



Quarterly report

as of 31.03.2023

2Performant Network S.A.
company listed on the SMT-AeRO market of the Bucharest Stock Exchange

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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	Quarterly report – Q1 2023
For financial period	01.01.2023 – 31.03.2023
Date of publishing	25.05.2023

Issuer information

Name	2Performant Network SA
Fiscal Code	26405652
Trade registry number	J40 / 493/2010
Registered office	6 - 8 Corneliu Coposu Boulevard, Unirii View Building, Floor 2, (office) ResCo-working09, sector 3, Bucharest

Information about financial instruments

Subscribed and paid-up capital	1,303,304.30 lei
Market on which the securities are traded	SMT AeRO Premium
Total number of shares	13,033,043 shares
Symbol	2P

Contact details for investors

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The simplified interim financial statements as of March 31, 2023 presented in the following pages are **unaudited**.

LETTER FROM THE CEO

Dear shareholders,

We started 2023 with strong momentum after a successful 2022, and I'm happy to share that we achieved all of the operational, financial, and development goals of the 2Performant.com technology platform we set at the beginning of the year.

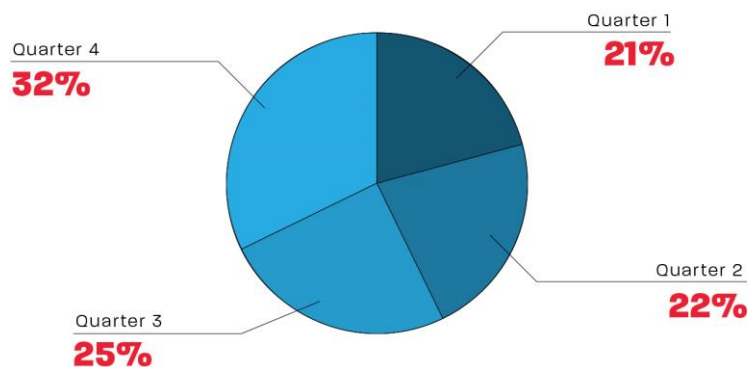
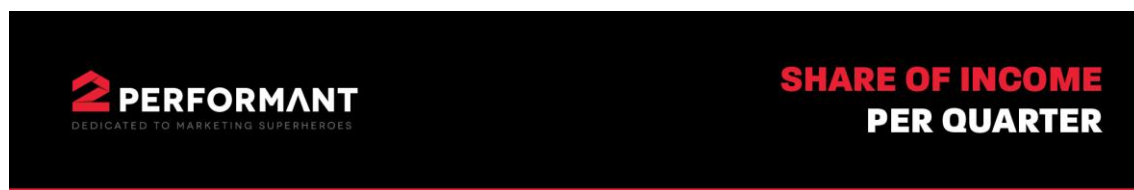
I summarize the milestones achieved in the first quarter, details of which are available throughout this report:

We have prepared and announced the **increase in the value of subscriptions for stores** across the entire portfolio (with effect from April 1), the **introduction of a minimum operational cost** on affiliate withdrawals, the **calculation of additional fees** for stores that have not fully installed the tracking system (from May 1), **all with a positive impact** on our revenues from 2023 and in the long term.

The operational team has achieved remarkable results in increasing the quality of the ecosystem, and this can be seen in numerous metrics - Direct Debit and Big Bear adoption, the average number of sales generated by an affiliate, and average revenue per newly launched customer, these being just a few examples. All relevant indicators have grown by consistent numbers, detailed throughout this report, and are having a consistent impact on our revenues and those of our partners.

Financially, I am happy to say that we had a **25% increase in turnover** in the first quarter, slightly above our projections at the beginning of the year. Remember that our target for 2023 is a 39% growth on this indicator, and we are confident that we will achieve it.

Please note that **all of our quarterly financial results should be interpreted through the strong seasonality** that our business has, where the fourth quarter has the biggest impact in terms of both turnover and operating income and, therefore, profit. Specifically, the quarterly distribution of 2Performant's revenue and turnover in 2023, as budgeted, is as follows:



In this context, in the first quarter, **normalized EBITDA** (excluding the impact of the SOP operation carried out this quarter) was **up 68%** year-on-year.

For the 2023 financial year, we maintain our **EBITDA growth projection of 99%** to 2.62 million lei. This is also the indicator on which we focus, as we maintain a growth rate above the market average, simultaneously with the investments we make for the company's long-term growth.

