



Half-year report

as of 30.06.2021

2Performant Network S.A.

a company listed on MTS-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	Half-year report – H1 2021
According to	Annex 14 of ASF Regulation 5/2018
Date of Publishing	14.09.2021
For financial period	01.01.2021 – 30.06.2021

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	105,442.6 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	1,054,426 shares
Symbol	2P

Contact details for investors

Phone number	+40 374 996 354
E-mail	investors@2performant.com
Website	www.2performant.com

The interim financial results as of June 30th, 2021, presented on the following pages are **not audited**.

LETTER FROM THE CEO

Dear shareholders,

We started this year with the intention to continue to have double-digit growth, a serious challenge especially compared to the first half of last year, when we were favored by the pandemic and the lockdown period, which brought an increase far beyond expectations in the Romanian eCommerce.

The challenge was more interesting as 2021 was our first year as a public company. Our plans included a first capital increase operation, alignment with corporate governance standards, and communication with capital market investors, in parallel with the construction of an increased scaling capacity of the team, necessary for the growth that we anticipate in the coming years.



In the following paragraphs, I present to you the main points of our growth strategy and its actions. I invite you to go through the entire activity report. It offers an excellent image of the 2Performant business today and the development perspectives of the future.

Main results

Our technology automates the collaborations between e-commerce businesses and independent professionals and entrepreneurs in performance marketing at a large scale.

In the first six months of this year, 739 online stores collaborated through the 2Performant platform with 6,563 affiliates who sent 29.8 million clicks in over 62,000 cost-per-sale collaboration relationships, the most effective model of payment existing today in marketing. Of these, 16,550 connections produced 546,000 online sales, an increase of 12.21% compared to H1 2020, and the value of these sales reached 27.4 million euros without VAT, + 20.46% compared to the same period of last year.

These results led to an increase in turnover by 17%, which reached almost 10.8 million lei, and operating income by 23% compared to the same period last year, amounting to 2.4 million lei. Moreover, it has been the best six months so far for 2Performant in terms of revenue - considering that traditionally the 4th quarter of the year, when Black Friday takes place, is by far the most important in the eCommerce business and in our activity.

The investments planned for growth and the development of all budgeted projects materialized from a financial point of view in a loss of 1.15 million lei, assumed since the budget presented last year when the company was listed.

These figures are in line with our forecast for this semester, in a year in which we set out to grow by 26% and budgeted a loss, in the context of the investments we make that you will read about in the lines below. We are confident that through the results for the first six months and those we expect in the second part of the year, the most important in our income, we will achieve our goals for 2021.

Business Units and Board of Directors

An important decision that we implemented this year was to organize the company into 2 Business Units: BU Romania and Bulgaria, led by Raluca Negrea, Country Manager, and Growth BU, led by Constantin Stanciu, Growth Manager.

We also set up the 2Performant Board of Directors, where I brought with me two top specialists who know our business well and who contribute to our development: Iulian Cîrciumaru, Managing Partner

V7 Capital and Chairman of Holde Agri Invest Board of Directors, and Anda Patzelt, a lawyer with over 20 years of experience.

Romania and Bulgaria

The Romanian market registered an increase of 22% compared to the first half of 2020 on the affiliate marketing business, an excellent result in the context of the first six months of last year mentioned above.

At the beginning of 2021, we decided to focus our growth on affiliate marketing instead of influencer marketing. Although the general expectations are that the influencer marketing segment will grow, the market of campaigns for small and medium influencers does not yet have a clear direction, and the demand on the Romanian market is limited.

In affiliate marketing, the opportunities are much clearer to us, and our advantages in this market put us in a perfect position. With this in mind, we have focused on improving the quality of relationships between advertisers and affiliates so that these relationships become as productive, efficient, and long-term sustainable as possible. This is a crucial indicator of the health of our ecosystem. Effective relationships between advertisers and affiliates, in which affiliates generate sales for advertisers, have increased by almost 9% this year. Also, 84% of the advertisers for whom the affiliates sent traffic also received sales, 10% higher than in the previous year.

These results were achieved through a constant effort and a series of initiatives of our Operations department that we expanded this year, strongly supported by data supplied by the Business Intelligence department.

Another essential decision is to create a dedicated business support department via ticketing that will serve all 2Performant users, advertisers, and affiliates in Romania and other markets. In this way, we increase the capacity and quality of our user support.

Growth Business Unit

Within this Unit, we carried out complex research of the eCommerce and affiliate marketing markets in Europe at the beginning of the year. Based on this, we have discussed and negotiated with several potential international partners - an essential element of our growth strategy in the coming years.

The first concrete result is the partnership and technical integration with Admitad, an affiliate network present in Europe, Asia, and South America, with over \$5 billion sales last year and a portfolio of over 2,000 international advertisers that we now have access to through the Admitad API. We have already launched AliExpress, one of the largest online marketplaces in the world, which 2Performant affiliates can now promote in over 200 countries. We are preparing to launch many other advertisers through this partnership in both the Romanian and Bulgarian markets and globally.

Acquiring customers through technical integrations with external partners allows us to focus our marketing and technology development efforts on the acquisition and activation of affiliates, which is already a real competitive advantage for 2Performant that we want to capitalize on.

