



PRELIMINARY FINANCIAL REPORT

2023

TABLE OF CONTENTS

TABLE OF CONTENTS	2
ISSUER INFORMATION	3
LETTER FROM THE CEO	4
LETTER FROM THE CTO	8
LETTER FROM THE CAO	9
LETTER FROM THE CFO	10
KPI	11
ABOUT 2PERFORMANT	12
FINANCIAL RESULTS ANALYSIS	14
BUSINESS INDICATORS	14
INTERMEDIATED SALES	14
ACTIVE AND PRODUCTIVE RELATIONSHIPS AMONG 2PERFORMANT.COM USERS	15
P&L ANALYSIS	17
BALANCE SHEET ANALYSIS	20
FINANCIAL INDICATORS	21
PROFIT AND LOSS STATEMENT	22
BALANCE SHEET	23
MANAGEMENT STATEMENT	24

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 minor reconciliation differences.

ISSUER INFORMATION

Information about this financial report

Type of report	Preliminary financial results
For financial period	01.01.2023 – 31.12.2023
Date of publishing	22.02.2024

Issuer information

Issuer's name	2Performant Network S.A.
Cod fiscal	26405652
Fiscal code	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	1,303,304.30 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	13,033,043
Symbol	2P

Contact details for investors

Phone number	+40 374 996 354
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Website	www.2performant.com

The interim condensed individual financial statements as of December 31st, 2023, presented on the following pages, are **not audited**.

LETTER FROM THE CEO

In 2023, the 2Performant team prioritized three objectives:

1. **Optimization of the company's direct revenues** - increasing subscriptions for stores and transitioning to a 2Performant commission model calculated directly as a percentage of sales value were the most significant changes implemented last year in this direction, with a positive long-term impact.
2. **Validation of version 1.0 of the Business League** - a unique global concept on which we will build international expansion in the coming years.
3. **Improvement of the ecosystem's quality** - with effects on the results obtained by both stores and affiliates through 2Performant.



In the context of a local online commerce market that stagnated last year, the results achieved by our users and clients have once again demonstrated that having the right partners by your side is crucial during challenging periods.

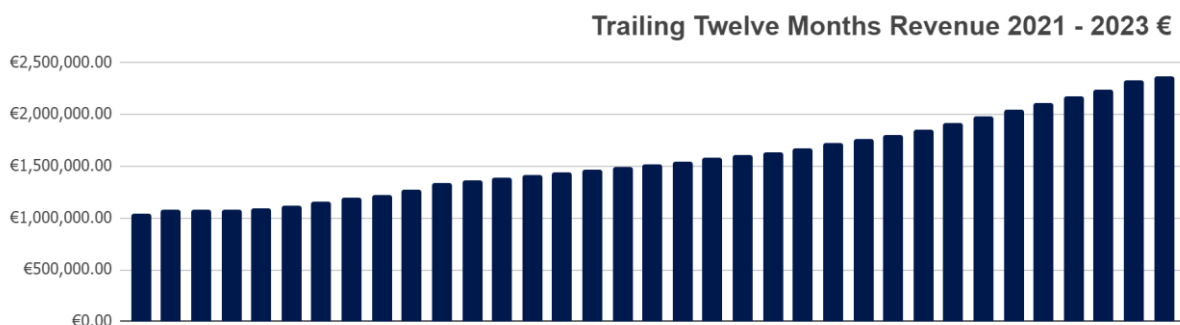
Our unique approach, based on transparency, predictability, and competition, brings together the most skilled professionals in online commerce, resulting in higher revenues for both of them and 2Performant.

Below, the evolution of the most important indicators we monitor.

The Lifetime Value for both user categories has shown positive growth, allowing us to incur higher acquisition costs in the new markets we plan to enter from 2024.

Year	Affiliate Lifetime Value (2P Commissions) €	Evolution	Year	Merchant Lifetime Value (2P Commissions) €	Evolution
2021	1,107		2021	5,580	
2022	1,249	12.79%	2022	8,863	58.83%
2023	2,010	60.97%	2023	11,638	31.32%

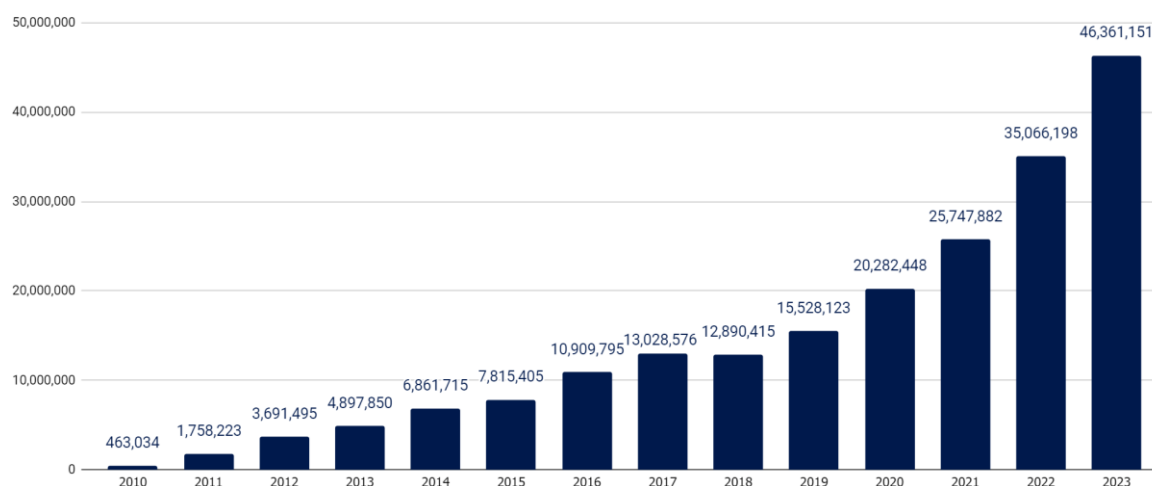
The revenue over the last 12 months, calculated monthly (Trailing Twelve Month Revenue - TTM), has consistently increased over the past 3 years, with a significant acceleration in the second half of the last year when we achieved an annual growth rate of 42%.



