

The Native SA, Basel
Half-Year Results 2019
(unaudited)



31 October 2019

Corrigendum 5 November 2019

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. ORGANIZATION, BUSINESS ACTIVITY AND BUSINESS COMBINATION

The Native SA (the “Company”) had been formed in 2017 through a series of acquisitions and strategic investments transforming itself from an inactive listed shell company, 5EL SA, into a dynamic and global ecommerce services and marketplaces business driven by our core competence in the content marketing and blockchain technology arenas. This report presents the first full six months period of consolidation of our core subsidiaries including two fully owned companies (The Native Media Inc. in New York and Blockchain Lab SA in Lausanne), our control investment in asknet AG of Karlsruhe and our strategic minority investment in P8H Inc. of New York (collectively – “Growth Investments”).

The Company entered the 2019 calendar year with a very clear growth strategy in mind, that is augmenting its already well established strong content marketing and technology competences with the full consolidation and further expansion of its Growth Investments in the course of 2019 thus creating a diversified international ecommerce group with no less than CHF 200 million in annual revenues and clear path to full year of profitability in the fiscal 2020.

The Company has quickly delivered on this strategy already on February 1, 2019 when it completed acquisition of 100% ownership interest in a highly complementary business of Nexway Group AG, consolidating on the level of asknet AG (subsequently renamed into Nexway AG) a significant ecommerce services business with market leadership position in software and academic products sales and distribution in the European market. In January 2019 the Company was looking into a financing proposal aimed to provide The Native SA with significant new equity capital to help to consolidate control over P8H Inc (based on the call option held by the Company and expiring in May 2019) and to partially de-leverage as the Company had to borrow significantly on the level of its subsidiaries to finance acquisition and build-up of its Growth Investments.

Regretfully, at the very same time the share prices of The Native SA came under an unexpected and unexplainable sell pressure collapsing from approximately CHF 7 per share in December 2018 to almost CHF 1 per share by the end of April. This share price dynamic had been interpreted by most of our shareholders and generally capital markets as the vote of no-confidence to our Growth Investments strategy and forced the board of directors of The Native SA to look for alternatives.

As a result, unable to access new financing, in May 2019 The Native SA failed to execute on the call option to consolidate control in P8H Inc, and in June it commenced the process of divestment of its highly leveraged subsidiaries with an aim to significantly reduce debt and to keep the Company as the sound financially stable business going forward. This effort resulted in divestment of the Company’s entire ownership interest in asknet AG (Nexway AG), sale of 70% ownership interest in Highlight Finance Corp and de-consolidation of EUR 22,500,000 in long term bond obligations issued on the level of those divested subsidiaries – this divestment, further detailed in the Note 12 herein, took place on the date after the reporting date, hence this report reflects operating results of these companies for the first six months of 2019.

Following completion of its divestments, The Native SA as of today has no operating activities, no employees and is reviewing its strategic options going forward further described in the Note 3 herein.

2. NET RESULT

The Native SA reports TCHF 98'120 in revenues for the first six months of 2019 compared to TCF 50'201 for the same period in 2018. Our EBITDA for the period is negative of TCHF 676 (TCHF 14 for the same period in 2018), with the negative result predominantly explained by the integration costs and non-operating expenses at the level of asknet and Nexway subsidiaries.

The Company's net loss driven by the restructuring, integration and financing expenses, had widened from TCHF 2'147 in the first six months of 2018 to TCHF 5'717 for the same period of 2019 and thus made the company very dependent on its ability to finance its Growth Investments and their integration with access to additional capital. Given that access to this capital had been made impossible due to sudden collapse of our share price in the first half of 2019, the Company had been forced to divest of some of its largest subsidiaries (please see Note 12, subsequent events) and abandon the consolidation plans for P8H Inc (in early May 2019).