We have gone through a necessary process, essential for our development now and in the future, but which has brought a delay in the expansion process, which is reflected in the evolution of revenues from foreign markets in the first semester of 2021. The partnership with Admitad and its launches will begin to produce results in the second half of this year and beyond - we will continue to build such partnerships and expect them to make a significant contribution to increasing our revenues from foreign markets.

Another direction of Growth that we are exploring is to make acquisitions. We are in an industry with many opportunities that we understand very well and want to capitalize on. In this sense, we obtained the agreement of our shareholders to issue bonds worth 15 million lei. We are now evaluating the opportunity to make acquisitions and negotiating with possible targets. This process is led by Bogdan Aron, who held the CFO position in our company until recently. Bogdan has been part of the

2Performant team since 2012, has successively gone through several key roles in the company, and has an excellent understanding of both our business and the industry in which we operate.

Bogdan's duties were taken over by Adriana Ionaș, who is the 2Performant Financial Director since March 2020. Adriana has an extensive experience in the financial field in companies such as HP, Ikea, and Retina. She currently manages both the financial operations of the company and the operations on the Bucharest Stock Exchange.

Technology – conversion attribution

The main project of our technical team this year and one of the initiatives for which we have carried out a capital increase with cash contribution on BSE is Big Bear. Big Bear is a platform upgrade, part of a major development project started this year by 2Performant for conversion attribution - one of the essential functionalities of our platform.

The new upgrade will secure and possibly increase the ability to assign conversions made through 2Performant and thus the users' and the 2Performant revenue. It also reflects the 2Performant's vision in terms of responsibility to protect users' privacy in a web universe that remains open and easily accessible to all.

The Big Bear upgrade is developed 100% by the internal Development 2Performant team and has already been successfully tested by a series of advertisers from our platform such as elephant.ro, vivre.ro, ihunt.ro, carturesti.ro, otter.ro, esteto.ro, best value.ro. During this period, we continue the development of Big Bear and extend the tests to a larger number of advertisers, the results being promising.

Financing

2021 is our first year on the Bucharest Stock Exchange. We have given attention, time, and resources to align with the corporate governance standards, to communicate transparently and effectively with shareholders and investors, and finance the company's growth plans for the coming years.

Although both the capital and the financial market have developed a lot, attracting a new generation of professionals, the regulations that govern them make any financing process still very bureaucratic and complicated. To achieve our goals, we hired some of the best consultants and specialists - Cornerstone Communications, the law firm Filip & Company, the financial consultant Adi Ploscaru.

Thus, we made a share capital increase with cash contribution to obtain investments worth 5 million lei to finance the initiatives mentioned above: partnerships with international players, growth initiatives in Romania through the affiliate marketing product, and a new solution for conversion attribution. We started these initiatives before starting the process for the capital increase. Therefore, we invested in them from our capital and used part of the credit line we have. We also signed up for an additional line of credit at Alpha Bank.

The share capital increase was successful: over 80% of the target amount was obtained in the public offer in which 502 investors participated, and the rest was attracted through a private placement oversubscribed by 16% and closed in advance. In total, through the capital increase, we obtained investments of over 5.3 million lei, which we will use to continue our growth and consolidation in the three mentioned directions.

We are at the best point in our company's history. We had the best semester in terms of revenue and number of sales generated through 2Performant.com. We have the most significant capital we have ever had available for growth. We have accelerated the company's expansion into other markets. Today, we are much better prepared to take advantage of the growing opportunities we have access to. We are glad that we have so many investors and users and we understand the responsibility we must continue to deserve this trust.

I want to end by thanking each of the 34 people who make up the 2Performant team today. All these results and projects are due to 100% to their work, talent, and perseverance. I also want to thank our investors, both those who actively traded 2P shares since the beginning of this year as well as those who supported our share capital increase operation. I am grateful that we are together on this journey.

And finally, if you have any questions or suggestions about this report or other topics, you can always contact our Investor Relations team at investors@2performant.com or at the phone number **+40 374 996 354**. Also, to be up to date with the evolution of 2P at BVB and with the company's news, you can subscribe to our newsletter for investors [here](#).

Good luck with conversions! Good luck with transactions!

Dorin Boerescu

ABOUT 2PERFORMANT

BRIEF HISTORY

2Performant is the leader of the affiliate marketing sector in Romania 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 gig economy phenomenon.

In 12 years of activity, 2Performant has mediated, through its 2Performant.com technology platform, 6.3 million transactions worth 272 million euros for almost 800 Romanian and regional eCommerce players. According to company's data, 2Performant is the largest local source of traffic for online stores in Romania, bringing over 4.5 million clicks per month for the nearly 800 customers from over 30 industries, which are part of the 2Performant portfolio. In total, 2Performant mediated over 470 million clicks for online stores and 18.7 million euros in commissions for affiliates on the platform.

2Performant is part of the New Economy, defined by digitalization and democratization, in which digital skills and new ways of working and collaborating between people and organizations are the basis of new business models that generate new opportunities around the world. The vision is the one that led to the launch of the first affiliate network in Romania – back then 2Parale, today 2Performant - to the formation of the profile market and to the development of the business until today.