In these conditions, the financial results we obtained - a few percentage points below the budget set at the beginning of the year - show significant improvements in the financial health of 2Performant; compared to last year, expenses have increased at a slower pace than revenues, EBITDA and profit have grown by percentages of 2 or even 3 digits.

P&L (RON)	2022	2023	YoY Var
Operating income	38,905,526	52,379,584	34.63%
Operating expenses	38,489,507	51,430,712	33.62%
Operating result	416,019	948,872	128.08%
EBIT	416,019	948,872	128.08%
EBITDA	1,266,666	2,426,298	91.55%
Adjusted EBITDA*	1,266,666	3,213,828	153.72%
Net Profit	258,454	869,432	236.40%

The turnover increased by 32%.



The most important project in 2023 was the completion of the 1.0 version of the Business League - the first global online commerce championship, that will be launch on April 1st, 2024, on the EU market and from 2025 on the USA market - the largest e-commerce market in the world, excluding China.


Based on 12 years of gamification experience, Business League brings an e-sports experience to e-commerce, providing users with the context and motivation to achieve significantly superior performance compared to any other collaboration system between online stores and marketers.

Organized as a championship based on the criterion of the number of generated sales, Business League is already in its 3rd season within the 2Performant platform.

SEASON 3 (4 DEC 2023 - 1 DEC 2024)									
STAGE 1			STAGE 2			STAGE 3			
2023	Week 49	ROUND 1	4 - 10 Dec	Week 14	ROUND 1	1 - 7 Apr	Week 31	BREAK	29 Jul - 4 Aug
	Week 50		11 - 17 Dec	Week 15		8 - 14 Apr	Week 32	ROUND 1	5 - 11 Aug
	Week 51		18 - 24 Dec	Week 16		15 - 21 Apr	Week 33		12 - 18 Aug
	Week 52		25 - 31 Dec	Week 17		22 - 28 Apr	Week 34		19 - 25 Aug
	Week 1		1 - 7 Jan	Week 18		BREAK	29 Apr - 5 May		Week 35
Week 2	8 - 14 Jan	Week 19	ROUND 2	6 - 12 May	Week 36	2 - 8 Sept			
Week 3	15 - 21 Jan	Week 20		13 - 19 May	Week 37	9 - 15 Sept			
Week 4	22 - 28 Jan	Week 21		20 - 26 May	Week 38	16 - 22 Sept			
Week 5	BREAK	29 Jan - 4 Feb		Week 22	27 May - 2 Jun	Week 39	23 - 29 Sept		
Week 6	5 - 11 Feb	Week 23		ROUND 3	3 - 9 Jun	Week 40	BREAK	30 Sept - 6 Oct	
Week 7	12 - 18 Feb	Week 24	10 - 16 Jun		Week 41	ROUND 3	7 - 13 Oct		
Week 8	19 - 25 Feb	Week 25	17 - 23 Jun		Week 42		14 - 20 Oct		
Week 9	26 Feb - 3 Mar	Week 26	24 - 30 Jun		Week 43		21 - 27 Oct		
Week 10	4 - 10 Mar	Week 27	1 - 7 Jul		Week 44		28 Oct - 3 Nov		
Week 11	11 - 17 Mar	Week 28	ROUND 4	8 - 14 Jul	Week 45		ROUND 4 Week Friday	4 - 10 Nov	
Week 12	18 - 24 Mar	Week 29		15 - 21 Jul	Week 46	11 - 17 Nov			
Week 13	25 - 31 Mar	Week 30		22 - 28 Jul	Week 47	18 - 24 Nov			
					Week 48	25 Nov - 1 Dec			

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					Week 48	25 Nov - 1 Dec			

With BusinessLeague.com, we aim to provide the new generations of digital professionals from global level a work and professional educational unique experience, serving as a highly powerful differentiator compared to all existing affiliate networks.



• Live results
Levels
Testimonials
Community

Join now


By 2Performant, listed as 2P on the Bucharest Stock Exchange

World's First E-commerce Championship

Enter a competitive e-commerce arena where every sale counts. Climb leaderboards, conquer challenges, and claim your victory!

▶

Discover more



Season 2 Stats

Total Players

1745

Sales

2,860,000

Sales amount

142,170,423.00 €

5 December '22 - 4 December '23

Live commissions

- 23.59€ Sale → 4.25€ Commission

Health & Personal Care ~2 seconds ago
- 9.12€ Sale → 0.46€ Commission

Babies Kids & Toys ~2 seconds ago
- 16.04€ Sale → 0.24€ Commission

Electronics IT&C ~2 seconds ago
- 21.16€ Sale → 1.06€ Commission

Pharma ~2 seconds ago
- 84.4€ Sale → 11.82€ Commission

Fashion ~2 seconds ago
- 84.08€ Sale → 4.2€ Commission


Online Mail ~2 seconds ago
- 9.29€ Sale → 1.39€ Commission

Jewelry ~2 seconds ago
- 24.25€ Sale → 2.50€ Commission

Experience More Fun and Motivation to Be the Best

Face off in real-time challenges! Compete for the highest revenue, best conversion rate, or fastest to 100 sales. Break records, win cash prizes, and be ready for a new round of rivalry as records reset


Revenue Rally



Dive into a neon-filled marketing race. Compete with peers, spot opportunities, and clinch 100 sales with top-notch profitability. Prove your dominance in EPC and sales value!