3. OUTLOOK SECOND HALF-YEAR 2019

Given adverse share price conditions that was in a stark opposite to robust performance and operational improvements of our Growth Investments, the Board of The Native SA had to make a decision to divest or to abandon consolidation of its Growth Investments to de-consolidate all of the debt on the level of its subsidiaries and exit any obligations for any future capital calls.

The resulting corporate structure is the Swiss-listed The Native SA with two fully owned subsidiaries The Native Media Inc in the USA and Blockchain Lab SA in Switzerland and several legacy minority investments including P8H Inc.

The Board of Directors will be dedicated to complete the restructuring of the Company by the year-end. The first milestone will be issuance of a 0% 18 months convertible note through a private placement with a minimum objective to swap a maximum number of existing creditors into this facility to recapitalize the Company. Once achieved, the Board will start to explore new business opportunities to redeploy operating activities and present a business strategy at the beginning of 2020.

Patrick Girod,
Chairman of the Board
The Native SA

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (in thousands of Swiss Francs)

For the six months period ended

	Unaudited 30 June 2019 TCHF	Unaudited 30 June 2018 Restated TCHF
Revenue	98 120	50 201
Other income	1 629	1 018
Total revenue	99 749	51 220
Cost of material	(91 269)	(44 539)
Personnel expenses	(6 546)	(3 235)
General and administrative expenses	(2 080)	(501)
Marketing & sales expenses	(446)	(461)
Other operating income / (expenses)	(84)	(2 497)
Total operating expenses	(100 426)	(51 234)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(676)	(14)
Depreciation of property, plant and equipment	(62)	(49)
Amortization of intangible assets	(1 262)	(345)
Amortization and impairment of goodwill	8	(1 660)
Variation bad debts	(335)	183
Operating result (EBIT)	(4 415)	(1 885)
Financial income	45	-
Financial expenses	(81)	(222)
Exchange differences	(399)	230
Result before income tax	(4 849)	(1 877)
Extraordinary revenues	6	-
Extraordinary costs	(945)	-
Result before income tax	(5 788)	(1 877)
Income tax	72	(270)
Net result	(5 717)	(2 147)
Attributable to:		
Owners of the Company	(3 928)	(1 878)
Non-controlling interests	(1 788)	(269)
Earnings per share		
Basic (CHF per share)	(1.26)	(0.60)
Diluted (CHF per share)	(1.26)	(0.60)

CONSOLIDATED BALANCE SHEET

(in thousands of Swiss Francs)

		Unaudited 30 June 2019 TCHF	Unaudited 31 Dec 2018 TCHF Restated
ASSETS			
Current assets			
Cash and cash equivalents		4 662	5 247
Trade and other receivables		15 872	7 820
Inventories		63	51
Prepaid expenses		1 021	739
Total current assets		21 618	13 857
Non-current assets			
Property, plant and equipment		269	170
Other financial assets		6 990	2 282
Intangible assets		8 802	2 616
Goodwill	8	21 002	1 293
Total non-current assets		37 063	6 361
Total assets		58 681	20 218
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		32 887	8 871
Accrued expenses		10 590	4 165
Current financial liabilities	9	2 934	878
Current convertible loan	9	-	-
Total current liabilities		46 411	13 914
Non-current liabilities			
Non-current financial liabilities	9	22 791	15 023
Non-current convertible loan		-	-
Long term provisions		191	-
Deferred tax liabilities		448	465
Total non-current liabilities		23 431	15 488
Equity			
Share capital		10 889	10 889
Treasury shares	10	(34)	(34)
Cumulative translation adjustment		(664)	(22)
Consolidated reserves		(7 153)	(13 631)
Accumulated losses		1 788	(2 982)
Net result		(5 717)	(2 147)
Total equity attributable to Owners of the Company		(890)	(7 926)
Non-controlling interests		(10 271)	(1 257)
Total equity		(11 161)	(9 183)
Total liabilities and equity		58 681	20 218

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Swiss Francs)