The quarterly seasonality is also maintained in terms of profit/loss, so we **closed the first quarter with a result of -1.47 million lei**, according to the estimated budget. Normalized gross profit (from which we excluded non-cash expense due to SOP implementation) was -683 thousand lei, a 33% higher result than Q1 2022. The 2Performant target for gross profit in 2023 is 1.03 million lei, which we maintain.

The entire 2Performant business is based on the proprietary platform that the technical team is maintaining and developing. I'm happy to say that from 9 people in Q1 last year, the product team is up to 15 members in Q1 2023 - although the total number of colleagues in 2Performant has only increased by 3. This allows us to manage more complex projects in parallel and a much higher speed of development, a key aspect in the accelerated growth we expect in the coming years.

In addition to the business model optimizations mentioned at the beginning, based entirely on technological developments, we have launched functionalities such as the 2Performant user **rating system** and the **search function in Business League** - which have already started to contribute to the relevance of the collaborations automated by our platform, which can be seen in the overall figures and allow us to scale with less and less operational effort. At the same time, we are **optimizing and simplifying the technical infrastructure** - last year, it managed over 100,000 collaborative relationships between online shops and affiliates active in 2Performant - and will thus be ready for significantly higher volumes.

I am pleased to announce that in early October, we will be hosting **2Performant 2025 - Investors Day**, where we will communicate the company's updated plans for 2024 and 2025, and you will have the opportunity to interact with members of 2Performant's management, Board of Directors and Board of Advisors, as well as the high-caliber investors and partners with whom we are building 2Performant's future. We will announce event details and registration details soon.

I invite you to read the report in its entirety - my colleagues have made every effort to capture our work in detail, I'm sure it can help you better understand both 2Performant's current progress and the potential for growth in the coming years.

I invite you to read the following pages of this report. If you have any questions or suggestions about this report or other topics, you can contact the Investor Relations team at **investors@2performant.com** or at the telephone number **+40 374 996 354**. Also, in order to be up to date with the evolution of 2P at BVB and with the news from the company, I invite you to subscribe to our newsletter for investors **[HERE](#)**.

Good luck with conversions!™ Good luck with transactions!

Dorin Boerescu
CEO 2Performant.com

ABOUT 2PERFORMANT

2Performant is the leader of the Romanian affiliate marketing market and a technology company with a validated business model and high growth potential, being directly connected to the evolution of online commerce, digital marketing, and the sharing economy phenomenon.

With a unique global vision about gamification of marketing collaborations based on performance and transparency, the company has intermediated in 14 years of activity through its technological platform 2Performant.com, more than 9.9 million online sales worth 456 million euros, through more than 623 million clicks, for several thousand online stores in Romania and the region, in more than 30 industries. According to the company's data, 2Performant is the largest local source of traffic for online stores in Romania, bringing more than 8 million clicks per month to its portfolio customers.

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 affiliate marketing product. 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 2022, 2Performant 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, with the number of sales generated as the criteria. In the 16-week pilot season of the competition, affiliates and participating stores generated 29.4 million clicks and over 715,000 online sales.

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.

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.

KEY EVENTS IN Q1 2023

GOVERNANCE EVENTS

2PERFORMANT OGMS ON 30.01.2023

On 30.01.2023, the OGMS of 2Performant took place. Within the Meeting, the shareholders approved the composition of the company's Board of Directors, which consists of Dorin-Cristian Boerescu, Anda-Irina Patzelt and Iulian-Florentin Cîrciumaru. The initial mandate of the three members was for two years, until 30.01.2025. At the OGMS held on 24.04.2023, the mandate of the members of the Board of Directors was extended to four years, thus their mandates will expire on 30.01.2027.

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 Chairman of the Board of Directors was initially for two years, until 30.01.2025. On 28.04.2023, the Board of Directors of 2Performant decided to extend the mandate of Dorin-Cristian Boerescu as Chairman of the Board of Directors until 30.01.2027.

SHARE CAPITAL INCREASE

The Board of Directors of 2Performant approved, on 06.07.2022, a new operation to increase the Company's share capital. The share capital increase operation was carried out in accordance with the EGSM decision from 18.04.2022. The purpose of the share capital increase was to raise funds for the financing of the Company's current activity, respectively obtaining financing for ongoing projects and/or new projects, as well as the implementation of a Stock Option Plan program.