Best Advertiser	Best Affiliate
Modivo.ro 83.18 € EPC	Price.ro 39,563.76 €


Target Strike



Embark on a marketing journey valuing finesse and results. Join Business League's elite with precision as your guide. Let your Conversion Rate shine, aiming for 100 efficient sales.

Best Advertiser	Best Affiliate
DrMax.ro 26.53%	ING Bazar 28.49%

First to 100



Enter the cosmos of performance marketing. Compete in '1st to 100,' a race for the swift. Strategize, achieve 100 sales rapidly, and secure victory before others.

Best Advertiser	Best Affiliate
DrMax.ro 4 minutes 51 seconds	Glewsolutions.com 4 minutes 24 seconds

For a better understanding of the opportunity we are targeting, here is the age structure of digital marketers according to a study with over 3,000 respondents conducted globally by marketingweek.com in 2023.

Age	Percentage
18-25	9.7%
26-35	47.3%
36-45	27.3%
46-65	14.5%
Over 65	0.7%

The launch plan and its budget will be presented in detail on March 18th, when we will publish the notice for the annual General Shareholders' Meeting (AGA) and Extraordinary General Shareholders' Meeting (AGEA), scheduled for April 22nd. You are invited to participate either in person (at Hotel Marmorosch in Bucharest) or online through the e-Vote application. These will undoubtedly be the most important General Shareholders' Meetings for 2Performant since the company's listing.

In conclusion, I want to express my gratitude and congratulations to the entire 2Performant team for their activities throughout 2023, as well as to all the investors and partners with whom we are building present and future success.

I invite you to go through all the pages of this report - my colleagues have prepared a detailed overview of the entire year 2023.

As always, if you have any questions or suggestions on this report or other topics, you can contact our **Investor Relations Team** 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](#).

Dorin Boerescu

CEO & co - founder

LETTER FROM THE CTO

In 2023, the Product Development team made significant progress in several key areas, in synergy with the company's business strategy.

Commission Model Restructuring: We launched a new network commission model, transitioning from a commission structure tied to affiliate commissions to a structure based on the sales value. This change ensures a positive long-term impact, improving fairness within our commissioning system.

Business League Development: In 2023, we strengthened the competitive spirit and transparency in the Business League by introducing a quality rating for digital marketers and advertisers.

We launched a series of Challenges to foster a competitive spirit and highlight outstanding performances such as 100 sales generated in 4 minutes, 83.13 euro EPC, and a 28.49% conversion rate.

Automation of the awards granting process and interface improvement have optimized the players' experience, aligning it with the goal of providing an immersive experience in the e-commerce championship.

Skills Development and Team Scaling: We formed the Product Design team with expertise in UX/UI to create a cohesive and immersive e-commerce championship experience. Backend, Front End Development, and Quality Assurance functions were scaled for a fluid and flexible workflow.

Internship and Product Services Team: 2023 marked the second consecutive year in which we organized an internship program with the aim of establishing a dedicated Product Services team to serve the support area and internal projects.

Infrastructure and Technical Services Strengthening:

- Transition to Event-Driven architecture to facilitate Challenges implementation and prepare for expansion into the US market.
- Upgrade to Angular 15 to streamline the Business League and improve the recruitment process.
- Enhancements to Quality Assurance infrastructure and security upgrades.

Other notable developments:

- Hall of Fame. A top that honors the top 100 affiliates based on all-time generated sales, celebrating excellence in the community.
- Affiliate Alliance. An initiative that motivates the digital marketing community to achieve a common goal.
- Advertisers Traffic Sources. A new and simple method through which advertisers can make their preferences regarding traffic sources known with just a few clicks.
- Fringe Commissions Management System. Fraud control system for generated commissions.



Ana Oprea

CTO

LETTER FROM THE CAO

The experience of the year 2023 has been the best from the perspective of Business League growth and ecosystem players. Top competitors have significantly accelerated, reaching record revenue thresholds. It marked the first year in which the top store recorded sales value exceeding 20 million euros, and the top affiliate generated sales totaling over 40 million euros for stores.

Based on the analyzed results, we have established a framework where collaborations based on CSS (Google Comparison Shopping Services) traffic source can increase in number and importance in store portfolios. The number of affiliates in our ecosystem with capabilities to deliver results through CSS has doubled since the beginning of 2023. Additionally, the number of stores adopting or accepting CSS as a traffic source in their strategy has grown by 28%, reaching 385.



Compared to the year 2022, the average sales value for an affiliate player has increased by 85% (from 23.4K euros to 43.3K euros), while the average value for a store player has increased by 56% (from 103.8K euros to 161.7K euros). This growth has been supported by a support and coaching system for the UCC players (Unicorns, Corporations, Companies), and for newly activated stores. In 2023, new players in the ecosystem demonstrated a higher level of engagement and better average performance compared to the previous year, also highlighting a higher retention rate among stores than among affiliates.

Actions in 2023 for moderating best practices in the Business League ecosystem have set a very good start in this direction and for the long-term growth of 2Performant:

- 220 stores activated the new Direct Debit payment method;
- We increased the adoption of the 1st party cookie tracking technology, Big Bear, by 15%, reaching 404 stores, with a compensatory fee of 20% of the commission value for stores that did not install the upgrade;
- The commission approval rate increased by 1.45pp, reaching over 85%.

Additionally, we added a new benefit for the top 30 players in the ecosystem, granting them access to detailed and customized reports about the performance of their collaboration portfolio. This facilitates the development of automated solutions by affiliates for carrying out their activities and making business decisions.

Also this year, the 2Performant team completely migrated the data infrastructure to the cloud, integrating dbt (data build tool) to develop new data flows, transformations, and analyses in distinct test and production environments. These have made the team's workflow processes more scalable and supported the development of the first data science projects, such as standardizing network commissions by industries for new stores and building a performance rating algorithm for users in the ecosystem.