	Issued capital			Cumulative translation adjustment TCHF	Accumulated losses TCHF	Attributable to		Total TCHF
	Share Capital TCHF	Treasury Shares TCHF	Owners of the Company TCHF			Non- controlling interests TCHF		
Balance at 1 January 2018 (audited)	10 889	(259)	8	(14 774)	(4 136)	1 232	(2 904)	
Net result	-	-	-	(1 878)	(1 878)	(269)	(2 147)	
Currency translation difference	-	-	1	-	1	(6)	(5)	
Capital decrease	-	-	-	-	-	-	-	
Capital increase	-	-	-	-	-	-	-	
Balance at 30 June 2018 (unaudited, restated)	10 889	(259)	9	(16 652)	(6 013)	957	(5 056)	
Balance at 1 January 2019 (unaudited, restated)	10 889	(34)	(22)	(18 760)	(7 926)	(1 257)	(9 183)	
Net result	-	-	-	(3 928)	(3 928)	(1 788)	(5 717)	
Currency translation difference	-	-	(643)	-	(643)	281	(362)	
Disposal of treasury shares	-	-	-	23 556	23 556	(124)	23 432	
Change in scope of consolidation	-	-	-	(11 628)	(11 628)	(7 154)	(18 781)	
Other changes in equity	-	-	-	(321)	(321)	(229)	(550)	
Balance at 30 June 2019 (unaudited)	10 889	(34)	(665)	(11 081)	(890)	(10 271)	(11 161)	

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Swiss Francs)

For the six months period ended

	Unaudited 30 June 2019	Audited 31 Dec 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) for the year	(5'717)	(8'354)
Adjustments for:		
Tax (income) / expense	(72)	(44)
Financial expenses	70	630
Financial income	-	(163)
Depreciation, amortization and impairment	4'671	8'508
Net (gain) / loss arising on sale of PPE and intangible	-	29
Unrealised extraordinary income		(443)
Unrealised foreign exchange (gain) / loss	-	(443)
	<u>(1'049)</u>	<u>(280)</u>
Movement in working capital		
(Increase)/decrease in inventories	42	(1)
(Increase)/decrease in trade and other receivables	(2'668)	(656)
Increase/(decrease) in trade and other payables	4'414	914
<i>Cash flow generated from operations</i>	<u>740</u>	<u>(23)</u>
Income tax paid	72	(45)
Net cash used in / from operating activities	812	(68)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition in subsidiaries, net of cash acquired	1'546	-
Acquisition of property, plant and equipment	(8)	(72)
Acquisition of intangible assets	6	(1'079)
Increase in other receivables	-	(1'984)
Increase in other financial assets	(1'344)	(631)
Interest received	-	37
Net cash used in / from investing activities	200	(3'729)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in non-current financial liabilities	78	1'051
Decrease in current financial liabilities	-	(226)
Decrease in non-current financial liabilities	(1'405)	-
Interest paid	(70)	(604)
Capital increase granted by non-controlling interests	-	1'141
Net cash used in / from financing activities	(1'398)	1'362
Change in cash and cash equivalents	(386)	(2'435)
Cash and cash equivalents at 1 January	5'247	7'869
Reciprocal account	(50)	-
Effect of movements in exchange rates on cash held	(149)	(187)
Cash and cash equivalents at 30 June / 31 Dec	4'662	5'247
Change in cash and cash equivalents	(386)	(2'435)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2019

1. GENERAL INFORMATION

The Native SA (“the Company”) was incorporated in Switzerland as a Swiss limited company on 17 December 1998. The Company has its corporate legal headquarter at Gerbergasse 48, 4001 Basel, Switzerland (before 25 May 2018, the headquarters were at Rue du Grand-Chêne 8, 1003 Lausanne, Switzerland).

The corporate purpose of the Company is to act as an international technology and media company that enables its clients around the world with ecommerce services, data analytics and blockchain technologies, payment services, customer support, and content & digital marketing.