On 02.02.2023, the Financial Supervisory Authority (FSA) approved the Prospectus for the share capital increase with cash contribution. On March 10, 2023, stage 1 of the share capital increase was closed, where investors subscribed a total of 170,530 shares, out of 1,239,926 shares available, which represents 13.75% of the total issue. In stage 2 of the share capital increase operation, closed on March 20, 2023, 463,253 new nominative, dematerialized shares were issued, with a nominal value of 0.1 lei each and a total nominal value of 46,325.3 lei pursuant to the conversion of certain, liquid and due receivables held against the Company by the beneficiaries of SOP.

On 31.03.2023, the share capital increase of 2Performant was registered with the Bucharest Trade Registry (ORCB). On 07.04. 2023, 2Performant announced the receipt from the Romanian Financial Supervisory Authority of the Certificate of the Registration of Financial Instruments (CIIF), certifying the registration of the share capital increase with 633,783 new shares that were issued as a result of the Decisions of the Board of Directors no. 3/06.07.2022 and no. 4/28.11.2022.

The share capital of the Company was thus increased from the nominal value of 1,239,926 lei to the nominal value of 1,303,304.3 lei, by issuing a number of 633,783 new registered dematerialized shares, with a nominal value of 0.1 lei and a total nominal value of 63,378.3 lei.

2PERFORMANT OGMS & EGMS ON 24.04.2023

On 24.04.2023, the OGMS and EGMS of 2Performant took place. Within the OGMS, shareholders approved, among others, the financial statements for 2022, the Revenue and Expense Budget for 2023, and the extension of the mandate of the current members of the Board of Directors.

During the EGMS, the shareholders approved the contracting by 2Performant of a credit facility in a total amount of up to a maximum of 4 million lei for the financing of the Company's working capital/investments, which will be carried out through the IMM Invest Plus Program. The shareholders also approved the contracting by the Company of one or more financing and / or credit facilities (or, as the case may be, supplementing the existing ones) with a total aggregate amount of up to 10 million lei for financing working capital/investments. The resolutions are available [HERE](#).

BUSINESS EVENTS

BUSINESS LEAGUE AWARDS GALA

On 30.01.2023, the Business League Awards Gala took place, where 2Performant awarded the best competitors of the first season of the Business League, the world's first decentralized marketing competition.

INCREASING THE VALUE OF SUBSCRIPTIONS FOR ADVERTISERS

On 01.03.2023, 2Performant published new pricing plans for advertiser subscriptions for both new and existing advertisers to support the development of technologies within the platform. The new subscription rates are available [HERE](#).

LAUNCHING OF PAY FOR PERFORMANCE

On 21.03.2023, 2Performant launched Pay for Performance (P4P), the only service in the local eCommerce market through which online stores can outsource their Google Ads promotion at cost per sale to specialists in the 2Performant ecosystem, without having to assume the promotion budget of those campaigns. In this way, the 2Performant affiliates in charge of campaign strategy and implementation assume the initial investment, while the online shops only pay for the sales generated by those ads.

REORGANISATION OF THE OPERATIONAL TEAM

In the first quarter of 2023, 2Performant reorganized its operational team, focusing on streamlining processes and increasing productivity. To this end, KPIs in the support area have improved by more than 50% in terms of response time, quality, and ticket resolution.

INCREASING THE QUALITY OF NEW AFFILIATE ACCOUNTS

2Performant has introduced affiliate account filtering, unlike the previous year when anyone could create an affiliate account. The filtering consists of a survey and a confirmation from 2Performant, an action that increases user quality and profitability per user. Thus, although the number of new accounts decreased in Q1 2023 by 52% compared to Q1 2022, the number of sales per user increased by 228%, from 39 to 128.

QUALITY OF ADVERTISERS

2Performant has focused on improving the quality of advertisers, which is reflected in the number of advertisers who have closed their accounts or experienced Budget Lock incidents (their account is no longer funded, interrupting the flow between advertiser and affiliate). In the first quarter of 2023, the number of advertisers who closed their accounts decreased by 55% compared to last year.

In terms of Budget Lock incidents, their number decreased by 37% in Q1 2023 vs. Q1 2022, the number of advertisers who had such incidents also decreased by 31%, and the average length of time companies spend in Budget Lock decreased by 29% in Q1 2023 compared to the first three months of 2022.