Full steam ahead,

Cristina Angelescu

CAO

LETTER FROM THE CFO

Respected partners and investors,

The preliminary results that we present today reflect not only the important increase of revenues and profitability, but our ongoing commitment for innovation and excellence, positioning ourselves as a trendsetter in the field. We have strategically continued to invest in technology and team development, allowing us to deliver high-performance solutions and create value for our partners.

Throughout 2023, we obtained the renewal of financing through the SME Invest program for two years, benefiting from a considerable advantage: a 0% interest rate for the first year. We also agreed on a one-year credit line with Banca Transilvania. These financial measures significantly contribute to optimizing working capital and managing cash flow variations due to the cyclicity of our business.

In March, we launched two initiatives. One was the update of pricing plans for advertiser subscriptions, a step taken to support technological development within the platform and address both newcomers and those already part of the platform. The second was introducing the Pay for Performance (P4P) service, which allowed online stores to outsource promotion through Google Ads based on the cost per sale. Despite the potential of P4P, the project did not meet expectations and was closed after the first half of 2023. Regardless of this roadblock, 2Performant achieved its goals, demonstrating adaptability and agility.

Remarkable performance was also a result of Season 2 of the Business League and the new challenges added to the platform, which amplified results, especially during the Black Friday period. These dynamics positively affected operational revenues, leading to notable results. In addition, the new method of calculating the network commission as a percentage of sales value positively impacted operational revenues, which increased by 34%, exceeding the business turnover's percentage growth of 32%. This strategic reorientation allowed us to improve our financial performance and expand the value offered to our partners and customers, reflecting sustainable business growth.

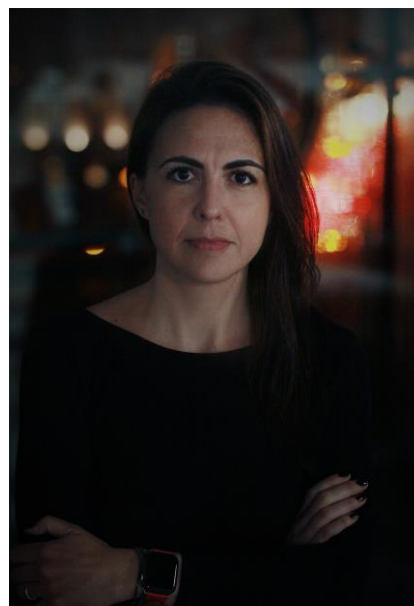
We are confident that the solid foundation we have built will support the continued growth of 2Performant and will allow us to continue to adapt with agility to market dynamics.

Thank you for your trust and constant support. I look forward to sharing our future achievements with you.

Sincerely,

Adriana Ionas

CFO



KPI

Turnover (RON)

2021 **25,747,882 RON**

2022 **35,066,198 RON**

2023 **46,361,151 RON**

Operating revenue (RON)

2021 **6,857,887 RON**

2022 **8,825,860 RON**

2023 **11,838,737 RON**



Number of users in platform

9,249

2.86 MIL

Sales intermediated

142.17 MIL €

Sales value intermediated

8.17 €

EP 100 C

102.10 MIL

Generated clicks

49

Number of Employees

17 €

Sales index

ABOUT 2PERFORMANT

2Performant is a Romanian Technology company that develops, operates, and monetizes its affiliate marketing platform, 2performant.com. Through this platform, online stores collaborate with the most effective advertising and online traffic sources using a cost-per-sale model.

With a unique global vision for gamification of marketing collaborations based on performance and transparency, 2Performant has intermediated in 14 years of activity over 11.77 million online sales worth more than 556 million euros, though more than 687 million clicks for thousands of online stores in Romania and the region, in over 30 industries.

2Performant's business model is powered by the technology developed for the 2Performant.com platform, which the company develops, optimizes, operates, and monetizes through its product-affiliate marketing. Specifically, 2Performant provides online stores and digital marketers with the technological infrastructure, legal and fiscal framework, and know-how to collaborate efficiently, fairly, and transparently for the benefit of all parties.

Innovation, the first-mover attitude, part of the company's DNA, and the 2Performant brand are values that have led to the company's accelerated growth in recent years. As a result, it is essential for 2Performant to continuously monitor relevant market trends to identify and capitalize on opportunities that can generate medium and long-term value.

In August 2022, 2Performant launched the Business League, the company's most significant project in recent years - a decentralized marketing competition that takes place over a year. The primary criterion for the championship is the number of online sales generated, based on which users are classified into five levels - from Freelancers (those with fewer than 10 sales in 28 days) to Unicorns (those who achieve over 10,000 sales in 28 days).

In recent years, diversification, increasing income sources, and improving the tariff system have been a priority for the company, as reflected in the revenue growth compared to the earnings increase. The activity of digital talents within the 2Performant.com platform is free, from creating an account to receiving commissions.

In the case of affiliate marketing products, advertisers - companies and brands developing affiliate marketing programs on 2Performant.com - pay affiliates a commission calculated as a percentage of their sales through the platform. This percentage generally ranges between 2% and 20% of the value of the generated sales.

Regarding the income sources for 2Performant in affiliate marketing, these are three types:

- **Network commission** is calculated as a percentage of the advertiser's sales value and billed separately to them. In relation to sales generated through the platform, the company's commission is approximately 2% of sales.
- **Subscription** for platform usage, representing a fixed monthly amount. There are several types of subscriptions, depending on access to platform functionalities and the level of support provided to advertisers by the 2Performant team.
- Additionally, advertisers can pay **promotion fees** to affiliates to increase the visibility of advertisers on the platform, at offline events, or in other situations.