These financial statements were approved by the Board of Directors and authorized for issue on 31 October 2019.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements cover the unaudited half-year results for the six months ending 30 June 2019. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2019 have been prepared in accordance with FER 31 “Supplementary Recommendation for Listed Companies”.

These interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the consolidated financial statements as at 31 December 2018. In this interim report, Management has not made any significant changes to the estimates and assumptions compared to the previous period. However, due to the deconsolidation of one entity, only owned at 15%, incorrectly consolidated last year, the figures as at 30 June 2018 have been restated to ensure the comparison of the information.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Swiss francs unless otherwise stated.

GOING CONCERN

Given its existing cash position and ongoing issuance of the convertible note (please refer to Note 12), divestment (after the reporting date) of two highly leveraged subsidiaries (asknet AG and Highlight Finance Corp) resulting in massive debt reduction and use of divestment proceeds to extinguish of some short term obligations (including settlement of all accounts payable to the European Broadcasting Union and repayment of short term portion of the loans on The Native SA level), The Native SA should have no liquidity issues in the following 12 months.

3. SCOPE OF CONSOLIDATION

	Country	Ownership interest 30 June 2019	Voting rights 30 June 2019	Ownership interest 31 Dec 2018	Voting rights 31 Dec 2018	Consolidation method 30 June 2019	Consolidation method 31 Dec 2018
asknet AG¹	Germany	51.37%	51.37%	51.37%	51.37%	Full	Full
asknet Inc.	USA	51.37%	51.37%	51.37%	51.37%	Full	Full
asknet KK	Japan	51.37%	51.37%	51.37%	51.37%	Full	Full
asknet Switzerland GmbH	Switzerland	51.37%	51.37%	51.37%	51.37%	Full	Full
Blockchain Lab SA	Switzerland	100.00%	100.00%	100.00%	100.00%	Full	Full
Boonty Pte Ltd **)	Singapore	51.37%	100.00%	0%	0%	Full	N/A
Boonty K.K. **)	Japan	51.37%	100.00%	0%	0%	Full	N/A
Highlight Finance Corp. *)	BVI	82.00%	82.00%	82.00%	82.00%	Full	N/A
Nexway Comercio Electronico Ltda **)	Brazil	51.37%	100.00%	0%	0%	Full	N/A
Nexway SAS **)	France	51.37%	100.00%	0%	0%	Full	N/A
Nexway Srl **)	Italy	51.37%	100.00%	0%	0%	Full	N/A
Nexway Sp.Z.o.o **)	Poland	51.37%	100.00%	0%	0%	Full	N/A
Nexway Inc. **)	USA	51.37%	100.00%	0%	0%	Full	N/A
Nexway Group AG **)	Switzerland	51.37%	100.00%	0%	0%	Full	N/A
Nexway Sarl **)	Morocco	51.37%	100.00%	0%	0%	Full	N/A
The Native Media Inc..	USA	100.00%	100.00%	100.00%	100.00%	Full	Full

In 2019 there was a change in the financial consolidation approach applied to the entity P8H Inc., even though the ownership interest and voting rights of the Group have not changed. The Native SA originally acquired 15% of the equity capital (22.3% voting rights) in P8H Inc. late in December 2017, however given that management did not retain control in 2017 and that there was the option granted to the related party of The Native (a significant shareholder of The Native SA and majority owner of P8H Inc until December 2017) to repurchase the shares (with this option expiring on 31 May 2018 and eventually not executed by this related party), management decided to report this investment at its acquisition cost, and not to use the equity method, as of 31 December 2017. This investment had been subsequently consolidated in the financial statements of The Native SA for the fiscal year 2018 as The Native SA gained an option to increase its ownership interest in P8H Inc to majority ownership. In 2019 The Native SA board had to decide not to execute on the call option and not to consolidate majority ownership of P8H Inc, and subsequently the P8H Inc investment has been deconsolidated and 2018 was restated, as The Native exercised no control over its P8H Inc investment and neither it had any path to control any longer.