DISCOVERY WITHIN THE PLATFORM

LAUNCHING OF SEARCH FUNCTIONALITY FOR BUSINESS LEAGUE

2Performant has launched the Business League search functionality, making it easier for users to find the most relevant business partners within the ecosystem. This feature not only enhances the user experience but also contributes to the development and engagement of the platform.

LAUNCHING OF USER RATINGS FUNCTIONALITY

2Performant has launched the User Ratings functionality for both advertisers and affiliates. This enhances the visibility and value of Business League user profiles, enabling users to make informed decisions and building trust between advertisers and affiliates.

VERIFYING OF FRINGE COMMISSIONS

In order to ensure transparency and prevent irregularities within the platform, 2Performant has implemented the control of fringe commissions, which enables proactively identifying and verifying unusually high commissions before they are registered. This step reinforces the integrity and fairness of the Company's commission system.

IMPLEMENTING THE NEW VERSION OF GOOGLE ANALYTICS

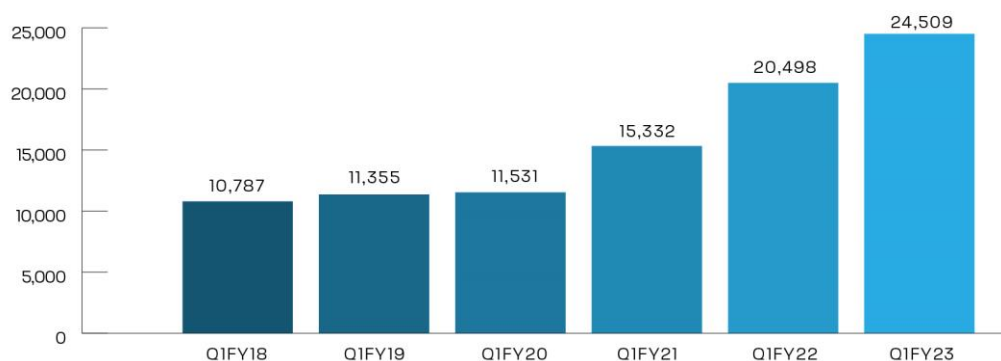
2Performant has transitioned to the new version of Google Analytics, GA4, for reporting user activity on the platform. This replaces the current version, GA3/UA, available until 01.07.2023. GA4 enables improved quality of insights about 2Performant usage and reduces the complexity required to obtain them through settings and interface.

UPDATES TO THE PAYMENT PROCESSING SYSTEM

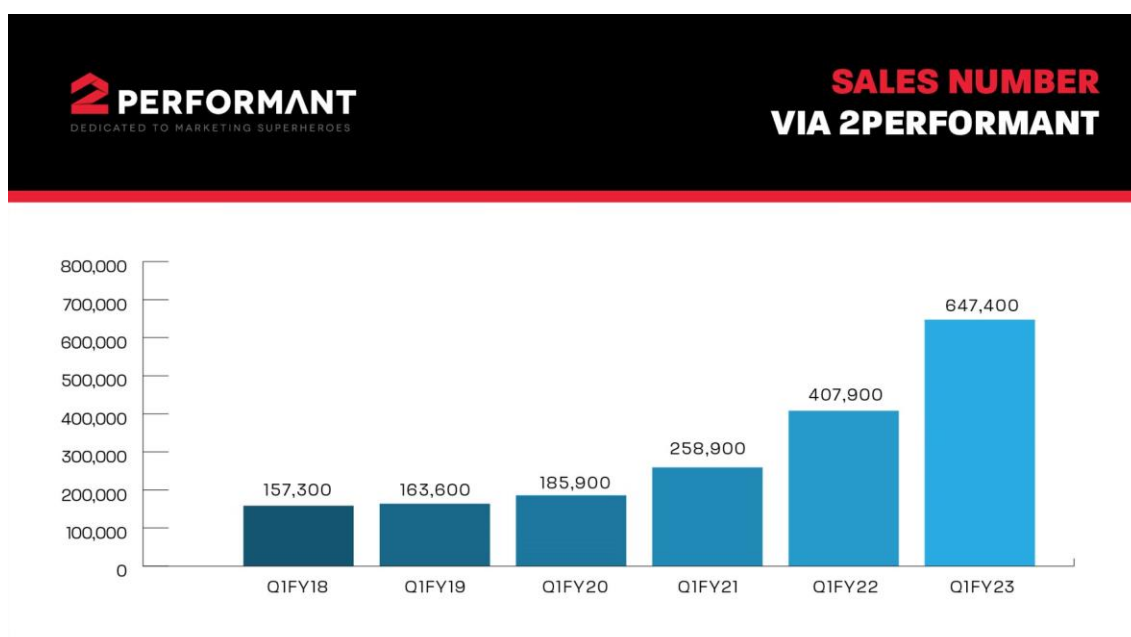
In the context of the increasing volume of online pre-paid collections and the introduction of Direct Debit functionality, 2Performant has changed its payment processor to one that provides customers with an improved experience by increasing the efficiency and security of the payment process and lowering the Company's costs compared to the previous period.

