANALYSIS	12
<i>BUSINESS INDICATORS</i>	12
<i>P&L ANALYSIS</i>	14
<i>BALANCE ANALYSIS</i>	16
<i>FINANCIAL INDICATORS</i>	17
PROFIT AND LOSS ACCOUNT	18
BALANCE SHEET	19
DECLARATION OF THE MANAGEMENT	20

Disclaimer: The financial figures presented in the descriptive part of the report that are expressed in million lei (RON) are rounded off to the nearest integer and may result in small reconciliation differences.

ISSUER INFORMATION

Information about this financial report

Type of report	Preliminary financial results
According to	Annex 13 to ASF Regulation 5/2018
For financial period	01.01.2022 – 31.12.2022
Date of Publishing	24.02.2023

Issuer information

Issuer's name	2Performant Network S.A.
Fiscal code	26405652
Trade registry number	J40/493/2010
Registered office	6 – 8 Corneliu Coposu Boulevard, Unirii View Building, Floor 2, (office) ResCo-working09, 3rd District, Bucharest, Romania

Information about the securities

Subscribed and paid-up share capital	1.239.926 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	12.399.260 shares
Symbol	2P

Contact details for investors

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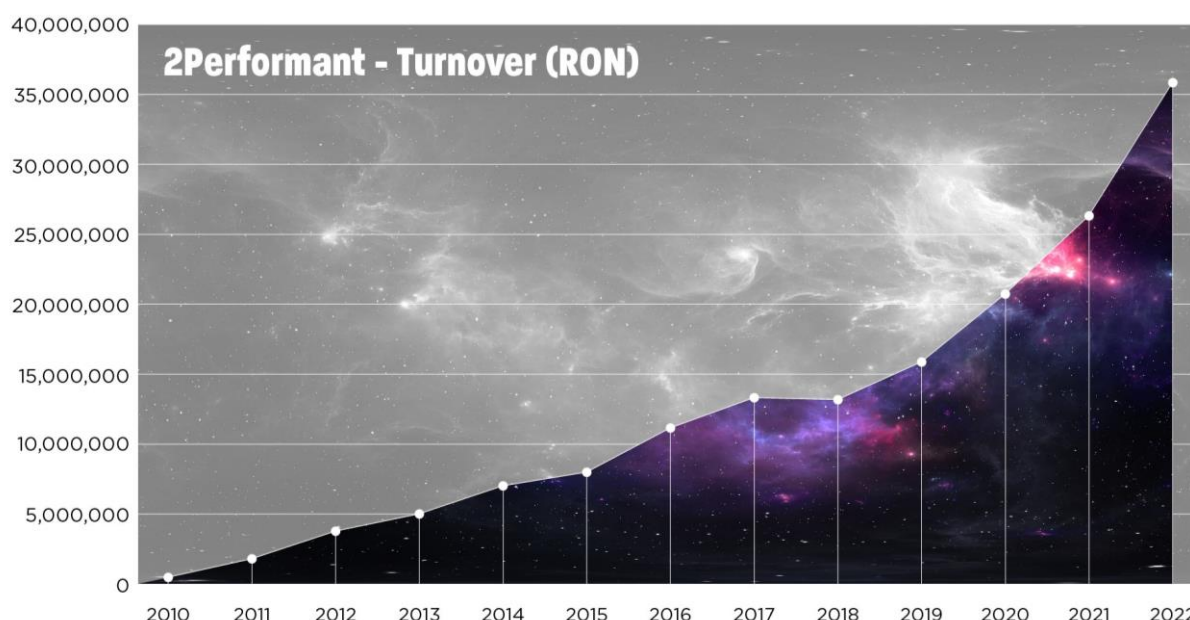
The preliminary financial results as of December 31st, 2021, presented on the following pages are **not audited**.

LETTER FROM THE CEO

Dear shareholders,

2022 was the most important year in 2Performant's recent history, an important inflection point in the company's future evolution.

Not only because we had the highest percentage increase in turnover in the last 6 years - over 36% - which in absolute terms means almost 10 million lei, similar to the cumulative growth in 2020 and 2021, but especially because it marked important milestones both for what 2Performant will become in the coming years and for the accelerated impact we will have both in our partners' businesses and in the revenues and profits generated by the platform we are developing.



We have selected below a few highlights of our work in 2022:

1. We have demonstrated once again that investing in technology can be extremely profitable if done smartly and responsibly.
 - a. We launched Big Bear - the upgrade developed by our technical team for the 2P attribution system, for which we raised 1.5 million lei as part of the 2021 capital increase - an upgrade that by the end of the year had captured over 183k additional affiliate-generated sales for the stores in 2Performant, generating affiliate commissions of 560,222 euros and over 138k euros in direct revenue for us. In 2023, the additional revenue generated for the company by our new technology alone will exceed 300k euros, virtually fully covering the initial investment and generating significant profit for the company and our users in the long term. While the installation and verification of the new system was initially done manually, in August, [we launched the self-service installation and verification option](#) for all stores in the 2Performant ecosystem, leading to accelerated adoption of the new attribution system - over 270 online stores have activated Big Bear by the end of 2022