In 2008, 2Performant (at that time, 2Parale) introduced on the Romanian market the concept of affiliate marketing and the first network of this type. This is almost 30 years after the conceptualization of affiliate marketing - as a reference, Amazon launched its affiliate marketing program in 1996 - and just over 10 years after the launch of the world's first affiliate marketing networks. Since then, 2Performant has taken on the role of leader and trainer of this market and promoted affiliate marketing as one of the most effective tools for promotion and sales, for brands, and a simple and fair way to make money, for digital talents.

Along the years, the company has gone through various stages, from testing and improving the product, to developing a unique, efficient business model, able to sustain an accelerated growth rate on the medium and long term.

The company has also attracted a number of renowned business angels and made investments of over 1 million euros in its own technology underlying the 2Performant.com platform and the two products available – affiliate marketing and influencer marketing, a platform that the company operates and from which it generates income. In 2011, 2Performant entered the Bulgarian market and since then has been addressing several foreign markets, directly and through partnerships.

A defining moment in the company's history is the 2015-2016 period, when it developed the current 2Performant.com platform, a European platform in English, with trading in the euro currency. This was also the moment when the company's rebranding to 2Performant took place.

In 2018 and 2019, 2Performant perfected and finalized its business model, launching a new product - influencer marketing - within the same 2Performant.com technology platform. At the same time, it diversified and increased its sources of income and develops its Business Intelligence and Client Service capabilities offered to the platform's users.

On December 9, 2020, 2Performant's shares floated on the AeRO market of the Bucharest Stock Exchange under symbol 2P.

The company was not involved in significant mergers or reorganizations in the first six months of 2021. No acquisitions and/or disposals of assets were made during H1 2021. 2Performant Network SA has no subsidiaries.

MANAGEMENT

The OGSM from March 22nd, 2021, approved the appointment of a Board of Directors consisting of three members. The Board members are presented below:

Dorin Boerescu, Chairman of the Board and CEO

Dorin Boerescu is a representative of the first generation of digital marketing entrepreneurs and specialists from Romania, with 21 years of experience in digital and technology. A serial entrepreneur, he has founded and led several advertising companies, and since 2009 he is the CEO and significant shareholder of 2Performant, which has grown 200-fold over the first 11 years.

Anda Patzelt, Non-executive Member of the Board

Anda Patzelt is a lawyer with 20 years of experience, currently Partner at the Anda Patzelt Law Office. Throughout her career, she has provided legal assistance in areas related to corporate and commercial issues, merger and acquisition projects, Internet law, intellectual property among others. Anda has a university degree in Law and a specialization in comparative law from the International Faculty of Comparative Law, Strasbourg.

Iulian Cîrciumaru, Independent Member of the Board

Iulian Cîrciumaru is Managing Partner V7 Capital, Chairman of the Board Holde Agri Invest and member in the Advisory Boards of GapMinder and Ideo Ideis. He worked in management consulting for Kearney and PwC and founded 7card, company acquired by Sodexo. He has been an investor on the capital market for over 15 years, but also in various local start-ups. Iulian has studied economy and business administration at ASE Bucharest, Copenhagen Business School, IMD Lausanne.

SHAREHOLDING STRUCTURE

The shareholding structure of the company as of 30.06.2021 looked as following:

Shareholder	Number of shares	Percent
Other shareholders	539,174	51.1344 %
Dorin Boerescu	408,652	38.7559 %
Radu Ioan Spineanu	106,600	10.1098 %
TOTAL	1,054,426	100%

In June 2021, 2Performant Network started the share capital increase operation that was closed in August 2021. At the time of publishing of this report, the company is in the process of finalizing the registration of the new share capital with the relevant institutions. In the second half of 2021, 2Performant Network will further increase share capital as a result of the capitalization of the part of past years profits, as approved in GSM from April 24th, 2021.

KEY EVENTS IN H1 2021 AND AFTER CLOSING THE REPORTING PERIOD

2PERFORMANT EGSM & OGSM ON 22.03.2021

On March 22, 2021, an EGSM and OGSM of 2Performant took place. During the EGSM, the shareholders have approved the share capital increase with cash contributions of the company by issuing 185.500 new shares, approval of contracting crediting facilities up to 5 million lei as well as changes in the Articles of Association reflecting the changes as approved by OGSM. The OGSM approved the appointment of a Board of Directors consisting of 3 members. The shareholders appointed Dorin Boerescu as the President of the Board, Anda Patzelt as non-Executive Board Member and Iulian Cîrciumaru as the independent Board Member.

CHANGES IN THE ORGANIZATIONAL STRUCTURE AND APPOINTMENT OF NEW MANAGERS

On April 6th, 2Performant informed the market about the changes in the organizational structure of the Company and appointment of new managers. As of April 2021, the activity of 2Performant is organized into two business units – Romania and Bulgaria Business Unit and Growth Unit. The Romania and Bulgaria Business Unit is led by Raluca Negrea who has been appointed Country Manager for Romania and Bulgaria at 2Performant. From the position of Country Manager, Raluca Negrea is in charge with consolidating the position of 2Performant on the validated markets, where the Company is a market leader on the affiliate marketing segment. The Growth Unit is led by Constantin Stanciu, who was appointed Growth Manager at 2Performant. Constantin Stanciu oversees testing and identifying growth opportunities for the company on new markets and already existing ones.

