

The Native SA Reports Preliminary Half –Year Results, Reduces Debt and Opens New Corporate Headquarters in New York

July 17, 2018, Basel, Switzerland – The Native SA, the Swiss-listed (SWX: NTIV) integrated e-commerce services and marketplaces company, is reporting its preliminary results for the first six months of 2018, with publication of the full semiannual interim report scheduled for September 30, 2018. This is the first half-year period when The Native SA has fully consolidated its key German subsidiary asknet AG.

The Native SA (the “Company”) reports the total consolidated gross revenue of CHF 48 million for the first six months of 2018, compared with nil for the same period of 2017 (prior to the consolidation of The Native Media Inc, Blockchain Lab SA and asknet AG).

The Native’s e-commerce solutions business run through the 51% owned German subsidiary asknet AG was the largest source of revenue for The Native SA Group in the first six months of the year, posting EUR 40.3 million in gross revenue or a 18% increase compared to the same period of 2017.

“The strong double-digit growth of asknet AG business in the first half of the year follows several prior years of declining revenues at the firm and is reflecting The Native’s capabilities to effectively acquire, integrate and turn around established e-commerce companies,” commented Sergey Skaterschikov, the former Chairman of The Native SA now serving as the Chief Executive Officer of asknet AG.

The Native’s content marketing business, run by The Native SA in Switzerland and through the 100% owned subsidiary The Native Media Inc in the USA reported revenues of USD 807,000 (CHF 780,000) in the first six months. The Eurovision Song Contest digital marketing contract with the European Broadcasting Union, and various digital content production & marketing activities for Highlight Event & Entertainment AG in Switzerland and Paddle8 in the USA have contributed to a strong growth in The Native’s content marketing business.

“The Native has become a formidable digital content production firm servicing clients on both sides of the Atlantic, with capabilities that include innovative video content marketing and production, gamification, fast-merchandising, and high performance e-commerce services using simple and efficient applications of blockchain, AI and other modern technologies,” commented Izabela Depczyk, the founder of The Native Media Inc and currently the Co-CEO of The Native SA.

In parallel with growing its business organically, The Native SA has restructured its debt improving the maturities, reducing both the debt level and its service cost. On July 16, 2018 The Native SA acquired an 82% ownership interest in Highlight Finance Corp (“HFC”), the special purpose-financing vehicle that had been the major creditor of The Native SA and its subsidiaries. As a result of the transaction The Native SA can now extinguish the entire EUR 4.31m convertible bond (originally to mature on December 2018, “December Bond”) with no dilution effect to the existing shareholders of The Native SA, and also can treat the entire CHF 8.2 million loan facility on the level of Blockchain Lab SA (100% subsidiary of The Native SA) as the intracompany debt since HFC is (i) the sole creditor under CHF 8.2 million loan facility, (ii) holds EUR 3.105 million out of EUR 4.31 million convertible bond, and (iii) is an owner of 245,000 shares of The Native SA that will be used by The Native SA group to redeem the remainder of the December Bond that is not owned by HFC. By acquiring 82% ownership

interest and full consolidation rights over HFC, The Native SA can either extinguish or reclassify as intracompany a total of EUR 12.31 million worth of debt with no dilution to The Native SA shareholders. HFC's sole liability is EUR 10 million bond (ISIN: DE000A19Q383 / WKN A19Q38) that is maturing in November 2020 and carries 5% interest rate payable semiannually. Hence, acquisition of HFC results in net reduction of The Native SA group debt by CHF 1.75 million, elimination of EUR 4.31 million of short term debt, reduction of benchmark Euro bond borrowing rate from 6% to 5% and increase of weighted average debt maturity from less than a year to over 24 months as of July 15, 2018. The Native SA stands to pay up to CHF 1 million deferred purchase price consideration for 82% ownership interest in HFC before or on December 31, 2020.

In a separate and unrelated development, The Native SA has recently inaugurated its new operating Americas headquarters in the Lower East Side of Manhattan (107 Norfolk Street), with the new custom designed corporate facility to house all of the US operations of the Native group. The operations are to be managed by the Co-CEOs of The Native SA Alexander Gilkes and Izabela Depczyk, with the latter to transfer her employment from CEO role at The Native SA, Switzerland, to become the Chairwoman of The Native Media Inc in the USA as of September 1, 2018.

The above mentioned preliminary numbers exclude the business of Paddle8 (P8H Inc.), The Native SA's affiliate company, with additional disclosure on its performance to be added to the full H1 2018 consolidated financial report of the Native SA, scheduled for publication on September 30, 2018.

“As we are preparing to complete full consolidation of Paddle8 business within the next 10 months and seek to support further growth of asknet and The Native Media operations in the US, the New York operating headquarters are designed to provide The Native group with adequate on-site presence and infrastructure to sustain further growth of our group in the core North American market,” commented Osman Khan, the Chairman of The Native SA.

About The Native SA

The Native SA is a Swiss-listed (NTIV: SWX, www.thenative.ch) international technology and media company that services corporate clients around the world with the best-in-class e-commerce, data analytics and blockchain technologies, payment services, customer support, and content & digital marketing.

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