- b. We launched Direct Debit - the 2P functionality that allows online stores to automate the payment of their marketing budgets, thus ensuring the continuity of promotional campaigns regardless of the volume of sales generated. As counter-intuitive as it may seem, prior to the launch of this functionality, stores with significant volumes of sales through 2Performant in the pre-paid model were constantly at risk of having their affiliate-managed marketing campaigns stop, thus missing out on profitable sales for all parties involved (stores, affiliates, and by default 2Performant). [We launched this feature on November 7, 2022](#), before Black Friday, and by the end of the year, 99 stores were already using it, thus significantly decreasing the situations where affiliate-run performance marketing campaigns were stopped due to lack of funds.
 - c. In August, [we managed a large-scale DDoS cyber attack](#), in which, in the first 4 hours alone, our platform received over 1 million requests from tens of thousands of IPs from dozens of countries - with China, Thailand and the USA leading the list of source countries. These attacks are recurring, and their frequency is quite high given the field we operate in, but the novelty was the scale. Fortunately, the investments we have previously made in this regard have resulted in our platform having zero downtime on attribution services, and our team has managed the attack flawlessly, quickly improving security policies without compromising user data or losing revenue for any of the active parties in our ecosystem.
2. We launched the world's first decentralized marketing competition - [Business League](#) - based on direct collaborations between online stores and digital marketing talent - collaborations facilitated and automated by the 2Performant platform, based on the number of sales generated.

In the 16-week pilot season of the competition, affiliates and participating stores generated 29.4 million clicks and over 715,000 online sales, contributing decisively to the business results of our entire ecosystem.

2Performant is already operating at the intersection of the eCommerce and digital marketing industries, on top of which we are adding a gaming layer - engaging the next generation of marketers and digital professionals through a level of transparency, motivation, and performance unparalleled by other companies or collaborative models with which we directly or indirectly compete.

One of the key insights underpinning our growth in recent years is the similarity between the mindset of the new generation of digital marketers and the mindset of professional gamers - which is why so many of the projects and functionalities developed in recent years by the 2Performant team take a closer approach to the gaming industry than to digital marketing or eCommerce. The accelerating results we consistently deliver confirm the validity of this approach.

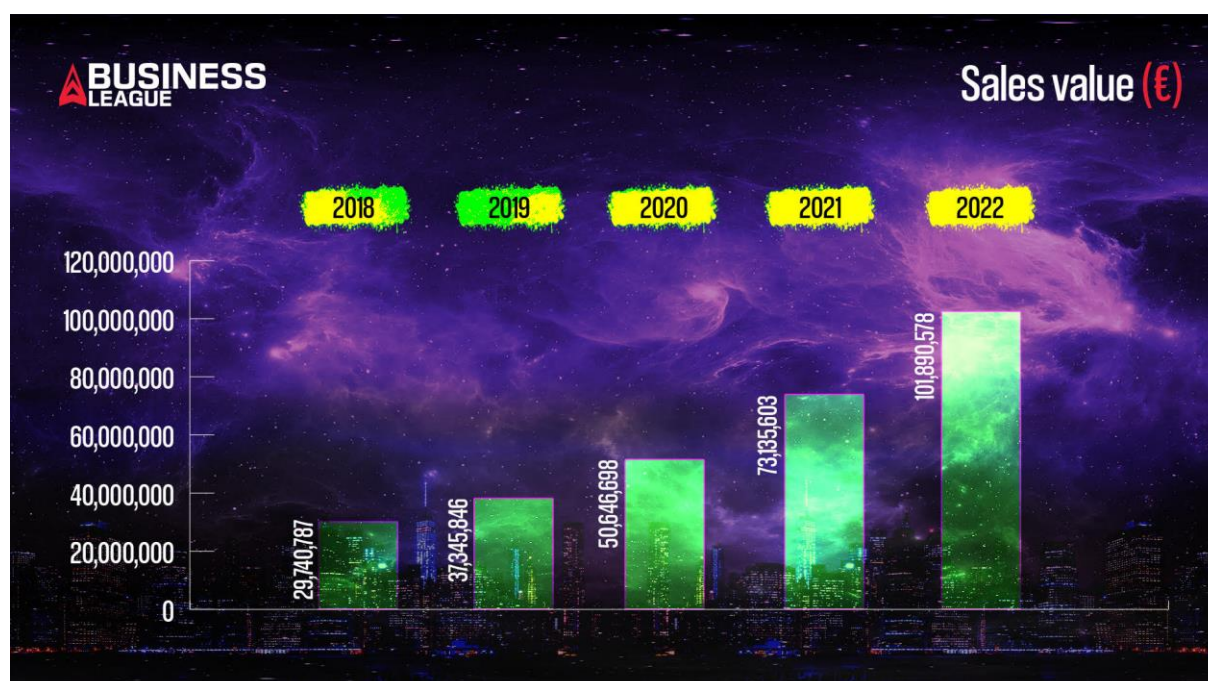
From 2023 onwards, we will be adding more and more gaming components to the 2Performant platform, thus turning it into a business game with an unbeatable monetization model - the better users play the game, the more money they, as well as we, will earn - with every sale generated through 2Performant creating more value across the entire production and distribution chain in the real economy - online stores, manufacturers, distributors, courier companies, digital marketing platforms, etc.

This approach also has another significant advantage, bringing out the real champions in online businesses and creating a meritocratic system where those who generate value for partners become visible to the whole ecosystem.

For example, the affiliate who finished the first Business League season in 1st place is not part of the "traditional" marketing system and has no experience in an agency or marketing department - yet he generated over 2 million clicks in the last 4 weeks of the competition alone, resulting in over 56,000 online sales, demonstrating that he is a profitable partner for any online store, especially given the Cost Per Sale collaboration model in which he invests his own budget to promote partner stores and collects revenue only when he generates revenue.

2Performant aims to consolidate its status as a "new wave" platform based on the principles of the collaborative economy that have already disrupted industries such as tourism, transport, and publishing - and the results we generate year after year confirm that we have got it right, and ahead of other companies, what the future of digital marketing will look like.