FINANCIAL RESULTS ANALYSIS

2Performant registered 6,039 unique users on its platform in Q1 2023, a significantly lower number than in the previous year, but with much higher quality, reflected on all operational and financial indicators. They sent 24.5 million clicks to 2Performant's online stores, an 18% increase compared to Q1 2022.



Clicks resulted in a total of 647,400 online sales (+59% vs. Q1 2022), worth 28.8 million euros excluding VAT (+40% vs. Q1 2022), generating commissions of 1.8 million euros (+31% vs. Q1 2022).



The conversion rate in the first quarter of 2023 was 2.7%, up 17% compared to the same period in 2022, while the average sale value was down 12% to 44.45 euros excluding VAT. The average

affiliate earning was also on an upward trend, at 6.98 euros per 100 clicks, which is up 12% compared to the first three months of last year. As for the yield of affiliate marketing budgets, it remains at a high level. Currently, every 1 euro invested by shops in commissions brings sales of 16.8 euros. This is driven by the effectiveness of affiliate marketing in general and 2Performant in particular for online shops. The 2Performant platform continues to be heavily used by users, generating 2,432,201 platform views.

	Q1 2022	Q1 2023	%Δ
Users	11,926	6,039	-49%
Sales intermediated	407.8K	647.4K	59%
Clicks intermediated	20.7 mn.	24.5 mn.	18%
Value of sales generated (euro excl. VAT)	20.6 mn.	28.8 mn.	40%
Value of commissions from sales generated (euro)	1.375 mn.	1.8 mn.	31%
Average Order Value (euro excl. VAT)	50.42	44.45	-12%
Average conversion rate on 2Performant.com	2.3%	2.7%	17%

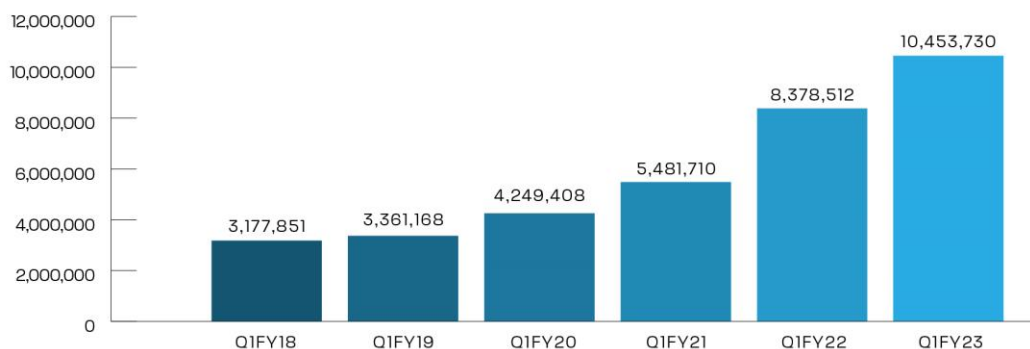
The main product categories sold in the first quarter of 2023 were: Pharmaceuticals, Fashion, Books, Beauty, Electronics IT&C, Home & Garden, Babies Kids & Toys, Health & Personal Care, Pet Supplies, and Jewellery. During the analyzed period, 2Performant's top ten customers by the value of commissions generated were: Dr.Max, Answear, DY Fashion, SpringFarma, evoMAG, SomProduct, Cărturești, Kit Unghii, NailsUp, and Otter.