2PERFORMANT EGSM & OGSM ON 23 AND 24.04.2021

On April 23 and 24, 2021, the 2Performant annual GSM of 2Performant took place. Both EGSM and OGSM were chaired by Dorin-Cristian Boerescu, in his capacity of the President of the Board of Directors. During the GSM, the shareholders have voted in favor of approving: the 2020 Annual Report and financial statements, the dividend distribution proposal for 2020 profits that included capitalization of the profits and subsequent distribution of free shares (in proportion of 4 free shares for every 2P shares), the 2021 Revenue & Sales Budget as well as the Remuneration Policy of the Company. The shareholders have also approved one or more potential issuances of corporate bonds, in the total maximum value of 15,000,000 lei.

NATIONAL MARKETING LEAGUE

In May 2021, 2Performant concluded its original project, the National Marketing League, the first marketing competition which included a marathon with affiliates. During the competition, 12 marketing teams competed for the title of National Marketing Champion, which was awarded based on number of sales and sales index. During the competition, a total of 9,145 sales in total value of EUR 350,410 were generated through the 2Performant platform.

6 MILLION SALES MILESTONE

In June 2021, 2Performant has surpassed the milestone of generating 6 million sales since the launch of the platform – in 2008, out of which, 1 million sales were made last year alone, a number that

continues to grow. The total value of these sales generated in the last 13 years equals to almost 260 million euro.

PARTNERSHIP WITH ADMITAD AND LAUNCH OF ALIEXPRESS AFFILIATE MARKETING PROGRAMME

On August 17, the Company announced a partnership with Admitad, an affiliate network present in the European, Asian and South American markets that generated sales of over USD 5 billion in 2020. By entering this partnership, 2Performant Network gained access to all of Admitad's 2,000 global affiliate programmes. The first programme that 2Performant launched under partnership with Admitad was AliExpress, part of Alibaba Group (NYSE: BABA), a global giant with over 1 billion consumers and sales of over USD 1.2 trillion in the last fiscal year.

TECHNICAL UPGRADE IN THE PLATFORM

The main project of the 2Performant Research & Development in this period has been the development of a new conversion attribution solution for the 2Performant.com platform – conversion attribution being one of the essential functionalities of the platform.

As part of this major development project, the internal programmers team has developed a platform upgrade named Big Bear. Its role is to secure and possibly increase the capacity to assign conversions realized through 2Performant and thus the incomes of users and of 2Performant. At the same time, Big Bear reflects the company's vision about its responsibility to protect users' privacy in an open and accessible web universe.

The first tests of the upgrade were realized with some of the most important advertisers: carturesti.ro, elefant.ro, vivre.ro, ihunt.ro, otter.ro, esteto.ro, bestvalue.ro, and the results have confirmed Big Bear as a valid solution. The company continues to develop the upgrade and extends tests with more advertisers.

COMPLETION OF THE SHARE CAPITAL INCREASE OPERATION

In August 2021 the share capital increase operation of 2Performant Network approved by the Extraordinary General Meeting of Shareholders on 22 March 2021 was completed.

The results of the Share Capital Increase were as follows:

- a number of 185,500 new registered, dematerialized shares, with a nominal value of RON 0.1 each and a total nominal value of RON 18,550 were subscribed within the Share Capital Increase, out of which a number of 149,099 shares were subscribed at the price of RON 28.2644 per share and a number of 36,401 shares were subscribed at the price of RON 30.4910 per share; and
- the total number of new Shares represents 100% of the total new Shares offered for subscription within the Share Capital Increase.

The share capital of the Company was thus increased from the nominal value of RON 105,442.6 to the nominal value of RON 123,992.6, by issuing a number of 185,500 new registered dematerialized shares, with a nominal value of RON 0.1 and a total face value of RON 18,550. During the share capital increase, the company raised 5.3 million lei, capital that will fuel investments in the growth and consolidation projects for the home and external markets.

EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS ON 23.08.2021

On 23.08.2021 2Performant Network S.A. took place the Extraordinary General Meeting of Shareholders (EGSM). The meeting was chaired by Dorin-Cristian Boerescu, in his capacity of the President of the Board of Directors. During the AGA, the shareholders have voted in favor of approving changes to the Articles of Association. The proposal to carry out share capital increase without the preference rights in order to implement the Stock Option Plan did not pass due to insufficient quorum.

ORGANISATION AND TEAM DEVELOPMENT

This year, 2Performant has created a business support department, offering support to all platform users, both advertisers and affiliates, from both local and external markets. This way, the company has extended its support capacity and quality.

Additionally, 2Performant team has grown to reach 34 members, part of them collaborators, to support the activity of the 2 Business Units and to extend the operational capacity (business support, affiliate management) and marketing capacity towards growth.