3. All the work of the 2Performant team and ecosystem has translated into operational and business numbers that are growing at an accelerated rate compared to previous years.
 - a. For the first time, we surpassed the 100 million euros threshold in online sales generated for partner stores - practically doubling this indicator in 2 years. In an eCommerce industry that has failed to take advantage of the momentum brought by the pandemic (the total value of the local market stagnating in 2022 at 6.3 billion euros¹), the share of sales generated through 2Performant has increased from 1% in 2021 to 1.62% in 2022.



- b. The number of active collaborative relations (where affiliates send traffic to online stores) that our platform automates has grown from 87,000 in 2021 to over 100,000 in 2022. Over 3,500 affiliates generated sales in 2022 for almost 900 stores in over 26,000 productive relations (in which revenue was generated - sales and commissions), with all relevant indicators increasing.

	2021	2022	%Δ
ACTIVE RELATIONS through which affiliates generated traffic for online stores			
Advertisers who received traffic from affiliates	845	888	5%
Affiliates who generated traffic for advertisers	8,790	11,366	29%
Active relations	87,464	100,028	14%
PRODUCTIVE RELATIONS through which affiliates generated sales for online stores			
Advertisers who registered sales through 2Performant.com	716	767	7%
Affiliates who generated sales for advertisers from 2Performant.com	3,440	3,578	4%
Productive relations	24,884	26,098	5%

¹ Source Gpec, <https://www.gpec.ro/>

- c. The most important aspect of 2022 is that the turnover and financial results were well above the promises we made to investors in the 2020 listing memorandum. This is a result due to both the projects mentioned above and the company's rapid reorganization just weeks after the war in Ukraine, with our management team correctly and timely anticipating the impact of the conflict on the global economy. Quick decisions allowed us to adjust our strategy in time, well ahead of other similar players - including global tech and digital marketing industry players - and this is reflected in the figures we achieved.

	What we promised at listing	Results achieved		What we promised at listing	Results achieved	
	Turnover (RON)		Difference	Gross profit (RON)		Difference
2020	20,018,301	20,282,448	264,147	912,060	959,861	47,801
2021	25,585,366	25,747,882	162,516	(752,749)	(699,939)	52,810
2022	32,723,593	35,066,199	2,342,606	(260,063)	361,110	621,173
2023	42,187,446	N/A	N/A	950,387	N/A	N/A
2024	55,656,772	N/A	N/A	2,311,915	N/A	N/A
2025	75,094,931	N/A	N/A	8,148,820	N/A	N/A

We have thus turned a profit a year earlier than initially estimated, without slowing down the company's growth rate and, on the contrary, by stepping on the accelerator.

The estimates we are currently working on show us that the trend of accelerating 2Performant growth will continue into 2023, allowing us to deliver operational and financial results at least at the level previously estimated.

We are in a favored position that we have built up over the last few years - unique in Romania - and among the very few companies in the world that have understood before others what the future of business collaboration will look like, especially in digital marketing. We promise you that we will continue to invest responsibly in the company's growth, correctly anticipating trends and taking advantage of the generational shift that is happening in the digital marketing industry.

I invite you to read the details of the 2Performant 2022 team and ecosystem in the pages below. It's been a busy year with a lot of hard work from the whole team, and I'd like to take this opportunity to thank every member of our team for their commitment and perseverance. We could not have achieved these results without the contribution of the 41 people who make up the 2P team today.

We will publish more details about the outlook on which we base our development on March 24, together with the 2023 annual budget and the 2022 final report, in preparation for the General Meeting of Shareholders on 24 April.

As always, if you have any questions or suggestions on this report or other topics, you can contact the Investor team Relations at investors@2performant.com or at the phone number **+40 374 996 354**. Also, to keep up to date with the evolution of 2P at the Bucharest Stock Exchange and with the news from the company, I invite you to subscribe to our investors' newsletter [here](#).

Good luck with conversions!™ Good luck with transactions!

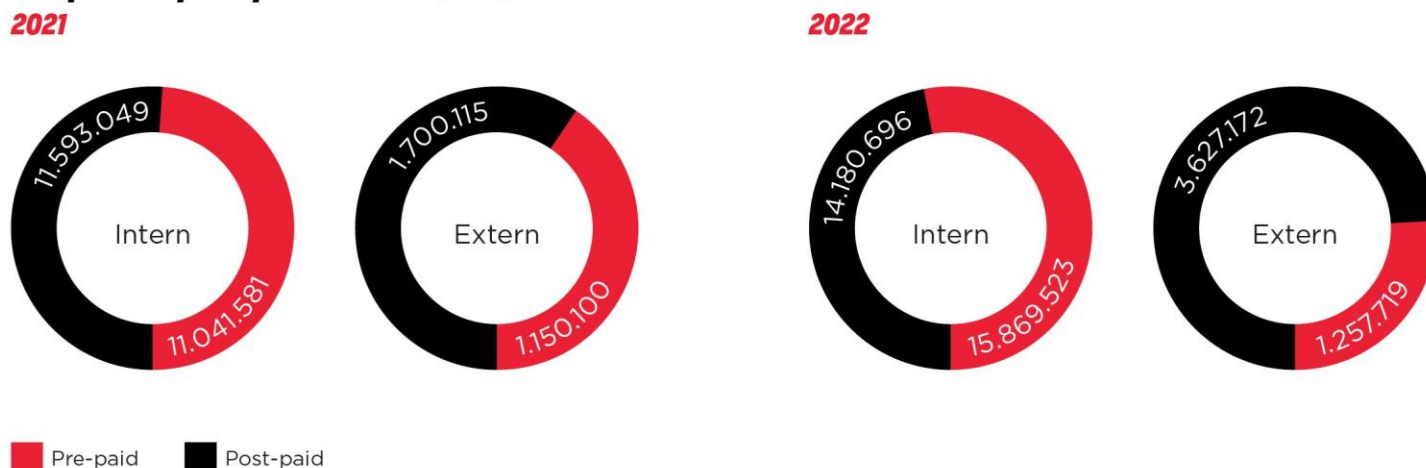
Dorin Boerescu
CEO 2Performant.com

2Performant - KPI

Turnover(ROn)



Pre-paid vs post-paid Income (RON)



**Number of users
in the platform**

24,148

Sales / intermediated

2 milioane

Sales Value / intermediated

101,9 mil. €

Generated clicks

85,9 mil.