The 2Performant platform allows two payment methods for companies: Pre-Pay, with an advance payment system and continuous account funding, a process that shows significant growth, and Post-Pay, with weekly or monthly billing. This way, the company efficiently manages income, expenses, cash flow, and good predictability.

Another strong point of the business model is the variety of activity domains of advertisers on 2Performant.com: Fashion; Books, movies, and music; Beauty products; Electronics; Products for children; Home and garden products; Sporting goods and outdoor activities; Health and personal care products, and many more. Thus, 2Performant's revenues are not directly dependent on a specific sector.

This distribution of 2Performant clients across different sectors brings stability to the company, especially when certain sectors are particularly affected.

The company was not involved in mergers or reorganizations in 2023. No acquisitions or asset disposals were carried out throughout 2023. 2Performant Network SA does not have subsidiaries.

FINANCIAL RESULTS ANALYSIS

BUSINESS INDICATORS

Intermediated sales

During 2023, the 2Performant ecosystem recorded a 46% increase in sales number compared to 2022, amid a general 3% growth in eCommerce sales in Romania, according to data from online merchants active in both periods¹. In this timeframe, 2Performant achieved sales of 142.2 million euros, marking a 39% rise compared to the previous period. At the same time, the company exceeded the 100 million clicks milestone during one year.

Throughout 2023, the 9,249 users of the Company's platform generated 102.1 million clicks (+19% vs. 2022) and approximately 2.9 million sales, representing a 46% increase compared to the previous year. Over the entire year, affiliate commissions amounted to 8.3 million euros, a 33% increase compared to 2022. Also, in 2023, the conversion rate increased by 0.5pp compared to 2022, reaching 2.8%, while the average income obtained by affiliates for every 100 clicks increased by 12%, reaching 8.17 euros. The efficiency of investments in affiliate marketing improved, providing a gain of 17 euros for every euro invested, a 4% improvement over the previous year.

Key performance indicators monitored by the company, accurately reflecting the progress of the 2Performant ecosystem and the business, have shown a significant improvement in the past year:

- The percentage increase in sales intermediated through 2Performant.com was **46%**;
- The growth percentage of commission value from generated sales reached **33%**;
- Productive relationships, defined as interactions between affiliates and online stores where traffic sent by an affiliate resulted in actual customer acquisitions, decreased by **-7%** based on a qualitative increase of 58% in the average number of sales generated by a user.

Business Indicators	2022	2023	YoY Var
Sales	2.0M	2.9M	+0.9M
			46.20%
Clicks	86.0M	102.1M	+16.1M
			18.70%
Sales Value (excl. VAT)	102.4M €	142.2M €	+39.8M €
			38.90%
Commission Value from Generated Sales	6.3M €	8.3M €	+2.1M €
			33.40%
Average Order Value (excl. VAT)	52.34 €	49.73 €	-2.6 €
			-5.00%
Conversion rate on 2Performant.com	2.30%	2.80%	+0.5pp
			21.70%

¹ Sursa: www.bursa.ro/merchantpro-in-2023-vanzarile-in-ecommerce-au-crescut-sub-rata-inflatiei-cu-doar-3-procente-02377155

Active and productive relationships among 2Performant.com users

The quality of relationships between online stores and affiliates within 2Performant.com is a key aspect of the company's mission and one of the most important indicators of the health and sustainability of the 2Performant ecosystem.

On one hand, the company focuses on active relationships, where affiliates have worked for an advertiser (online store), generating traffic for them. On the other hand, productive relationships are also considered, where affiliates have generated sales for online stores.

In 2023, the operational team's focus remained on generating and maintaining high-quality, productive relationships among 2Performant.com users. The 2Performant team demonstrated remarkable talent in identifying and supporting elite users within the network—those affiliates who stand out with exceptional performance in affiliate marketing—encouraging collaboration to maximize results.

An important aspect in 2023 for the 2Performant ecosystem was the emphasis on improving the network's quality by supporting users who contribute to value growth, prioritizing quality over the number of relationships. This proved to be a decisive factor in achieving a higher number of sales with a lower number of affiliates and participating stores, thereby consolidating the foundation for a more robust and sustainable 2Performant ecosystem.

Players with traffic	2022	2023	YoY Var	Sales/ Players with traffic	2022	2023	YoY Var
#Affiliates	11,362	6,608	-4,754 -41.84%	# Affiliates	172	433	261 151.74%
#Advertisers	885	689	-196 -22.15%	#Advertisers	2,210	4,149	1,939 87.74%
#Active relationships	100,023	70,922	-29,101 -29.09%	# Active relationships	20	40	20 100,00%

Players with traffic	2022	2023	YoY Var	Sales/ Players with traffic	2022	2023	YoY Var
# Affiliates	3,579	2,618	-961 -26.90%	#Affiliates	546	1,092	546 100.00%
#Advertisers	765	674	-91 -11.90%	#Advertisers	2,556	4,242	1,686 65.96%
#Productive relationships	26,107	24,111	-1,996 -7.60%	#Productive relationships	75	119	44 58.67%

Sales distribution by categories

Throughout the year 2023, 674 online commerce platforms were distributed across 25 different sectors, including areas such as Fashion, Books, Technology, Pharmaceuticals, Automotive, and even Financial Services. In this year, the dominant categories of products sold online included Pharmaceuticals with a share of 39%, Fashion items with 17%, Books, Movies, and Music totaling 12%, Beauty products with 9%, IT&C Electronics with 7%, Toys and Children's items with 4%, Home and Garden items also with 4%, Pet Products with 2%, Health and Personal Care items with 2%, Sports and outdoor activities equipment with 1%, and Jewelry, also with 1%.