¹⁾ Asknet AG, Germany has been renamed into Nexway AG on July 16, 2019.

*) On 16 July 2018, the Native SA acquired an 82% ownership interest in Highlight finance Corp. ("HFC"), at that time shareholder of The Native

by 8,17%, for a consideration of TCHF 1'000. The purchase price is due to be paid on or until 31 December 2020.

**) On 1 February 2019, Asknet AG, Germany, (renamed into Nexway AG on 16 July 2019) purchased the Nexway Group AG to reinforce its presence on the international ecommerce services market. All nine companies belonging to the Nexway Group have been consolidated as of 30 June 2019. The purchase price of TEUR 500 has been paid by Asknet AG in full.

4. SEASONALITY OF OPERATIONS

The Group has significant seasonality of its operations traditionally having over 30% and 35% of its revenues generated in Q4 respectively, with calendar Q1 being the weakest for each of those businesses.

5. KEY EXCHANGE RATES

The following exchange rates were used for currency translation:

	30 June 2019		31 December 2018		30 June 2018	
	Closing rate	Period average	Closing rate	Period average	Closing rate	Period average
USD	0.98140	1.00829	0.98580	0.98692	0.99510	0.97828
EUR	1.08695	1.13922	1.12690	1.16360	1.16500	1.17710
SGD	0.70691	0.74291	0.70691	0.74291	N/A	N/A
PLN	0.24757	0.28097	0.24757	0.28097	N/A	N/A
JPY	0.00927	0.00919	0.00927	0.00919	N/A	N/A
MAD	0.10212	0.10543	0.10212	0.10543	N/A	N/A

6. SEGMENT REPORTING

The following table is an analysis of the Group activities:

30 June 2019 (unaudited)	Ecommerce TCHF	Academics TCHF	Corporate TCHF	Other TCHF	Eliminations TCHF	Total TCHF
Third party revenue	79 746	15 301	168	4 534	-	99 749
Group revenue	-	-	-	-	-	-
Total revenue	79 746	15 301	168	4 534	-	99 749
Operating result			-		-	0

30 June 2018 (unaudited)	Ecommerce TCHF	Academics TCHF	Corporate TCHF	Other TCHF	Eliminations TCHF	Total TCHF
Third party revenue	-	-	-	-	-	-
Group revenue	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Operating result	-	-	-		-	-

Due to change of IT reporting system as of 1 January 2019, the comparative restated information is not available.

7. BUSINESS COMBINATIONS

On 16 July 2018, the Company acquired an 82% ownership interest in Highlight finance Corp. (“HFC”), shareholder of the Native SA by 8,17% for a consideration of TCHF 1000. The purchase price is due to be paid on or until 31 December 2020. The following table summarizes the consideration paid for the above acquisition and the amounts of the assets acquired and liabilities assumed recognized at the integration date (1 July 2018 for HFC):

In TCHF	<u>HFC</u>
Consideration	
Deferred consideration	1 000
Total consideration	1 000
Less:	
Recognized amounts of identifiable assets acquired and liabilities assumed	
Shares of the Native SA (Treasury shares)	2 324
Trade and other receivables	1 454
Prepaid expenses	197
Financial assets: loans	8 240
Financial assets: Convertible loans	3 594
Trade and other payables	(289)
Non-current financial liabilities	(11 576)
Non-controlling interests	(710)
Total identifiable assets	3 234
Goodwill	(2 234)

The negative difference between the acquisition costs and the proportional revalued net assets (“bargain”) is referred to as negative goodwill or badwill and recognized directly as an increase in equity.

The Nexway Group has been purchased by asknet AG, the German subsidiary of the Company, on 1 February 2019.