FINANCIAL RESULTS ANALYSIS

2020 brought an unprecedented acceleration of ecommerce, especially in the first semester through the lock-down period, bringing major increases to all the important players and to the 2Performant business. Thus, the comparison between the results of H1 2021 with the ones from last year needs to be treated with caution. In this context, it is important to underline that 2Performant continued to register double-digit increases in turnover, however significant investments in the business growth have affected the bottom line.

In 2021, 2Performant has invested in three strategic directions for business development, which are already generating results, and which are preparing the company for accelerated growth in the coming years. These strategic directions include:

1. Partnerships with international players – earlier this year 2Performant announced a partnership with Admitad, through which the company launched the global AliExpress affiliate program as well as three other new programs in Romania and Bulgaria. New launches are coming in the next period.
2. Growth initiatives on the Romanian market by intensifying the activity of existing users and their results and by attracting new opportunities and fellow affiliates. In the first half of the year, these initiatives have generated excellent results: +22% revenues on the Romanian market in the affiliate marketing business.
3. Development of a new solution for conversion attribution in 2Performant.com, one of the essential features of the 2Performant.com platform. The Big Bear tech upgrade for conversion attribution is currently in testing, and the results of the first tests are excellent.

At the same time, the management's focus for 2021 is and will continue to be the affiliate marketing product. It is a validated product, for a market that offers many opportunities, both on the internal and on the external markets, which are constantly growing. Regarding the influencer marketing product, while this market is expected to grow globally, its direction is still unclear and the demand on the Romanian market for this type of product is limited. This is why the company has decided not to focus on this product in this and in the following period.

In terms of the results registered in the first half of 2021, these are in line with the estimates. Moreover, it is important to underline that there is a certain cyclicality attached to the ecommerce business globally and in Romania, and because of that 2Performant registers the best results always in the last quarter of the year. This is caused by the Black Friday event that takes place in November, followed by increase in sales over the Christmas period.

P&L ANALYSIS

The operating revenue of 2Performant Network increased 18% in the first six months of 2021, compared to the same period of the year before, reaching 11.5 million lei. The turnover reached 10.8 million lei, a 17% increase. In the first half of 2021, 88% of turnover was generated on the Romanian market, while 11% was generated on the foreign markets. In terms of split per product, affiliated marketing brought 10.7 million lei in turnover, 18% increase compared to the same period of last year, while influencer marketing brought 82k lei, a 51% decrease compared to H1 2020.

Business line	H1 2020	H1 2021	%Δ
Affiliate Mkt	9,060,556	10,703,330	18%
Influencer Mkt	169,618	82,410	-51%
Turnover	9,230,174	10,785,740	17%

The income from the production of tangible and intangible fixed assets appreciated by 48%, reaching 684k lei. This increase is a result of the capitalization of the wages of the development team and they

reflect the continuous investments in the 2Performant.com platform. So far in 2021, 2Performant development team worked on an upgrade for conversion attribution in the platform, named Big Bear, and has realized a technical integration with a new partner, Admitad. Also, the team ensure the permanent maintenance of the 2Performant.com platform.

In terms of expenses, these amounted to 12.6 million lei, growing at a faster pace than the revenues, of 32% increase year on year. Out of this amount, 2.2 million lei were personnel expenses, which grew 68% compared to H1 2020, driven by an increase in the number of employees in H2 2020 as well as in H1 2021. Compared to H2 2020, the increase in personnel costs is significantly lower, of 19%, a more relevant comparison in the context of a growing company and team. In 2020, on average, 2Performant had 26 employees while at the time of preparation of this report, the 2Performant team had 34 members, out of which 5 were collaborators.

At the beginning of 2021, the company was organized into two Business Units: Romania & Bulgaria and Growth Business Unit. So the company recruited to support the development of the two units by attracting key talent, in the Operational (business support, new business, affiliate management) and Marketing areas.

The raw materials, material and energy expenses decreased by 50%, amounting just to 18k lei in the first six months of 2021 as the company moved entirely to the remote work model. Depreciation expenses and value adjustments increased 59%, reaching 0.5 million lei. The increase is in line with the company's policy on amortizing the value of the key asset – technology platform 2Performant.com platform.

Finally, other operating expenses, which primarily consist of fees due to affiliates and influencers, grew by 25%, however they also include third party services and collaborations. In H1 2021, the operating income, i.e. the turnover eliminating the commissions paid to the affiliates, amounted to 3 million lei, a 23% increase compared to H1 2020 when the company registered 2.4 million lei in operating income.

Consequently, as expenses grew faster than revenues, 2Performant ended first six months of 2021 with a negative operating result, of -1.1 million lei. The financial income amounted to 5k lei while financial expenses were 25k lei, bringing the financial result to a negative of 20k lei. The net result was a loss of 1.2 million lei, a decrease compared to 148k lei registered in the first six months of 2020.