2P Top 10 Categories	Average Order Value	Average Order Value YoY	Conversion Rate	Income at 100 de clicks	Income at 100 de clicks YoY
Pharma	24.48 €	0.90%	4.20%	4.53 €	18.20%
Fashion	55.70 €	4.90%	2.30%	10.85 €	18.50%
Books	23.12 €	-14.04%	3.30%	7.68 €	37.80%
Beauty	38.19 €	-2.70%	2.70%	8.92 €	22.20%
Electronics IT&C	166.50 €	5.10%	1.80%	8.29 €	13.50%
Babies Kids & Toys	56.96 €	6.50%	2.50%	8.87 €	37.40%
Home & Garden	146.50 €	-7.50%	1.40%	12.47 €	10.00%
Pet supplies	42.31 €	4.40%	4.30%	9.12 €	46.30%
Health & Personal care	55.99 €	16.10%	2.50%	10.09 €	-9.90%
Sports & outdoors	67.28 €	13.60%	2.10%	8.21 €	34.70%

7 categories of products each recorded sales of over 7 million euros through 2Performant.com in 2023, three of them exceeding the sales value of 25 million euros:

- IT&C Electronics: 31.9 million euros, 66 advertisers. Among them: Flanco, Evomag, Flip, Spy-shop, Badabum
- Pharmaceuticals: 27.5 million euros, 22 advertisers, including Dr. Max, SpringPharma, Lensa, Beneva.
- Fashion: 26.7 million euros, 136 advertisers, including Dyfashion, Answear, Otter, Zonia, ePantofi.
- Home & Garden: 17 million euros, 124 advertisers, including SomProduct, Fornello, MobilaLaguna, Micul-Meseriaş.
- Beauty: 9.3 million euros, 74 advertisers, including Esteto, Kitunghii, BestValue, Notino, Nailsup.
- Books & Films & Music: 32 advertisers, including Cărtureşti, Libris, Librarie.net, Bookzone, Litera.
- Toys and Products for Children: 39 advertisers, including Nichiduta, Noriel, Kinderauto, Ookee, Hippoland.

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

P&L ANALYSIS

The operational revenue of 2Performant Network recorded a 35% increase in 2023 compared to the previous year, reaching the amount of 52.3 million lei. In an economic context marked by inflation, the company reported a turnover of 46.4 million lei, marking a 32% growth compared to 2022. Operating revenue also witnessed a 34% increase compared to the previous year.

The 72% growth in revenues from the production of tangible and intangible fixed assets, reaching 6 million lei in 2023 compared to 3.5 million lei in 2022, underlines the success of the Product Development and Business Intelligence team's initiatives. This development highlights the company's investment in internal development, benefiting both 2Performant and its ecosystem partners. Other operating revenues amounted to 4 thousand lei.

Regarding the breakdown of turnover by product types, affiliate marketing was the exclusive source of these revenues. The decision to cease focusing on the influencer marketing segment starting in 2022 led to the discontinuation of this product category.

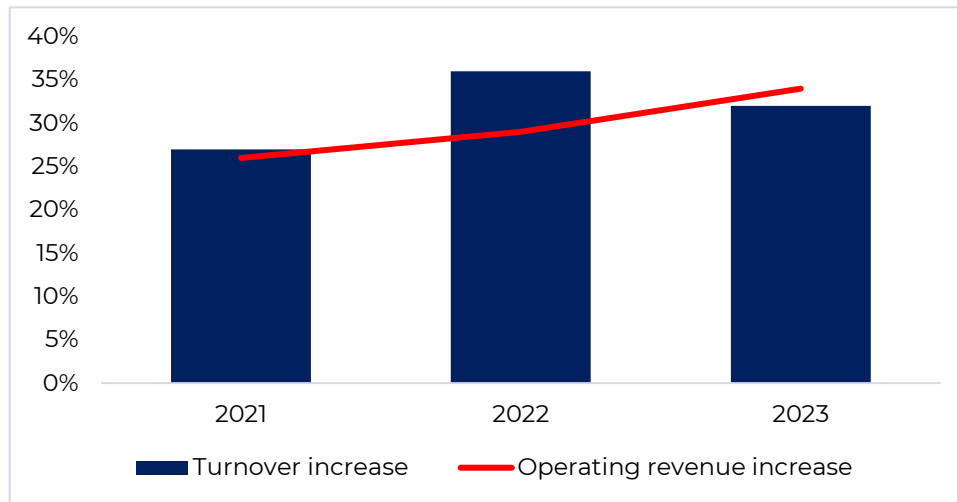
Business line	2022	2023	YoY Var
Affiliate Marketing	34,935,110	46,371,227	11,436,117
			32.74%
Influencer marketing	131,087	-10,076	-141,163
			-107.69%

From the turnover of 46.37 million lei achieved in 2023, Romania contributed 87% to the turnover, while 13% of it was generated in the foreign market, showing both a percentage and absolute value increase as a result of the strategy to expand the company abroad. 2Performant recorded a growth of 34% in the domestic market and 22% in the foreign market compared to the previous year.