Number of employees

40

ABOUT 2PERFORMANT

2Performant is a Romanian technology company that develops, operates, and monetizes its own collaborative marketing platform 2Performant.com, through which online stores collaborate with the best-performing online advertising and traffic sources through a cost-per-sale model.

With a unique global vision of gamification of marketing collaborations based on performance and transparency, 2Performant has brokered over 9.25 million online sales worth 425 million euros through more than 598 million clicks for thousands of online stores in Romania and the region, across more than 30 industries.

The 2Performant business model is centered around the technology on which the 2Performant.com platform is based, a technology that the company develops, improves, operates, and monetizes through the two products – affiliate marketing and influencer marketing. Specifically, 2Performant provides companies and entrepreneurs or digital specialists with the technological infrastructure, the legal and fiscal framework, and the know-how to collaborate efficiently, correctly, and transparently for the benefit of all parties.

Innovation and a first-mover attitude are in the DNA of the company and the 2Performant Network S.A. brand and are some of the ingredients that have led to the company's accelerated growth in recent years. It is, therefore, essential for 2Performant to continuously track and monitor trends in relevant markets, identify and capitalize on major opportunities that can generate value in the medium and long term.

In August 2022, 2Performant launched Business League, the company's biggest project in recent years - a year-long decentralized marketing competition. The league's main criteria is the number of online sales generated, according to which users are ranked into five tiers - from Freelancers (those with fewer than 10 sales in 28 days) to Unicorns.

In recent years, diversifying and increasing revenue sources and improving the pricing system has been a priority for the company, which is reflected in the increase in revenue relative to the increase in receipts. The work of digital talents, affiliates, and influencers within the 2Performant.com platform is free of charge, from account creation to commission collection.

Regarding the affiliate marketing product, advertisers - companies and brands that develop affiliate marketing programs on 2Performant.com - pay affiliates a commission calculated as a percentage of the sales they generate through the platform, which is generally between 2% and 20% of the sales generated.

In terms of 2Performant's affiliate marketing revenue streams, there are three types:

1. Network commission, calculated as a percentage of affiliate revenue (between 20% and 40%) and billed separately to advertisers. Compared to the sales generated by the platform, the company's commission represents approximately 2% of sales.
2. Platform subscription, which is a fixed monthly amount. There are several types of subscriptions, depending on access to the platform's functionality and the level of support that the 2Performant team provides to the advertiser.
3. Additionally, advertisers may pay affiliate promotion fees to increase advertiser visibility: on the platform, at offline events, or in other situations.

The 2Performant platform allows two payment methods for companies: pre-pay, with a prepayment system, and continuous account replenishment, a method that is registering significant growth; and post-pay, with weekly or monthly invoicing. In this way, the company efficiently manages income and expenditure, cash flow, and good predictability.

Another strength of the business model is the variety of advertisers' areas of activity in 2Performant.com: Fashion; Books, Movies & Music; Beauty; Electronics; Toys & Baby products; Home and garden; Sports & Outdoors; Health & Personal Care and many more. In this way, 2Performant's revenues are not directly dependent on a particular sector of activity. This distribution of 2Performant's customers by business sector brings stability to the company, especially when certain sectors are particularly hard hit.

The company was not involved in mergers or reorganizations in 2022. No acquisitions and/or disposals of assets were made in 2022. 2Performant Network SA has no subsidiaries.

KEY EVENTS IN Q4 2022 AND AFTER CLOSING THE REPORTING PERIOD

SHARE CAPITAL INCREASE

On 28.11.2022, the Board of Directors of 2Performant approved the amendment of BoD Resolution no. 3/6.07.2022, which established the conditions for carrying out the share capital increase of the company. Thus, the Board of Directors approved the increase of the share capital with the amount of up to 123,992.6 lei (nominal value) by issuing up to 1,239,926 new shares with a nominal value of 0.1 lei per share and a total nominal value of 123,992.6 lei. The capital increase operation will be organized in two stages. In the first stage, investors will be able to buy newly issued shares based on the number of preference rights. To subscribe to a new share, 10 preference rights are required, rounded down to the nearest natural number. Preference rights with the symbol 2PR05 were loaded to the shareholders' accounts on 22.12.2022. Preference rights will not be traded on the MTS-AeRO market of the Bucharest Stock Exchange.

The subscription price per share was set at 1.70 lei/share and included the nominal value of the share (0.1 lei) and the issue premium (1.6 lei). The shares that will not be subscribed in the first stage will be used in a number of up to 466,973 shares, at the subscription price of 1.70 lei/share to compensate the certain, liquid and payable dues of the beneficiaries of the "Stock Option Plan" program of the company, approved by decision no. 4/23.04.2021 of the Extraordinary General Meeting of the Company's Shareholders.

On 02.02.2023, the Financial Supervisory Authority (FSA) approved the Prospectus for the share capital increase with cash contribution. The subscription period, during which newly issued shares may be subscribed based on the exercise of preference rights, takes place from 07.02.2023 to 09.03.2023. More information, including the Prospect, is available [HERE](#).