2P Top 10 categories	Average order value	% Δ	Conversion rate	100 clicks revenue	% Δ
Pharmaceuticals	EUR 23.85	-2%	3.8%	EUR 4.11	36%
Fashion	EUR 52.24	-1%	2.3%	EUR 9.27	23%
Books	EUR 22.08	-20%	2.9%	EUR 6.2	24%
Beauty	EUR 36.32	-3%	2.3%	EUR 7.7	10%
Electronics IT&C	EUR 156.18	15%	1.8%	EUR 7.76	21%
Home & Garden	EUR 136.97	-9%	1.3%	EUR 10.18	0%
Babies Kids & Toys	EUR 55.97	8%	2.0%	EUR 6.99	33%
Health & Personal Care	EUR 51.54	22%	2.4%	EUR 10.15	-6%
Pet Supplies	EUR 41.45	6%	3.4%	EUR 6.6	15%
Jewellery	EUR 33.53	-14%	3.0%	EUR 12	0%

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 major industries.

P&L ANALYSIS

2Performant Network's operating income increased by 29% in Q1 2023 compared to the same period in 2022, reaching 11.7 million lei. Turnover increased by 25% to 10.5 million lei, 4% higher than the Q1 2023 budget. It is important to note that seasonality significantly impacts the Company's results, with the first quarter having a relatively low weight in the financial performance of a year compared to other quarters, especially Q4.



Income from the production of intangible and tangible assets increased by 73% in Q1 2023 compared to Q1 2022, reaching 1.2 million lei. This increase is a result of the growth of the Product Development and Business Intelligence team, as all 2Performant's development projects are carried out with internal resources, which represents an investment for both the company and the other participants in the ecosystem.

Of the 10.5 million lei turnover achieved in the first quarter of 2023, Romania contributed 86%, while 14% of the turnover was generated by the foreign market, a ratio that remains unchanged from the previous year. In the first three months of 2023, 2Performant grew 26% in the domestic market and 22% in the foreign market.

In terms of income by payment method, pre-paid vs. post-paid, in Q1 2023, there was an increase in pre-paid payments compared to post-paid. Thus, while in Q1 2022, the pre-paid vs. post-paid split was 43-57%, in the same period in 2023, pre-paid generated 61% of revenue, compared to 39% post-paid. This is also driven by the implementation of Direct Debit functionality by online shops, with the number of advertisers adopting this solution increasing by 55 in Q1 2023 alone, bringing the total number to 123 by 31 March 2023. 2Performant implemented Direct Debit at the end of last year, which automates the payment of marketing budgets, thus guaranteeing the continuity of promotional campaigns regardless of the volume of sales generated.

Market	Payment option	Q1 2022	Q1 2023	%Δ
Internal	Post-paid	3,956,898	2,872,292	-27%
	Pre-paid	3,161,707	6,124,498	94%
External	Post-paid	770,671	1,251,963	62%
	Pre-paid	436,249	215,053	-51%
Turnover (affiliates)		8,325,525	10,463,806	26%

Operating income (turnover minus commissions due to affiliates) increased by 26% to 2.6 million lei in Q1 2023 compared to 2.1 million lei in Q1 2022.

Operating expenses amounted to 13.1 million lei, a 30% increase, at a rate close to that of operating income. The largest contribution came from other operating expenses, which reached 9.6 million lei, a 21% increase. 90% of this cost is represented by commissions due to affiliates, which increased by 25% compared to Q1 2022 as the business expanded, in line with the increase in turnover.

The second largest share of costs was represented by personnel expenses, which reached 3.2 million lei, a 56% increase, following the granting of stock options to employees under the Stock Option Plan (SOP), but also due to annual salary increases and a change in the team structure, with the Product Development department being 6 people larger. Excluding the impact of the SOP, this position grew by 17% YoY. During this period, the number of employees increased from 41 employees on 31.03.2022 to 44 on 31.03.2023.

Depreciation costs increased by 125% in Q1 2023 to 367 thousand lei, with their share in total expenses remaining constant compared to the previous year (3% in Q1 2023 vs. 2% in Q1 2022). Raw materials, materials and energy expenses remained at a similar level compared to the same period in 2022, at 466 lei, due to the fact that the company no longer has a physical headquarters and all employees work remotely, thus eliminating any energy-related costs.