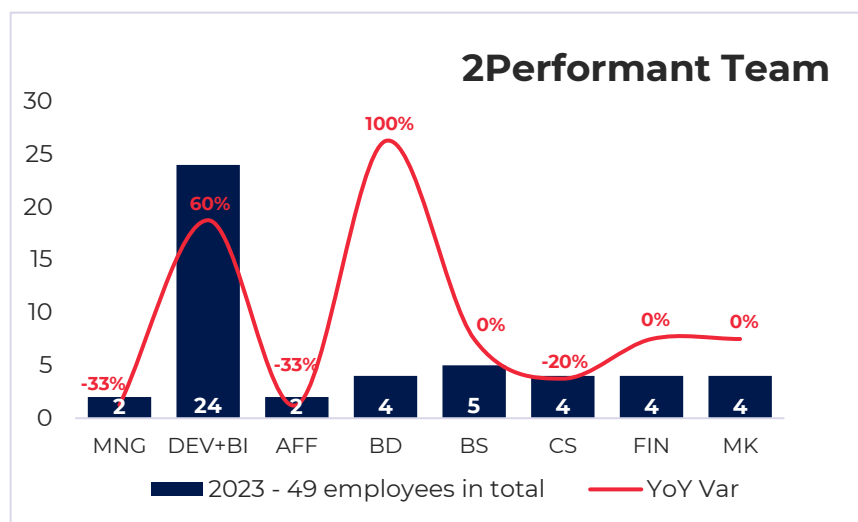
Regarding the payment methods, Pre-Paid vs. Post-Paid, the growth recorded for Post-Paid payment was 17%, compared to Pre-Paid, which was 49%. There is a noticeable shift in the growth rate of Post-Paid advertisers compared to Pre-Paid due to the quality of launches by Pre-Paid advertisers throughout 2023 and the positive effects of implementing Direct Debit at the end of 2022.

Market	Payment Option	2022	2023	YoY Var
Local	Post-Paid	14,180,696	15,899,022	1,718,326 12.12%
	Pre-Paid	15,869,523	24,516,385	8,646,862 54.49%
Foreign	Post-Paid	3,627,172	4,869,751	1,242,579 34.26%
	Pre-Paid	1,257,719	1,086,069	-171,650 -13.65%
Turnover (affiliate marketing)		34,935,110	46,371,227	11,436,117 32.74%

In 2023, the operating income of 2Performant Network (after deducting commissions paid to affiliates) experienced a 34% growth, reaching 11.8 million lei, compared to 8.8 million lei in the previous year. This increase was stimulated by implementing the new calculation formula for network commission, based on a percentage of the sales value.



Expenses amounted to 51.4 million lei, appreciating by 34%, growing 1% more slowly than operational revenues. The largest contribution came from other operating expenses, reaching 39.2 million lei, a 32% increase. This cost represents 88% of the affiliates' commissions, which grew by 33% compared to 2022, based on business expansion and in-line turnover growth. The second-largest contribution to costs was from personnel expenses, which increased by 35%, reaching 10.7 million lei, due to salary increases in response to the current economic context and changes within the team. At the end of 2023, the 2Performant team numbered 49, compared to 41 at the end of 2022.



The depreciation costs increased by 74% in 2023 compared to 2022, due to the depreciation method used by the Company and continuous investments in the product 2Performant.com, totaling 1.48 million lei. Costs related to raw materials, materials, and energy increased to 19 thousand lei, attributed to the company's promotional activities.

Operational result improved by 128%, from a profit of 416 thousand lei to an operational profit of 949 thousand lei. The adjusted result, excluding costs related to Stock Options for employees, brought the gross profit to 1.8 million lei. Financial expenses remained at the 2022 level, influenced by foreign advertiser volumes and the negative exchange rate variation associated with these transactions. Out of the 196 thousand lei, 137 thousand lei were interest expenses, which increased due to the use of the credit line from IMM Invest, offset by interest on created deposits, totaling 234 thousand lei. Therefore, the financial result for the period was positive, at 38 thousand lei.

EBITDA increased by 92% compared to 2022, reaching 2.4 million lei, and the EBITDA margin grew to 5% from 3% in 2022. Adjusted EBITDA reached 3.2 million lei; a 154% increase compared to 2022. Gross profit showed a positive trend, rising from a profit of 365 thousand lei to 987 thousand lei, a 170% increase. At the net profit level, 2Performant closed the year 2023 with 869 thousand lei, a growth of 236% compared to 2022.

P&L (RON)	2022	2023	YoY Var
Operational income	38,905,526	52,379,584	34.63%
Operational expenses	38,489,507	51,430,712	33.62%
Operational result	416,019	948,872	128.08%
EBIT	416,019	948,872	128.08%
EBITDA	1,266,666	2,426,298	91.55%
Adjusted EBITDA*	1,266,666	3,213,828	153.72%
Net Profit	258,454	869,432	236.40%

*Adjusted EBITDA presented does not include the non-cash impact of the Stock Option Plan, amounting to 787,530 lei.

BALANCE SHEET ANALYSIS

The total assets of 2Performant increased by 41% in 2023, driven by a 79% growth in fixed assets. Fixed assets reached 10.4 million lei, with the increase mainly attributed to an 80% rise in intangible assets, influenced by the value of the 2Performant platform and the costs of the Product Development and Business Intelligence team continuously developing the platform. In 2023, the growth in intangible assets reflected the expansion and development of the platform's activities, as well as the support and implementation of new features in Business League, Traffic Sources, the new calculation of network commission and implementation of operational fee for affiliates. Tangible assets continued to have an insignificant share in the total fixed assets, amounting to 37 thousand lei.

Current assets increased by 3% in 2023, reaching 7.4 million lei, amid a 5% decrease in cash and bank accounts. Prepayments increased by 121% since the beginning of the year, reaching 1.4 million lei. On the other hand, receivables increased by 17% to 3.2 million lei due to the transition of a significant player from the Pre-Paid to Post-Paid area and seasonal factors – at the end of the year, the company invoices sales made during Black Friday and Christmas periods, which are then collected in Q1 of the following year. The collection rate for receivables throughout 2023 was 99.99%. In terms of accounts receivable, they maintain a stable number of payment days. The increase in receivables indicates growth in sales volume and the selling price of the services offered. This growth also reflects the development of the company's commercial side.

Regarding the debts, the company had no long-term debts. Current liabilities increased by 70%, reaching 6.9 million lei, due to the use of the credit line. This line of credit is utilized for current operations and covers the negative cash flow caused by the seasonality of the business. The use of the credit line should be appreciated as favorable, as it contributes to the current and future development of the company.

