

The Native SA Reports CHF 57.2 Million in 1H '18 Revenues

September 30, 2018, Basel (Switzerland)

- CHF 57.2 Million in 1H revenues vs zero for the same period in 2017
- The Native Media Inc is the most profitable part of operations with 51.7% EBITDA margin for the period
- 22% like-for-like revenues increase in asknet AG, The Native's largest subsidiary
- Group's EBITDA negative CHF 2.7 million due to CHF 2.99 million negative EBITDA in P8H resulting from significant one-time expenses in technology and operations; The Native SA owns 15% of P8H, however fully consolidated P8H's results for the period for primarily accounting purposes as of January 1, 2018

The Native SA was formed in 2017 through a series of acquisitions and strategic investments transforming itself from an inactive listed shell company at that time called 5EL SA, into a dynamic and global ecommerce services and marketplaces business driven by its core competencies in the content marketing and blockchain technology arenas. The first half of 2018 and corresponding financial result represents the first full six months period of consolidation of The Native's core subsidiaries and investments including: two fully owned companies, The Native Media Inc in New York and Blockchain Lab SA in Lausanne, a controlling investment in asknet AG in Karlsruhe and a strategic minority investment in P8H Inc in New York.

Results for the first half of 2018 reflect the staggered turnaround stages for the various assets acquired or invested in over the course of 2017. The Native's earliest acquisitions, and the two fully owned subsidiaries, The Native Media Inc and Blockchain Lab SA, continue to exhibit strong performance, with The Native Media Inc being the most profitable part of the group reporting CHF 0.75m EBITDA for the period, reflecting a 51.7% operating margin. The Blockchain Lab SA, which owns critical technology IP and other related assets, continues to actively develop and deploy both in-house applications as well as those for key technology partners, with an aim to launch a suite of innovative blockchain-based products, services and solutions empowering digitally native and global marketplaces.

In November 2017, The Native SA acquired a controlling interest in Karlsruhe based, German-listed e-commerce services business asknet AG. Following the investment, The Native's management engaged in a highly targeted restructuring of the core asset, investing in key sales, marketing and technological functions, which repositioned the Company on a growth trajectory after several years of declining revenue and operating performance. This was evidenced by a 22% revenue increase and shift to

operating profitability (EBITDA of CHF 0.11m) reported by asknet AG for the period ([link](#)).

In December 2017, The Native also assumed a strategic minority investment in the New York based marketplace and online auction business P8H Inc (P8H) and working with our co-investors and partners implemented a number of deep restructuring efforts and made significant one-time investments in the areas of technology, sales and marketing and operations to amplify and reposition P8H as the leading platform for online benefit auctions and millennials-focused objects of rarity. The combination of these efforts, including one-time expenses, resulted in CHF 2.99 million operating losses for the first half of the year in P8H Inc. In 2018, following a number of targeted operational improvements — the relocation of P8H to brand new headquarters in New York, an optimized product mix, recruitment of new talent and reengagement of core leadership and a strong pipeline of new and returning clients — the Company is firmly on its way to realizing a similar growth and profitability trajectory as was achieved by The Native Media Inc and asknet AG.

Although The Native Group's EBITDA for H1 2018 is negative CHF 2.70 million, this negative result is predominantly explained by a change in the accounting approach of fully consolidating P8H's results, which reflect significant one-time investments in key areas, to comply with applicable accounting and reporting standards, even though The Native SA continues to be a 15% minority investor in the business. Stripping out the consolidation impact of P8H, The Native SA reports a positive CHF 0.16 million EBITDA for the 1H 2018.

“As a result of all our investments and subsequent integration efforts, The Native SA is positioned as a truly international ecommerce services and marketplaces business,” commented Osman Khan, the Chairman of The Native SA. “The content marketing and blockchain units are driving our core and imminent growth and profitability, while the investments in asknet AG and P8H provide a clear potential for long-term growth, scale and an ability to deliver strong returns to our shareholders from both organic growth and divestments on an opportunistic basis,” added Mr Khan.

For the full 6 months financial report and additional information please visit <https://thenative.ch/financial-reports/>.