Operating result decreased by 42% to a loss of 1.5 million lei due to the impact of the SOP (excluding the SOP, operating result in Q1 2023 is a loss of 665 thousand lei, vs. a loss of 1 million lei in Q1 2022). Financial expenses reached 57 thousand lei, a 354% increase. Of this amount, 42 thousand lei represents interest expenses, related to the IMM Invest credit facility. On the other hand, the company recorded a financial income of 39 thousand lei, a 158% increase. Thus, the financial result for Q1 2023 was a negative 18 thousand lei.

EBITDA decreased by 24% to a negative 1.1 million lei and the EBITDA margin remained constant at -9%. At the same time, normalized EBITDA, which does not include the non-cash impact of the SOP, amounting to 788 thousand lei, was negative 273 thousand lei, which represents an increase of 68% compared to the same period last year. Gross profit coincides with the net profit, representing a loss of 1.5 million lei, a 44% decrease compared to Q1 2022. In comparison to the budgeted result for Q1 2023, the result achieved represents an increase of 28%. Also, the normalized net profit, which does not include the impact of the SOP, is a loss of 683 thousand lei, a 33% increase compared to the same period in 2022.

P&L (RON)	31.03.2022	31.03.2023	%Δ
Operating income	9,090,586	11,684,453	29%
Operating expenses	10,114,612	13,136,918	30%
Operating result	(1,024,026)	(1,452,465)	-42%
EBT	(1,021,332)	(1,470,032)	-44%
EBIT	(1,021,332)	(1,427,909)	-40%
EBITDA	(858,343)	(1,060,935)	-24%
Normalized EBITDA*	(858,343)	(273,405)	68%
Net profit	(1,021,332)	(1,470,032)	-44%
Normalized net profit*	(1,021,332)	(682,502)	33%

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

P&L BUDGETED VS DELIVERED Q1 2023

Compared to the 2023 budget approved at the annual GMS, the company recorded a 4% higher turnover and a 28% lower loss than estimated due to the increased turnover and 2% lower expenses. However, it is important to note that the decrease in expenses is due to the fact that some of the expenses that were originally budgeted have been moved to later quarters.

Profit and loss account (RON)	Q1 2023 Budgeted	Q1 2023 Realized	%Δ R/B
Turnover	10,053,930	10,453,730	4%
Income from the production of intangible and tangible assets	1,367,102	1,229,913	-10%

Other operating income	99	810	718%
Operating expenses	13,459,484	13,136,918	-2%
Operating result	(2,038,353)	(1,452,465)	29%
Financial result	-	-17,567	-
Gross result	(2,038,353)	(1,470,032)	28%
Net result	(2,038,353)	(1,470,032)	28%

BALANCE SHEET ANALYSIS

2Performant's total assets decreased by 3% in the first quarter of 2023 to 13.1 million lei due to a 46% decrease in receivables. Fixed assets reached 6.7 million lei, with the 15% advance mainly driven by a 15% increase in intangible assets, influenced by the value of the 2Performant platform and the costs of the Product Development team that is constantly developing the platform. In Q1 2023, the increase in intangible assets reflects the expansion and development of the platform business as well as the support and implementation of the new Direct Debit, Business League, and Pay for Performance facilities. Tangible assets continued to have an insignificant share in fixed assets, amounting to 48 thousand lei (+22%).

Current assets decreased by 13% in Q1 2023 to 6.2 million lei, in the context of a 46% decrease in receivables. This was driven by the collections of sales made during the 2022 Black Friday and Christmas periods. On the other hand, cash and cash equivalents reached 4.8 million lei, an 8% increase, driven by rising receivables as well as the increase in the share of the pre-paid payment method chosen by advertisers, which rose from 43% to 61% during the period. Prepayments reached 230 thousand lei in Q1 2023, a 65% decrease.

In terms of debt, the company did not have any non-current liabilities. Current liabilities increased by 6% to 4.3 million lei through the use of the credit facility. Despite this increase, the debt ratio remains comfortably below the maximum recommended level at 33%.

Income in advance decreased by 11% since the beginning of the year to 2.3 million lei, representing pre-paid income, which is the commissions paid by advertisers in advance. The reason for the decrease is the seasonality of the business and the increase in sales in the second half of the year. Equity decreased by 6% to 6.5 million lei as a reflection of the result. Subscribed and paid-up capital also increased by 5% and share premium amounted to 6.4 million lei, a 19% increase, as a result of the registration of the share capital increase, as described on page 7 of this report.

