

The Native SA Reports CHF 102.6 Million and Slightly Negative EBITDA For 2018, Takes Focus on Growth in Ecommerce Services and Divesting From All Activities Outside This Key Focus

May 31, Basel (Switzerland) - The full year financial results for the calendar 2018 published today show the scale of The Native's ecommerce business model adopted following transformation of the 5EL SA into The Native SA commenced in 2017. The Native SA is reporting today the consolidated group revenues of CHF 102.6 million for 2018 (the first year of full consolidation of our key subsidiaries (specifically asknet AG in Germany)), compared to CHF 15.5 million in 2017. The asknet Group was consolidated for two months in 2017 and the whole year in 2018.

In spite of various restructuring, integration and modernization expenses incurred in a process of acquiring the key subsidiaries, The Native SA have nearly managed to achieve operating profitability in 2018 and reports negative EBITDA of just CHF 215 thousand for 2018 fiscal year versus negative EBITDA of CHF 3.476 million in 2017 (on group consolidated basis). Given significant and profound impact of restructuring aimed to refocus the Group's business on the global ecommerce services offering, The Native has continued to impair and divest those parts of the Group that no longer fit into the new strategy, finally resulting in the net loss of CHF 8.4 million for 2018, a significant reduction from CHF 14.0 million net loss in 2017, with the 2018 loss largely attributed to non-cash items such as goodwill impairment. Those impairments and realignment of The Native's business portfolio including forthcoming complete exit from P8H Inc (Paddle8) will result in the Group's ability to deliver profitable growth centered on the ecommerce services business model going forward. This impairment will also lead to restatements of previous reports, as further explained in the Annual Report on p. 40 et seq.

Creation of The Native SA with over CHF 100 million in sales company had been largely financed through debt, with no dilutive equity placements made in the course of 2018. That said, in 2018 we have managed to keep the debt more or less on the same level as in 2017 (CHF 15.9 million as of December 31, 2018 versus CHF 15.6 million as of December 31, 2017), with the net debt level actually reduced by 10% from CHF 7.7 million as of December 31, 2017 to just CHF 7.0 million as of December 31, 2018. Moreover, we have been able to successfully refinance all of our short term debt obligations in 2018 and as of December 31, 2018 the short-term portion of our debt was just CHF 0.9 million versus CHF 6.9 million as of December 31, 2017.

"We enter 2019 having a full confidence in the growth potential of our ecommerce services business and our ability to execute on the growth strategy around it. This is evidenced by the 30% 2018 revenue growth in asknet AG, our key operating subsidiary that had seen its revenues declining for four consecutive years before we acquired asknet AG in November 2017", commented Victor Iezuitov, the Chief Financial Officer of The Native SA who is also the Chairman of Supervisory Board of asknet AG.

To invest and grow further its core ecommerce services business, on January 31, 2019 asknet AG acquired 100% of Nexway Group AG, with this move coupled with organic growth of The

Native's ecommerce services business expected to deliver at least two-fold revenue growth for The Native SA in 2019 on fully consolidated basis.

To facilitate execution of the refined strategy focused on ecommerce services business, The Native SA intends to divest all of the non-core investments and subsidiaries in the course of 2019 including exit from all of its investments in P8H Inc, with this exit opportunity created thanks to a complete and positive turnaround of Paddle8 business in the course of 2018-2019.

Two of the existing board members of The Native SA (Mr. Khan and Mr. Pinto) will not stand for re-election at the annual shareholders meeting, and our CEO and one of the Paddle8 founders Mr. Gilkes will resign from his office after the annual shareholders meeting on June 24, albeit he will remain a significant shareholder of The Native SA going forward.

The annual shareholders meeting will vote in the new directors of The Native SA among other matters. The board of directors will be proposing Mr Patrick Girod as new chairman of the board and Mr Victor Iezuitov as new member.

The invitation to the annual shareholders meeting will be published in the SHAB on coming Monday, 3 June 2019 and is going to be available on the website of The Native SA shortly. The meeting will take place on Monday, 24 June 2019, at 14:00 CEST at the offices of the Company, Gerbergasse 48, in 4001 Basel.

Further, The Native SA has on 31 May granted option rights to Herculis Trustees AG in relation to the former MTH loan (see the Annual Report on this loan with option rights). The option allows Herculis Trustees AG to convert the loan of CHF 1,120,000 into shares of The Native SA at nominal value.

Further inquiries:

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