The following table summarizes the consideration paid for the above acquisition and the amounts of the assets acquired and liabilities assumed recognized at the integration date, being 1 February 2019:

In TCHF

Nexway

Consideration

Acquired through a receivable assignment	543
Total consideration	543

Less:

Recognized amounts of identifiable assets acquired and liabilities assumed

Cash and cash equivalents	1 680
Trade and other receivables	5 174
Inventories	60
Property, plant and equipment	176
Other financial assets	4 819
Intangible assets	7 879
Trade and other payables	(20 953)
Accrued expenses	(9 704)
Non-current financial liabilities	(10 239)
Non-controlling interests	(42)
Total identifiable assets	(21 150)

Goodwill	21 693
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The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiaries acquired is recorded as goodwill. As per the Group accounting policies, goodwill is amortized over a 5-years period. Amortization has been calculated on a pro rata basis since the entry of the acquired entities in the scope of consolidation.

8. GOODWILL

As of 30 June 2019, the following table details the goodwill position:

Reconciliation of carrying amount

In TCHF

Goodwill

GROSS VALUE

Balance at 1 January 2019	13 138
Change in the scope of consolidation	21 693
Balance at 30 June 2019	34 831

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES

Balance at 1 January 2019	(11 845)
Amortization charge	(1 660)
Impairment	(324)
Balance at 30 June 2019	(13 829)

Net book amount at 30 June 2019	21 002
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GROSS VALUE

Balance at 1 January 2018	13 099
Change in the scope of consolidation	39
Balance at 31 December 2018	13 138

ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES

Balance at 1 January 2018	(5 201)
Amortization charge	(2 620)
Impairment	(4 024)
Balance at 31 December 2018	(11 845)

Net book amount at 31 December 2018	1 293
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As per note 7, the Company acquired on 16 July 2018 an 82% ownership interest in Highlight Finance Corp. ("HFC"), shareholder of the Native SA by 8,17% for a consideration of TCHF 1'000. This transaction has generated a negative goodwill (or badwill) of TCHF 2'324, which has been accounted for in the equity.

On 28 December 2018, further to the acquisition of 45'595 shares in asknet AG for a consideration of TCHF 620 (TEUR 550), the ownership increased back to 51,00% (it had temporarily decreased to 44% further to the non-subscription of asknet AG's 26 September 2018 capital increase, however the Native Group kept the control during this period). This operation has generated an additional goodwill of TCHF 39.

On 1 February, asknet AG has acquired an 100% ownership interest in Nexway Group AG for a consideration of TCHF 543 (TEUR 500). This transaction has generated a goodwill of TCHF 21'693.

As per the group accounting policies, goodwill is amortized over a 5-year period, generating an amortization charge of TCHF 1'660 for the reporting period.

9. FINANCIAL LIABILITIES

The following table details the financial liabilities booked on the level of The Native SA:

	Current		Non-current	
	Year ended		Year ended	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018
	TCHF	TCHF	TCHF	TCHF
Loans from:				
Third parties	2 056	-	19 357	-
Related parties	89	89	1 814	1 014
Payables related to business combinations:				
Third parties	789	789	1 620	1 620
Convertible loan from:				
Third parties	-	-	-	1 120
Bonds from:				
Third parties				11 269
Total financial liabilities	2 934	878	22 791	15 023

A TCH 89 loan is the remaining balance of a TUSD 150 loan granted by a related party at that time (shareholder) on 28 April 2017, for bridge financing of working capital needs. This loan has the following features:

Duration:	the maturity of this loan facility was 31 July 2017. This term has been extended until 31 December 2019
Interest:	fixed annual interest rate of 5%

A TCH 1'014 loan (TEUR 900) was granted by a related party (at that time) on 27 December 2018, for a short-term financing facility for working capital and other capital needs. This loan has the following features:

Amount:	the amount of TEUR 900 corresponds to the first tranche. The second tranche of TEUR 300 has been granted on 20 April 2019 and the third tranche of TEUR 400 has been granted on 30 June 2019
Duration:	the maturity of this loan facility is 31 December 2020
Interest:	fixed annual interest rate of 5%

Payables related to business combinations

In relation with the acquisition in November 2017 of 25% of the company The Native Media Inc., part of the consideration payment is deferred. TUSD 400 was payable by 30 November 2018 (classified as current) and TUSD 400 by 30 November 2019 (classified as current) for a total of TCHF 789. The first tranche of TUSD 400 due on 30 November 2018 is still due as of 30 June 2019. This debt bears no interest.