2PERFORMANT OGMS ON 30.01.2023

On 30.01.2023, the OGMS of 2Performant took place. Within the Meeting, the shareholders approved the new composition of the company's Board of Directors, which will consist of Dorin-Cristian Boerescu, Anda-Irina Patzelt and Iulian-Florentin Cîrciumaru. The mandate of the three members is for two years, until 30.01.2025.

APPOINTMENT OF THE PRESIDENT OF THE BOARD OF DIRECTORS

The Board of Directors approved on 31.01.2023 the appointment of Dorin-Cristian Boerescu as Chairman of the Board of Directors of 2Performant. The mandate of the Chairman of the Board of Directors is for two years, until 30.01.2025.

FINANCIAL RESULTS ANALYSIS

BUSINESS INDICATORS

Intermediated sales

In 2022, the 2Performant ecosystem intermediated 1.62% of the Romanian eCommerce market, whose total value is estimated at 6.3 billion euros². During this period, 2Performant generated sales of 101.9 million euros, surpassing for the first time the 100 million euros threshold in the value of sales generated in a single year.

During 2022, the 24,148 users of the company's platform sent 85.9 million clicks (+25% vs. 2021), and generated approximately 2 million sales, a 40% increase compared to the previous year. For the full year, affiliate commissions amounted to 6.2 million euros, a 34% increase compared to 2021. Also, in 2022 the conversion rate increased by 0.3pp compared to 2021, up to 2.3%, while the average earnings of affiliates per 100 clicks reached 7.25 euros, following a 7% increase, and the return on affiliate marketing budgets for each invested euro was 16.3, after a 4% advance.

The key business indicators that the company tracks, which accurately reflect the evolution of the 2Performant ecosystem and business, performed extremely well last year:

- Value of sales intermediated through 2Performant.com: **+43%**;
- Value of commissions from sales generated: **+32%**;
- Productive relations, those collaborations between affiliates and online stores where the traffic sent by an affiliate materialized into a customer placing an order to an online store: **+7%**.

	2021	2022	%Δ
Sales intermediated	1.39 mn.	2 mn.	43%
Clicks intermediated	68.7 mn.	85.9 mn.	25%
Value of sales generated (euro excl. VAT)	73.1 mn.	101.9 mn.	39%
Value of commissions from sales generated (euro)	4.65 mn.	6.2 mn.	32%
Average Order Value (euro excl. VAT)	52.61	52.15	-1%
Average conversion rate on 2Performant.com	2.2%	2.5%	+0.3pp

Active and productive relations between 2Performant.com users

The quality of relations between 2Performant.com online stores and affiliates is part of the company's mission and one of the most important indicators of the health and sustainability of the 2Performant ecosystem.

On the one hand, the company tracks active relations, those in which affiliates have worked for an advertiser (online stores), generating traffic for the advertiser. On the other hand, it also looks at productive relations, where affiliates have generated sales for online stores.

In 2022, the focus of the operational team remained generating and maintaining quality, productive relationships between 2Performant.com users. The 2Performant team also had the ability to identify the top users in our network, those who have the capacity to achieve exceptional results through affiliation, and support them to work with each other to achieve those results. As a result, the number of productive relationships - impacting financial results - grew by 7%, more than the 5% increase in active advertisers over 2021.

² Source GpeC, <https://www.gpec.ro/>

	2021	2022	%Δ
ACTIVE RELATIONS through which affiliates generated traffic for online stores			
Advertisers who received traffic from affiliates	845	888	5%
Affiliates who generated traffic for advertisers	8,790	11,366	29%
Active relations	87,464	100,028	14%
PRODUCTIVE RELATIONS through which affiliates generated sales for online stores			
Advertisers who registered sales through 2Performant.com	716	767	7%
Affiliates who generated sales for advertisers from 2Performant.com	3,440	3,578	4%
Productive relations	24,884	26,098	5%

Out of the advertisers that received traffic through 2Performant.com, almost 87% had sales through 2Performant.com, 2.5pp higher than in 2021.

Distribution of sales by categories

In 2022, there were 767 online stores in 27 product categories, from Fashion, Books, Electronics, Pharma, Automotive to Financial Services. In 2022, the main categories of products sold were: Fashion (27.4%), Pharmaceuticals (20.8%), Books & Movies & Music (18.2%), Beauty (9.4%), Electronics IT&C (5.6%), Toys & Baby Products (4.9%), Home & Garden (4.5%), Sports & Outdoors (2.3%), Health & Personal Care (1.8%), Pet Products (1.4%) and Jewelry (1.1%).

Top 10 categories 2P	Average order value (€)	% Δ	Conversion rate	Revenue per 100 clicks (€)	% Δ
Fashion	€ 53.08	9%	2.19%	€ 9.25	10%
Books & Movies & Music	€ 26.90	-4%	2.48%	€ 5.66	3%
Pharmaceuticals	€ 24.27	-3%	3.50%	€ 4.49	-9%
Beauty	€ 39.26	7%	2.52%	€ 7.37	3%
Home & Garden	€ 158.40	5%	1.25%	€ 11.41	9%
Electronics IT&C	€ 158.47	14%	1.69%	€ 7.44	42%
Toys & Baby Products	€ 53.48	3%	2.05%	€ 6.47	24%
Sports & Outdoors	€ 59.25	-4%	1.92%	€ 7.51	4%
Health & Personal Care	€ 48.23	16%	2.57%	€ 11.24	33%
Telecommunications	€ 126.41	-7%	0.43%	€ 11.53	14%

8 product categories recorded sales of over 2 million euros through 2Performant.com in 2022, with three of them exceeding 14 million euros in sales:

- Fashion: 27.6 million euros, 180 advertisers, including FashionDays, Answer, ePantofi, Dyfashion, Otter
- Electronics IT&C: 17.3 million euros, 80 advertisers, including Evomag, Flip, F64, iHunt
- Home & Garden: 14 million euros, 131 advertisers, including NeaKaisa, Fornello, SomProduct
- Pharmaceuticals: 9.8 million euros, 23 advertisers, including Dr. Max, SpringPharma, Lensa, Optiblu, Optiplaza

- Books & Movies & Music: 9.5 million euros, 37 advertisers, including Carturesti, Librarianet.ro, Litera, Libris, LibrariaDelfin, Librex
- Beauty: 7.2 million euros, 76 advertisers, including Notino, BestValue, Esteto, kitunghii.ro
- Toys & Baby Products: 5.1 million euros, 45 advertisers, including Nichiduta, Noriel, Ookee, Chicco.ro
- Sports & Outdoors: 2.6 million euros, 21 advertisers, including Decathlon Romania and Bulgaria, Hervis, FitLife
- Automotive: 1.3 million euros, 25 advertisers, including Anvelope-oferte.ro, Anvelope-autobon.ro, janta.ro

The results generated by 2Performant users are updated daily on the public page <https://2performant.com/statistics/> where trends in online shopping behavior are displayed both at the network level and broken down by main industries.

P&L ANALYSIS

The operating income of 2Performant Network's increased by 43% in 2022 compared to 2021, reaching 38.9 million lei. In the general inflationary context, turnover was 35.1 million lei, an increase of 36% compared to 2021 - this is the highest year-on-year increase recorded by 2Performant in the last six years. Turnover is also 1% higher than the 2022 budget approved at the GMS in April 2022 and 7% higher than the revenue forecast in the 2020 listing memorandum.

Income from the production of tangible and intangible fixed assets increased by 135% in 2022 compared to 2021, reaching 3.5 million lei. This growth results from the expansion of the Product Development and Business Intelligence team, as all of 2Performant's development projects are carried out with internal resources, representing an investment for both the company and the other participants in the ecosystem. Other operating income reached 350 thousand lei. This income is due to the fact that in May 2022, 2Performant closed balances older than 3 years of customers and suppliers, for which there were no transactions in the last 3 years. These transactions led to an increase in revenue, as can be seen under other operating income and costs (other operating expenses).

In terms of turnover by product type, affiliate marketing contributed almost entirely to this figure. The product grew by 37% to 34.9 million lei, based on a 26% increase in unique users on the platform. The influencer marketing product decreased by 50% in 2022 compared to 2021, achieving revenues of 131 thousand lei, following the company's decision to stop focusing on this product line.

LdB	2021	2022	%Δ 2022R/ 2021
Affiliate Mkt	25,484,845	34,935,110	37%
Influencer Mkt	263,037	131,087	-50%
Turnover	25,747,882	35,066,198	36%

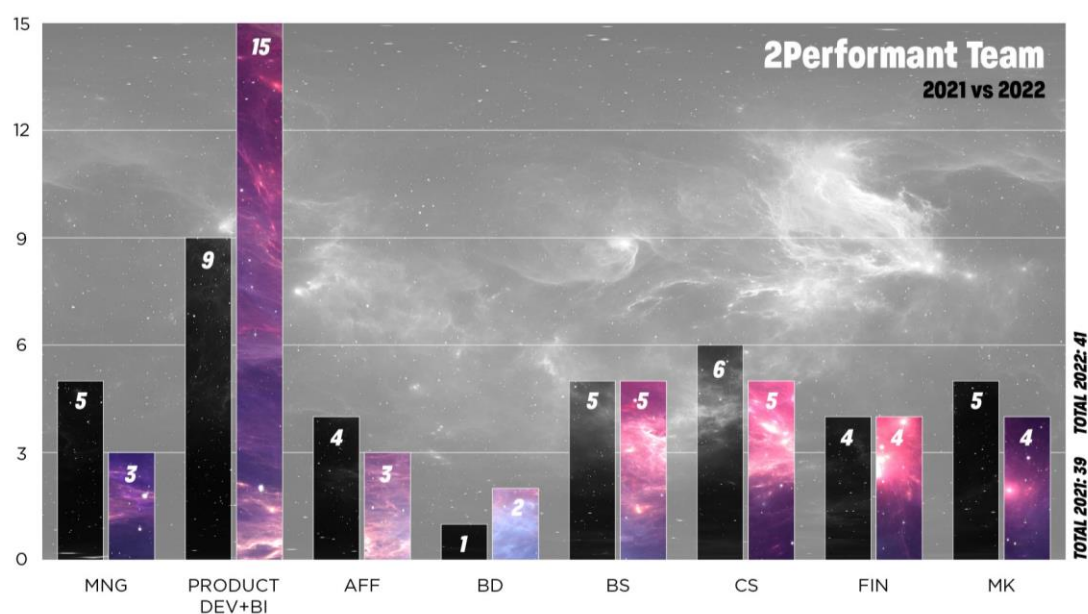
Of the 35.1 million lei turnover achieved in 2022, the Romanian market contributed 86% to the turnover, while 14% of it was generated on the foreign market, an increase in percentage as well as in absolute value as a result of the strategy to expand the company abroad. As a comparison, in 2021, 89% of turnover was generated in Romania and 11% abroad, and therefore 2Performant saw a 33% growth in the domestic market and 71% in the foreign market.

In terms of revenue by the payment method, pre-paid vs. post-paid, this split was almost equal in 2022. The increase for postpaid was 34%, compared to prepaid, which was 40%. There is a slowdown in the rate of growth of prepaid advertisers, and an increase in the rate of growth of postpaid advertisers, in the light of the increasing maturity of advertisers and their shift from prepaid to postpaid, and the significant appreciation in the number of large advertisers launched on the platform.