The increase in current liabilities compared to the previous year can also be explained by the increased volume of activity of the entity, suggesting a growth in the acquisition volume from third parties and the negotiation of more restrictive contractual terms with suppliers. Additionally, the increase in personnel expenses, hiring, and turnover should be noted, reflecting the taxes due as of December 31, 2023. However, despite a slight increase, the debt ratio remains comfortably below the recommended maximum level, standing at 36%.

Deferred revenues increased by 29%, reaching 3.4 million lei, representing advance payments made by advertisers. The reason for the growth is attributed to the seasonality of the activity and the increase in sales in the second half of the year (both in absolute and relative terms, compared to volumes generated in the same period of the previous year).

Equity increased by 29% as a result of the positive outcome recorded in 2022. On the other hand, in Q1 2023, following the increase in share capital, 171 thousand shares were subscribed, and 463 thousand shares were distributed through the Stock Option plan, approved by shareholders in 2021. Through the capital increase operation, a transfer of approximately 63 thousand lei from shared premium to share capital took place, and at the same time, the shared premium increased by 19%.

Balance Sheet (RON)	2022	2023	YoY Var
Fixed assets	5,772,835	10,351,866	79.32%
Current assets	7,142,295	7,379,892	3.33%
Prepayments	653,689	1,442,817	120.72%
Total Assets	13,568,819	19,174,575	41.31%
Current liabilities	4,035,371	6,866,837	70.17%
Provisions	0	0	0.00%
Deferred revenues	2,630,330	3,380,323	28.51%
Equity	6,903,118	8,927,415	29.32%
Total Equity and Liabilities	13,568,819	19,174,575	41.31%

FINANCIAL INDICATORS

Liquidity, solvency, debt level, debt ratio, and debt/assets ratio indicators represent the company's capacity to manage short- and long-term commitments. These indicators are above recommended and accepted benchmarks. Liquidity is decreasing due to ongoing investments in our own product.

Liquidity, solvency, and risk indicators	Optimal Range	2022	2023
Current ratio (AC/DC)	>2	1.77	1.07
Immediate Liquidity (AC-Inventories)/Current Liabilities	>1	1.77	1.07
Cash ratio (Cash/Current Liabilities)	>0.5	1.10	0.61
Overall solvency (TA/TD)	>1	3.36	2.79
Indebtedness indicator (DTL/ Equity + DTL)	<50%	0.00%	0.00%
Debt ratio (DT/TA)*100	<80%	29.74%	35.81%
Liabilities/Assets	<1	0.30	0.36

PROFIT AND LOSS STATEMENT

Profit and Loss Statement (RON)	2022	2023	YoY Var
Operational income, of which	38,905,526	52,379,584	35%
Turnover	35,066,198	46,361,151	32%
Income from the production of intangible and tangible assets	3,489,605	6,013,816	72%
Other operating income	349,723	4,617	-99%
Operational expenses, of which:	38,489,507	51,430,712	34%
Raw materials, materials and energy expenses	7,325	19,044	160%
Personnel expenses	7,938,511	10,679,010	35%
Depreciation and amortization	850,647	1,477,426	74%
Other operating expenses	29,693,023	39,255,232	32%
Operational result	416,019	948,872	128%
Financial income	146,369	234,586	60%
Financial expenses, of which:	196,447	196,380	0%
<i>Interest expenses</i>	<i>100,050</i>	<i>137,891</i>	<i>38%</i>
Financial result	-50,078	38,206	176%
Total income	39,051,895	52,614,170	35%
Total expenses	38,685,954	51,627,092	33%
EBITDA	1,266,666	2,426,298	92%
Adjusted EBITDA *	1,266,666	3,213,828	154%
Gross profit	365,941	987,078	170%
Adjusted gross profit	365,941	1,774,608	385%
Income tax	107,487	117,646	9%
Net Profit	258,454	869,432	236%

*Adjusted EBITDA presented do not include the non-cash impact of the Stock Option Plan, amounting to 787,530 lei.

BALANCE SHEET

Balance sheet (RON)	2022	2023	YoY Var
Fixed Assets, of which:	5,772,835	10,351,866	79%
Intangible assets	5,733,779	10,315,159	80%
Tangible assets	39,056	36,707	-6%
Current Assets, of which:	7,142,295	7,379,892	3%
Receivables	2,700,906	3,165,857	17%
Cash and cash equivalents	4,441,389	4,214,035	-5%
Prepayments	653,689	1,442,817	121%
TOTAL ASSETS	13,568,819	19,174,575	41%
Total liabilities	4,035,371	6,866,837	70%
Current liabilities (<1 year)	4,035,371	6,866,837	70%
Provisions	0	0	-
Deferred revenue	2,630,330	3,380,323	29%
Equity, of which:	6,903,118	8,927,415	29%
Subscribed and paid-up capital	1,239,926	1,303,304	5%
Share premium	5,406,046	6,420,099	19%
Reserves	39,386	88,739	125%
Reported result	-22,397	295,195	1418%
Result for the period	258,454	869,432	236%
Profit distribution	-18,297	-49,354	170%
TOTAL EQUITY AND LIABILITIES	13,568,819	19,174,575	41%

MANAGEMENT STATEMENT

Bucharest, February 22nd 2024

The undersigned Dorin Boerescu, as Chairman of the Board of Directors at 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 preliminary financial results for the financial period ending on December 31, 2023, have been prepared in accordance with applicable accounting standards and provide a true and fair view of the company's financial position, assets, liabilities, profit and loss account;
- The preliminary financial report for the period 01.01.2023 - 31.12.2023, submitted to the capital market operator - BVB - as well as to the Financial Supervisory Authority, accurately and completely presents information about the company.

Dorin Boerescu

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