Profit & Loss Account (lei)	30/06/2020	30/06/2021	%Δ
Operating Revenue	9,717,330	11,472,861	18%
Operating Expenses	9,543,483	12,609,865	32%
Operating Result	173,847	(1,137,004)	-754%
EBT	173,035	(1,157,251)	-769%
EBIT	174,555	(1,145,886)	-756%
EBITDA	491,427	(643,132)	-231%
Gross result	173,035	(1,157,251)	-769%
Net result	147,935	(1,157,251)	-882%

In terms of incomes by payment method, pre-paid vs. postpaid, the prepaid income has registered a 63% increase, which has a significant, positive impact on the company's cash position and resulted in the increase in the liquidity of the company.

Market	Payment	H1 2020	H1 2021
Internal	Post-paid	5,294,381	4,891,861
	Pre-paid	2,537,365	4,638,821
External	Post-paid	550,194	574,923
	Pre-paid	678,616	597,725
Turnover (affiliates)		9,060,556	10,703,330

BALANCE SHEET

Fixed assets grew 7% and they reached 3 million lei, driven mainly by a 7% increase in intangible assets. Tangible assets continued to have an insignificant share in the total fixed assets, amounting to 18k lei. Current assets decreased by 10% compared to the situation as of January 1st, 2021 as the receivables decreased by 23% reaching 1.5 million lei. This was caused by the fact that 2Performant saw an increase in the pre-paid payment option and managed to cash in quicker the post-paid amounts from the advertisers. This also had a positive impact on the cash position as the cash and cash equivalents increased 27%, reaching 0.9 million lei. The pre-paid expenses decreased since the beginning of the year, reaching 166k, a 34% decrease, representing the financing of the high-volume affiliates. Consequently, total assets of 2Performant decreased by 2%, reaching 5.5 million lei.

In terms of liabilities, the company did not have any long-term liabilities. The current liabilities increased by 45%, reaching 3.2 million lei. The increase was driven because of settlement with the shareholders as well as a new credit line. In terms of settlement with shareholders, a part of proceeds from the share capital increase with the cash contributions, namely stage 1 that run between June 22nd and July 22nd, was booked under this line. The process was finalized in August 2021, therefore part of the liabilities booked here will no longer be visible under this line, but rather under equity. Additionally, by the end of June, 2Performant accessed amount of 442k lei in credit line. The bank financing accessed by the company was used to kickstart the investments in the development projects as outlined at the beginning of this section.

The provisions remained constant, amounting to 27k lei while the income in advance increased by 2%, reaching 1.5 million lei, representing pre-paid revenues, so commissions paid by advertisers in advance. Equity decreased by 57% due to the negative result registered for the six-months period. The subscribed and paid-up capital, share premium as well as reserves remained the same as at the beginning of the year. The total equity and debt decreased by 2%, reaching 5.5 million lei.

Balance Sheet (lei)	01/01/2021	30/06/2021	%Δ
Fixed Assets	2,784,877	2,990,727	7%
Current Assets	2,628,290	2,374,651	-10%
Pre-paid expenses	252,291	166,442	-34%
Total Assets	5,665,458	5,531,820	-2%
Current Liabilities	2,176,321	3,166,167	45%
Provisions	26,797	26,797	0%
Income in Advance	1,443,623	1,477,390	2%
Equity	2,020,893	861,466	-57%
Total equity and debt	5,665,458	5,531,820	-2%

BUSINESS INDICATORS

Intermediated sales

The evolution of business indicators and financial results in the first half of 2021, compared to those in the first half of 2020, is extremely good and shows that the 2Performant ecosystem has the ability to grow further.

The number of sales and clicks mediated by the 2Performant.com platform shows an increase of 12.2%, respectively 11.5% compared to the same semester of last year, in addition they even surpassed the results from the second semester of 2020 - the strongest semester according to the dynamics of eCommerce, when Black Friday takes place, in a record year for our company.

Also, two of the key business indicators in eCommerce and digital marketing - the average order value (AOV) and the conversion rate - continued the upward trend.

	H1 2020	H1 2021	%Δ
Sales intermediated	487,075	546,568	12%
Clicks intermediated	26,722,300	29,796,100	12%
Value of sales generated (euro excl. TVA)	22,730,000	27,380,000	21%
Value of commissions from sales generated (euro)	1,580,693	1,782,387	13%
Average Order Value (euro excl. TVA)	46.66	50.1	7%
Average conversion rate on 2Performant.com	1.82%	1.83%	1%

Between January and June 2021, 2,658 affiliates generated commissions amounting to 1,782,387 euros, 13% more than in H1 2020. On an average day, 2Performant.com affiliates obtained commissions amounting to almost 10,000 euros.

Active and productive relationships between 2Performant.com users

The quality of the relationships between advertisers and affiliates in 2Performant.com 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 follows the active relationships, those in which the affiliates worked for an advertiser (online stores), generating traffic for him. On the other hand, productive relationships, those in which affiliates generated sales for online stores.

In 2021, the focus of the operational team was to generate and maintain quality, productive relationships between 2Performant.com users. Thus, although the number of advertisers with active affiliate programs was lower in the first half of this year compared to the same period last year, the number of productive relationships - with an impact on financial results - increased by almost 9%.