Market	Payment	2021	2022	%Δ
Internal	Post-paid	11,593,049	14,180,696	22%
	Pre-paid	11,041,581	15,869,523	44%
External	Post-paid	1,700,115	3,627,172	113%
	Pre-paid	1,150,100	1,257,719	9%
Turnover (affiliates)		25,484,845	34,935,110	37%

Operating income (turnover minus commissions due to affiliates) increased by 29% to 8.8 million lei in 2022, compared to 6.9 million lei in 2021.

Expenses reached 38.5 million lei, growing by 38%, slower than operating income. The largest contribution came from other operating expenses, which amounted to 29.7 million lei, up 36%. 87% of this cost represents commissions due to affiliates, which increased by 39% compared to 2021, as the business expanded in line with turnover growth. In parallel, costs related to the closing of accounts that have been inactive for more than 3 years, an operation carried out in Q2 2022, as described above, were recorded as an extraordinary item. The second largest contribution to costs was represented by personnel expenses, which increased by 60% to 7.9 million lei, due to salary increases as a result of the current economic context as well as changes in the team. Although the number of employees did not change significantly (increasing from 39 as at 31.12.2021 to 41 as at 31.12.2022), the structure of the workforce has changed. For example, the Product Development and Business Intelligence team reached 15 colleagues at the end of 2022, compared to 9 in the previous year.



MNG – Management

PRODUC DEV+BI – Product Development + Business Intelligence

AFF – Affiliate Support

BD – Business Development

BS – Business Support

CS – Client Service

FIN – Financial

MK – Marketing

Depreciation expenses decreased by 27% in 2022 compared to 2021 due to the depreciation method used by the company, amounting to 851 thousand lei. Raw materials, materials, and energy expenses decreased by 72% to 7 thousand lei because the company no longer has a physical office, and all employees work remotely, thus eliminating any energy-related costs.

The operating result improved by 162%, from a loss of 670 thousand lei to an operating profit of 416 thousand lei. Financial expenses increased by 291% and were affected by the increase in the volumes of external advertisers and the negative exchange rate variation associated with transactions with them. Of the amount of 196 thousand lei, 100 thousand lei are interest expenses, which increased due to the use of the credit line from IMM Invest, being offset by the interest on deposits created. The remainder represents the negative effect of the EUR/RON exchange rate. The negative effect of the exchange rate is also caused by the company's decision to keep part of its cash holdings in euro, leading to a negative result of 43 thousand lei. On the other hand, the company recorded financial income, which increased by 616% to 146 thousand lei. Therefore, the financial result for the period was a negative 50 thousand lei.

EBITDA increased by 164% compared to 2021, reaching 1.3 million lei, and EBITDA margin increased to 3% compared to 2% in 2021. Gross profit showed a positive evolution, increasing from a loss of 700 thousand lei to a positive result of 366 thousand lei, an increase of 152%. In terms of net profit, 2Performant closed 2022 with 258 thousand lei, an increase of 137% compared to the loss recorded in 2021. Compared to the listing memorandum, 2Performant recorded a profit as early as 2022, one year ahead of the original promise, an increase of 626 thousand lei, about 141% compared to the memorandum.

P&L (RON)	31.12.2021	31.12.2022	%Δ
Operating income	27,258,559	38,905,526	43%
Operating expenses	27,928,661	38,489,507	38%
Operating result	(670,102)	416,019	162%
EBIT	(679,644)	465,991	169%
EBT	(699,939)	365,941	152%
Net result	(699,939)	258,454	137%

BALANCE ANALYSIS

2Performant's total assets increased by 22% in 2022 due to an 84% increase in fixed assets. Fixed assets reached 5.8 million lei, with the growth mainly driven by an 83% increase in intangible assets, influenced by the value of the 2Performant platform and the costs of the Product Development team that is continuously developing the platform. In 2022, the increase in intangible assets reflects the expansion and development of the platform activity as well as the support and implementation of the new Direct Debit and Business League facilities. Tangible assets continued to have an insignificant share in total fixed assets, amounting to 39 thousand lei.

Current assets decreased by 1% in 2022 to 7.1 million lei due to an 8% decrease in cash and cash equivalents. Prepayments decreased by 15% since the beginning of the year to 654 thousand lei. On the other hand, receivables increased by 13% to 2.7 million lei due to seasonality - at the end of the year, the company invoices sales made during the Black Friday and Christmas periods, which are then collected in Q1 of the following year. Receivables increased at the expense of the cash and cash equivalents due to the recording in the accounts of the amounts received from the payment processor and not transferred to the bank as of 31.12.2022, in the receivables account, the change in accounting method being made at the time of the change of the accounting service provider company. In terms of receivables, they maintain a stable rhythm of collection, decreasing by 4 days compared to 2021. The increase in receivables indicates an increase in the volume of sales as well as an increase in the selling price of the services provided. This growth also reflects the development of the commercial side of the company.

In terms of liabilities, the company had no non-current liabilities. Current liabilities increased by 64% to 4 million lei through the use of the credit line. This is used for current operations and to cover the

negative cash flow caused by the seasonality of the business. The use of the credit line should be appreciated as favorable, as it determines the current and future development of the company.

The increase in commercial liabilities compared to the previous year can also be explained by: an increase in the volume of the entity's business which implies an increase in the physical volume of purchases from third parties and the contracting of contractual terms with more restrictive suppliers. In addition, it should also be mentioned the increase in staff costs, employment, and turnover, reflecting taxes due on 31 December 2022. However, despite a slight increase, the debt ratio remains comfortably below the recommended maximum level of 30%.