Balance sheet (RON)	31.12.2022	31.03.2023	%Δ
Fixed assets	5,772,834	6,656,708	15%
Current assets	7,142,296	6,244,201	-13%
Prepayments	653,689	230,109	-65%
TOTAL ASSETS	13,568,819	13,131,018	-3%
Current liabilities	4,035,371	4,277,944	6%
Income in advance	2,630,330	2,342,557	-11%
Equity	6,903,118	6,510,517	-6%
TOTAL EQUITY AND LIABILITIES	13,568,819	13,131,018	-3%

FINANCIAL INDICATORS

Indicator	Optimal Interval	Q1 2022	Q1 2023
Current ratio (AC/DC)	>2	2,01	1,46
Immediate Liquidity (AC-Inventories)/Current Liabilities	>1	2,01	1,46
Cash ratio (Cash/Current Liabilities)	>0,5	1,37	1,12
Overall solvency (TA/TD)	>1	3,16	3,07
Indebtedness indicator (DTL/ Equity+DTL)	<50%	0%	0%
Debt ratio (DT/TA)*100	<80%	31,69%	32,58%
Liabilities/Assets	<1	0,32	0,33

PROFIT AND LOSS ACCOUNT

Profit and loss account indicators (RON)	31.03.2022	31.03.2023	%Δ
Operating income , of which:	9,090,586	11,684,453	29%
Turnover	8,378,512	10,453,730	25%
Income from the production of intangible and tangible assets	711,299	1,229,913	73%
Other operating income	775	810	5%
Operating expenses , of which:	10,114,612	13,136,918	30%
Raw materials, materials and energy expenses	358	466	30%
Personnel expenses	2,025,959	3,152,909	56%
Depreciation and amortization	162,989	366,974	125%
Other operating expenses	7,925,306	9,616,569	21%
Operating result	(1,024,026)	(1,452,465)	-42%
Financial income	15,146	39,015	158%
Financial expenses, of which:	12,452	56,582	354%
<i>Interest expenses</i>	-	42,123	-
Financial result	2,694	(17,567)	-752%
Total income	9,105,732	11,723,468	29%
Total expenses	10,127,064	13,193,500	30%
EBT	(1,021,332)	(1,470,032)	-44%
EBIT	(1,021,332)	(1,427,909)	-40%
EBITDA	(858,343)	(1,060,935)	-24%
Normalized EBITDA*	(858,343)	(273,405)	68%
Gross profit	(1,021,332)	(1,470,032)	-44%
Net profit	(1,021,332)	(1,470,032)	-44%
Normalized net profit*	(1,021,332)	(682,502)	33%

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

BALANCE SHEET

Balance sheet (RON)	31.12.2022	31.03.2023	%Δ
Fixed Assets , of which:	5,772,834	6,656,708	15%
Intangible assets	5,733,779	6,609,103	15%
Tangible assets	39,056	47,605	22%
Current Assets , of which:	7,142,296	6,244,201	-13%
Receivables	2,700,906	1,462,190	-46%
Cash and cash equivalents	4,441,389	4,782,011	8%
Prepayments	653,689	230,109	-65%
TOTAL ASSETS	13,568,819	13,131,018	-3%
Total liabilities	4,035,371	4,277,944	6%
Current liabilities (<1 year)	4,035,371	4,277,944	6%
Income in advance	2,630,330	2,342,557	-11%
Equity , of which:	6,903,118	6,510,517	-6%
Subscribed and paid-up capital	1,239,926	1,303,304	5%
<i>Share premium</i>	5,406,046	6,420,099	19%
Reserves	39,386	39,386	0%
Reported result	(22,397)	217,760	-1072%
Result for the period	258,454	(1,470,032)	-669%
Distribution of profit	(18,297)	-	-
TOTAL EQUITY AND LIABILITIES	13,568,819	13,131,018	-3%

DECLARATION OF THE MANAGEMENT

Bucharest, May 25, 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 three-month period ended March 31, 2023, have been prepared in accordance with applicable accounting standards and give a true and fair view of the Company's assets, liabilities, financial position, and profit and loss account;
- The quarterly report for the period 01.01.2023 - 31.03.2023, 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 2Performant Network S.A.



 **PERFORMANT**
DEDICATED TO MARKETING SUPERHEROES