	H1 2020	H1 2021	%Δ
ACTIVE RELATIONSHIPS through which affiliates generated traffic for online stores			
Advertisers who gained traffic from affiliates	874	739	-16%
Affiliates who generated traffic for advertisers	6,523	6,563	1%
Active relationships	62,890	62,210	-1%
PRODUCTIVE RELATIONSHIPS through which affiliates generated sales for online stores			
Advertisers who registered sales through 2Performant	642	620	-3%
Affiliates who generated sales for advertisers from 2Performant.com	2,533	2,658	5%
Productive relationships	15,220	16,550	9%

Out of the advertisers that received traffic through 2Performant.com, almost 84% had sales through 2Performant.com, a percentage 10% higher than in the first half of 2020.

Distribution by categories

Of the total sales generated by 2Performant.com in H1 2021, the distribution by categories was as follows: 26.6% Fashion, 23.4% Books, Movies & Music, 11.8% Beauty, 7.5% Pharma, 6.6 % Electronics IT&C, 5.6% Home & Garden, 5.5% Babies Kids & Toys, 3.6% Sports & outdoors, 2.2% Pet supplies, 1.7% Health & Personal care, 1.5% Jewelry, 1% Automotive and Others 3%.

8 product categories each recorded sales of over 1 million euros during this period:

- Fashion 6.8 million euros: 163 advertisers, such as FashionDays, Answear, ePantofi, DyFashion, Otter;
- Electronics IT&C 4.6 million euros: 70 advertisers such as evomag.ro, f64.ro;
- Home & Garden 3.9 million euros: 107 advertisers, including NeaKaisa.ro, Vivre, SomProduct;
- Books, Movies & Music 3.3 million euros: 32 advertisers, ex. elefant.ro, carturesti.ro, libris.ro, litera.ro, librariadelfin.ro.

2021 OUTLOOK & KEY RISKS FOR H2 2021

2021 OUTLOOK

The management of 2Performant Network S.A. maintains the forecasts as presented in the 2021 Revenues and Expense Budget and approved by the shareholders in April 2021 OGSM. The results generated in the first half of the year are in line with the management's estimates.

The management would like to use this opportunity to underline that the ecommerce industry has a certain dynamic, that was confirmed by the historical results. Q4 is generally the strongest, primarily due to Black Friday, the largest eCommerce event in Romania. Thus, the management expects that the results generated in H1, together with those expected for H2, to lead to reaching the objectives for full year 2021.

KEY RISKS FOR H2 2021

The most significant risks related to 2Performant Network's activity for the second half of the year are presented below. However, the risks presented in this section do not include all those risks associated with the issuer's business. Overall, there may be other risk factors and uncertainties that the company is unaware of at the time of writing, and which may change the issuer's actual results, financial conditions, performance, and performance in the future and may lead to a decrease in the company's share price. Investors should also carry out the necessary prior checks to draw up their own investment opportunity assessment.

Products and services risks

The specific of this risk derives from the operating system of the 2Performant.com platform and consists in the occurrence of technical problems, with effects on the development of the company's operational activity. The impact of this risk is assessed by the company at a low level, with effects among collaborators, and the solution identified by 2Performant consists of successive investments in the operated technology and speed in corrective interventions.

The processing of information in a database is a decisive factor in the process of community loyalty, and any factor that could jeopardize the centralized data system can be an inherent risk in the company's activity, with direct effects on the services provided to users of the platform. Automatically backing up stored data is a procedure designed to cushion the impact of this risk.

The activity of the platform may be compromised by unauthorized access, through cyber-attacks, errors or omissions, with an impact on the company and users. The reduction of this risk is ensured through insurance policies and collaborations with IT companies anchored in securing access to confidential information.

Key employees/staff risks

Attracting, retaining and motivating qualified staff is an important asset for the company's research-development-innovation system, a vector of competitiveness and continuous development of the company's business.

In the context of the development of the IT industry, the level of approach to the workforce has intensified its competitiveness, intervening the risk of losing key employees. The stability of the platform

and, consequently, the level of performance of the company's activity depends, to a large extent, on the existence of a specialized technical team. Therefore, changes in the organizational structure of human resources can generate negative effects on the activity of 2Performant.

To ensure the absorption and retention of experienced and potential staff, the company has implemented a motivating remuneration system, ensures flexibility in the work schedule, access to courses, trainings and development workshops. Also, 2Performant proposed to its shareholders a program to stimulate employees of the Stock Option Plan type, very popular in advanced economies and especially among technology companies.

Operational risks: ensuring the stability of systems

The operation mechanism of the 2Performant.com platform is subordinated to the principle of continuity, ensuring accessibility at any time, and any interruption in the operation activity generates unfavorable effects on the results. From the perspective of the objective of increasing the number of customers and active transactions in the platform, it is essential that all components of the platform, both external and internal, work properly. There is a risk that the current architecture will not incorporate the necessary redundancy, capacity, and agility at the level of all devices used by the company, in order to support the sustainable development of the business.

2Performant prevents the occurrence of such a risk through constant investments in server maintenance, in the adoption of new technologies, in the improvement of systems architecture, and respectively, by adjusting resources in relation to the expansion of the served ecosystem. Equally, performance and scaling monitoring, as well as speed in technical review are factors that subscribe to the precautionary principle assumed by the company.