Provisions were written off in Q2 2022 and recorded as a loss after the company closed balances with customers and suppliers older than 3 years in May 2022, for which there have been no transactions in the last 3 years. Income in advance increased by 31% to 2.6 million lei, representing prepaid income, which represents commissions paid by advertisers in advance. The reason for the increase is the business's seasonality and sales increase in the second half of the year (both in absolute and relative terms compared to the volumes generated in the same period last year).

Equity increased by 4% as a result of the positive result recorded in 2022. On the other hand, in Q2 2022, following the share capital increase and the distribution of bonus shares, there was a transfer of approximately 620 thousand lei from share premium to subscribed and paid-up capital.

Balance sheet (RON)	31.12.2021	31.12.2022	%Δ
Fixed Assets	3,138,699	5,772,834	84%
Current Assets	7,232,550	7,142,296	-1%
Prepayments	766,905	653,689	-15%
TOTAL ASSETS	11,138,154	13,568,819	22%
Current liabilities	2,463,083	4,035,371	64%
Provisions	26,797	0	-
Income in advance	2,003,610	2,630,330	31%
Equity	6,644,663	6,903,118	4%
TOTAL EQUITY AND LIABILITIES	11,138,154	13,568,819	22%

FINANCIAL INDICATORS

Liquidity, solvency, indebtedness, debt ratio, and liabilities/assets indicators are very good. Liquidity is decreasing, but the Company has mentioned this in previous reports, in the sense that it had a very good value at the end of 2021 in terms of the capital increase and the non-utilization at that time of a large amount. All indicators have improved compared to 2020.

Indicator	Optimal Interval	2021	2022
Current Ratio (AC/DC)	>2	2.94	1.77
Immediate Liquidity (AC-Inventories)/Current Liabilities	>1	2.94	1.77
Cash ratio (Cash/Current Liabilities)	>0.5	1.97	1.10
Overall solvency (TA/TD)	>1	4.52	3.36
Indebtedness indicator (DTL/ Equity+DTL)	<50%	0%	0%
Debt ratio (DT/TA)*100	<80%	22.1%	29.7%
Liabilities/Assets	<1	0.22	0.30

PROFIT AND LOSS ACCOUNT

Profit and loss account indicators (RON)	31.12.2021	31.12.2022	%Δ
Operating income, of which:	27,258,559	38,905,526	43%
Turnover	25,747,882	35,066,198	36%
Income from the production of intangible and tangible assets	1,483,220	3,489,605	135%
Other operating income	27,457	349,723	1,174%
Operating expenses, of which:	27,928,661	38,489,507	38%
Raw materials, materials and energy expenses	26,348	7,325	-72%
Personnel expenses	4,952,146	7,938,511	60%
Depreciation and amortization	1,168,899	850,647	-27%
Other operating expenses	21,781,268	29,693,023	36%
Operating result	(670,102)	416,019	162%
Financial income	20,445	146,369	616%
Financial expenses, of which:	50,282	196,447	291%
<i>Interest expenses</i>	<i>20,295</i>	<i>100,050</i>	<i>393%</i>
Financial Result	(29,837)	(50,078)	68%
Total revenue	27,279,004	39,051,895	43%
Total expenses	27,978,943	38,685,954	38%
EBT	(679,644)	465,991	169%
EBIT	(699,939)	365,941	152%
Taxes	0	107,487	-
Net result	(699,939)	258,454	137%

BALANCE SHEET

Balance sheet (RON)	01.01.2022	31.12.2022	%Δ
Fixed Assets , of which:	3,138,699	5,772,834	84%
Intangible assets	3,130,698	5,733,779	83%
Tangible assets	8,001	39,056	388%
Current Assets , of which:	7,232,550	7,142,296	-1%
Receivables	2,387,923	2,700,906	13%
Cash and cash equivalents	4,844,627	4,441,389	-8%
Prepayments	766,905	653,689	-15%
TOTAL ASSETS	11,138,154	13,568,819	22%
Total liabilities	2,463,083	4,035,371	64%
Current liabilities (<1 year)	2,463,083	4,035,371	64%
Provisions	26,797	0	-
Income in advance	2,003,610	2,630,330	31%
Equity, of which:	6,644,663	6,903,118	4%
Subscribed and paid-up capital	619,963	1,239,926	100%
<i>Share premium</i>	6,026,009	5,406,046	-10%
Reserves	21,089	39,386	87%
Reported result	677,542	(22,397)	-103%
Result for the period	(699,939)	258,454	137%
Distribution of profit	0	(18,297)	-
TOTAL EQUITY AND LIABILITIES	11,138,154	13,568,819	22%

DECLARATION OF THE MANAGEMENT

Bucharest, February 24, 2023

The undersigned Dorin Boerescu, as Chairman of the Board of Directors of 2Performant Network S.A., a company headquartered in 6 – 8 Corneliu Coposu Boulevard, Unirii View Building, Floor 2, (office) ResCo-working09, 3rd District, Bucharest, Romania, unique registration code 26405652, registration number at the Trade Register Office J40/493/2010, I declare on my own responsibility, knowing the provisions of art. 326 of the New Criminal Code, regarding false statements, the following:

- To the best of my knowledge, the financial results for the twelve-month period ended December 31, 2022, have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position, profit and loss account of the Company;
- The preliminary financial results for the period 01.01.2022 – 31.12.2022, sent to the capital market operator - BVB - as well as to the Financial Supervisory Authority, presents correctly and completely the information about the Company.

Dorin Boerescu

Chairman of the Board of Directors of 2Performant Network S.A.