In relation with the acquisition in July 2018 of 82% of the company Highlight Finance Corp., the consideration payment is deferred: TCHF 1'000 is payable by 31 December 2020 (classified as non-current).

In relation with the acquisition in December 2018 of 7% of the company asknet AG, the consideration payment is deferred: TCHF 620 (TEUR 550) is payable by 31 December 2020 (classified as non-current). This debt bears fixed annual interest rate

of 5%.

Related parties: please refer to the consolidated financial statements as at 31 December 2018

Convertible loans

Related parties: please refer to the consolidated financial statements as at 31 December 2018

10. TREASURY SHARES

As of 30 June 2019, the Company owned 4'253 treasury shares (31 December 2018: 4'253) for a total amount at cost of TCHF 34 (31 December 2018: TCHF 34). No treasury shares were sold during the current and prior year.

11. CONTINGENT LIABILITIES

The Group has certain contingent liabilities in respect of legal claims arising in the ordinary course of business. In management's opinion, it is not anticipated that any material liabilities will arise from the contingent liabilities.

12. SUBSEQUENT EVENTS

On 16 August 2019 the Company has signed a Share Purchase Agreement with an existing minority shareholder of Nexway AG to divest of the entire ownership interest in Nexway AG (equivalent to 51%) and 70% ownership interest in Highlight Finance Corp, with this Agreement and all transactions pertinent thereto fully completed on September 24, 2019. The transaction has allowed the Company to eliminate all of the debt on the level of its subsidiaries including a total of EUR 22,500,000 in long term bonds issued and outstanding on the level of the subsidiaries (now divested and deconsolidated), deconsolidate the operating losses of those subsidiaries and further capital calls on the level of those subsidiaries and generated net proceeds to The Native SA in the amount of TEUR 3500, all received by The Native SA in their entirety after the reporting date. Moreover, such transaction will also have an impact on the goodwill of the Company therefore substantially reducing it. After the transaction, the consolidated assets of the Native Group will contain only some cash and cash equivalents as well as two minority investments which are not consolidated. All other assets will be deconsolidated.

On 11 October 2019 the Company has entered the termination agreement with the European Broadcasting Union ("EBU") to complete the three years long engagement and settle all and any existing and future payments to the EBU with one-off payment of EUR 250,000, that had been made by the Company duly thereafter and facilitated elimination of a grand total of EUR 1,000,000 in accounts payable to the EBU.

On 31 October 2019 the Company has opened the subscription period (end date: 30 November 2019) for the private placement of a 0% 18-months mandatory convertible note (up to TCHF 8'000) whose minimum objective is to swap a maximum number of existing creditors into this facility to recapitalize the Company.

At the date of publication of this press release, the Company is not aware of any other significant new event that would affect the half-year financial statements as of 30 June 2019.

COMPANY PROFILE

Board of Directors

Patrick Girod, Chairman

Victor Iezuitov, Member

Postal Address

The Native SA, Gerbergasse 48, 4001 Basel

Auditors

Berney Associés Audit SA, 1002 Lausanne

Reporting

The Board of Directors

Bank

BANQUE LOMBARD ODIER & Cie SA, Lausanne Branch, 1003 Lausanne

Ticker Symbols

Bloomberg NTIV SW Equity

Telekurs NTIV

Security number 632.685

ISIN CH0006326851

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