Operational risks: attribution of conversions

The profitability of the affiliate marketing platform depends on the ability of 2Performant technology to correctly and exhaustively assign conversions generated by affiliates. Also, the way in which this technology is integrated in the technical systems of the clients is a decisive factor in the correct measurement of the traffic and conversions, and in the allocation of the commissions to the affiliates and the company.

In the context of growing concerns for the security of personal data and for the explicit granting by users to companies of the right to store information about their activity, there is a risk of inactivity, as a whole or in part, of the technology used by the company as a result of the intensification of restrictions imposed by navigators or operating systems manufacturers.

There is a trend of eCommerce migrating from the browser to other environments, such as mobile phones, through various applications. Thus, it is necessary to adapt the current technology to allow the recording of conversions from these environments, and implicitly the adaptation to the products and specific needs of these environments, an aspect that requires a significant investment effort. Also, the risk of prompt non-assimilation of changes in technology by customers is inherent in the activity of 2Performant, with effects at the reputation level.

2Performant ensures the minimization of this risk through the technical upgrade for conversion attribution developed by the internal Development team mentioned above and by taking actions to optimize the conversion allocation process and by scrutinizing the conditions of interaction of the operating systems with the tracking technology of the platform.

Forecast risk

The financial forecasts start from the premise of fulfilling the business development plan. The company aims to periodically issue forecasts on the evolution of the main economic and financial indicators in order to provide potential investors and the capital market with a true and full picture of the current situation and future plans envisaged by the company, as well as current reports detailing the comparative elements between the forecast data and the actual results obtained. The forecasts are

part of the annual reports, and the forecast policy is published on the company's website, available [HERE](#). Forecasts are made in a prudent manner, but there is a risk of failure to meet them, therefore the data to be reported by the company may be significantly different from those forecasts or estimated as a result of factors not previously predicted or whose negative impact could not be counteracted or anticipated.

In H1 2021 there were no new lawsuits nor updates or any ongoing lawsuits as previously communicated by the Company.

FINANCIAL STATEMENTS

Profit & Loss Account (lei)	30/06/2020	30/06/2021	%Δ 2021/2020
Operating Revenue, out of which:	9.717.330	11.472.861	18%
Turnover	9.248.127	10.785.740	17%
Income from the production of intangible and tangible fixed assets	462.848	683.713	48%
Other operating revenue	6.355	3.408	-46%
Operating Expenses, out of which:	9.543.483	12.609.865	32%
Raw materials, material, and energy expenses	36.614	18.069	-51%
Personnel expenses	1.336.122	2.248.412	68%
Depreciation expenses and value adjustments	316.872	502.754	59%
Other operating expenses	7.853.875	9.840.630	25%
Operating Result	173.847	(1.137.004)	-754%
Financial income	13.408	4.783	-64%
Financial expenses, out of which:	14.220	25.030	76%
<i>Interest expenses</i>	1.520	11.365	648%
Financial Result	(812)	(20.247)	-2393%
Total Revenue	9.730.738	11.477.644	18%
Total Expenses	9.557.703	12.634.895	32%
EBT	173.035	(1.157.251)	-769%
EBIT	174.555	(1.145.886)	-756%
EBITDA	491.427	(643.132)	-231%
Gross result	173.035	(1.157.251)	-769%
Profit tax / other tax	25.100	0	-100%
Net result	147.935	(1.157.251)	-882%

BALANCE SHEET

Balance Sheet (lei)	01/01/2021	30/06/2021	%Δ 2021/2020
Fixed Assets, out of which:	2.784.877	2.990.727	7%
Intangible assets	2.783.900	2.972.808	7%
Tangible assets	977	17.919	1734%
Current Assets, out of which:	2.628.290	2.374.651	-10%
Receivables	1.921.164	1.479.485	-23%
Cash and cash equivalents	707.126	895.166	27%
Pre-paid expenses	252.291	166.442	-34%
Total Assets	5.665.458	5.531.820	-2%
Total Liabilities	2.176.321	3.166.167	45%
Current liabilities (due <1 year)	2.176.321	3.166.167	45%
Provisions	26.797	26.797	0%
Income in Advance	1.443.623	1.477.390	2%
Equity, out of which:	2.020.893	861.466	-57%
Subscribed and paid-up capital	105.443	105.443	0%
<i>Share premium</i>	<i>718.673</i>	<i>718.673</i>	0%
Reserves	21.089	21.089	0%
Reported result	355.911	1.173.512	230%
Result for the period	818.689	-1.157.251	-241%
Profit distribution	(1.088)	0	-100%
Total Equity and Debt	5.665.458	5.531.820	-2%

DECLARATION OF THE MANAGEMENT

Bucharest, September 14th, 2021

The undersigned Dorin Boerescu, President 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, declares on his 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 six-months period ended 30 June 2021 have been prepared in accordance with applicable accounting standards and provides a fair and consistent picture of the Company's assets, liabilities, financial position, profit, and loss account;
- The Half-year report for the period 01.01.2021 - 30.06.2021, 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

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



 **PERFORMANT**
DEDICATED TO MARKETING SUPERHEROES

