

# **The Native SA, Basel**

## **Annual Report 2020**

**for the year ended 31 December 2020**



**30 April 2021**

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**CHAIRMAN LETTER TO THE SHAREHOLDERS**

Dear Shareholders,

The Native SA entered 2020 with high hopes that it would be a year of strategic initiatives and business redeployments having spent most of 2019 in successful and profitable exits as well as restructuring of the balance sheet.

Unfortunately, at the end of March 2020, in the middle of the world discovering the nasty effects of the Coronavirus spread and contagion, the Company has been hit by an unexpected and, in view of the Board, faulty decision by the Civil Court of Basel, declaring bankruptcy over The Native SA. Such a decision jeopardized the Board's strategy and all its efforts to achieve the restructuring and think about a future business redevelopment.

The Board was forced to refocus on the legal ground by fighting appropriately this decision by an appeal to the Appeal Court of Basel. That was successfully achieved by getting suspensive effect on August 2020 and the case referred to the Basel Supervisory Authority in debt enforcement and bankruptcy matters. In parallel, The Company entered into a friendly settlement for the claim related to its former CEO, Nicolo von Wunster – the same claim being at the origin of the Bankruptcy procedure.

On the top of that, the Board was able in the fourth quarter with the unanimous support of its shareholders to strengthen its balance sheet by executing:

- a reduction of the nominal value per share (new nominal value CHF 0.42 per share) to partially correct the situation of capital loss (Unterbilanz)
- and a capital increase by way of debt compensation against shares issuance at CHF 0.42 per new share for an amount of CHF 3'738'997.62

During the full year, the Board carefully managed the resources despite the challenging position of the Company being in Bankruptcy. Such actions resulted in positive financial figures showing a net profit of CHF 18'470.

As a reminder, following the divestment and deconsolidation of several core activities in 2019 and in the first half of 2020, the Native as of today has no operating activities and no employees. Its assets are made up of financial assets for more than 95% (long term interests-bearing private debt instruments). For this particular reason, the Company is not presenting a consolidated report in the Annual Report for the year 2020.

The Company will now patiently wait for a final order first from the Supervisory Authority in debt enforcement and bankruptcy matters and then from the Appeal Court due in 2021 hoping it to be a positive decision about the revocation of the bankruptcy. If and when, the Board will be quick to consider then new strategic initiatives with the support of its main shareholders.

We thank all our shareholders and stakeholders for their patience and support in this painful life phase of The Native SA.

PATRICK GIROD

Chairman of the Board of Directors

**CORPORATE GOVERNANCE**

## General information

The Company's corporate governance principles are laid out in the Articles of Incorporation (the "Articles"), in the Organizational Rules adopted by the Board of Directors (alternatively, the "Board") and in a set of other Group directives, including the Internal Control System (the "ICS").

Further information disclosed below conforms to the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange; the information refers to 31 December 2020, unless otherwise indicated. In order to avoid redundancies, references are inserted to other parts of this Annual Report and links to The Native SA's website <http://www.thenative.ch/> that could provide additional, more detailed information.

### 1. Group structure and shareholders

#### Group structure

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. 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.

The Native SA is listed on the SIX Swiss Exchange, SIX Swiss Reporting Standard. The Company is listed under the symbol "NTIV". The ISIN code is CH0006326851. The market capitalization (after the capital increase of 18 December 2020) as at 31 December 2020 amounts to CHF 6 million (31 December 2019: CHF 1.72 million).

The Company holds no subsidiaries or participations.

#### Significant shareholders

According to SIX Swiss Exchange notifications, significant shareholders as of 31 December 2020 are:

	<b>Ownership Interest</b>
Digital Investment Platform	24.97%
FBNK Finance Sarl	16.65%
HLEE Finance Sarl	15.20%
Herculis Trustees AG	12.58%
Unicorn Advisory OU	8.82%
Falcon Consulting Limited	4.12%
Herculis Partners SA	3.79%

The Company holds 0.04% of its own share capital (treasury shares).

Past and current notifications regarding the Company's shareholding can be found on the website of SIX Exchange Regulation at: <https://www.ser-ag.com/en/resources/notifications-market-participants/official-notices.html#/>.

## Cross investments

There are no cross investments with other Group companies.

## 2. Capital structure

<b>Ordinary share capital as of 31 December 2020</b>	CHF	5'045'697.72
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### Share capital

As at 31 December 2020, the share capital amounts to CHF 5'045'697.72, consisting of 12'013'566 bearer shares with a nominal value of CHF 0.42 each. Each share has one voting right and is fully entitled to dividends. The shares are fully paid in.

At the Extraordinary Shareholders Meeting of 18 December 2020, the shareholders have approved the deletion of the conditional and authorized capital.

### Capital Increase 18 December 2020

At the Extraordinary Shareholders Meeting of 18 December 2020, the Shareholders accepted the motion of the Board of Directors and voted in favor of a Reduction of the existing Share Capital of CHF 10'889'165.-- by CHF 9'582'465.20 to (new) CHF 1'306'699.80 by reducing the nominal value of each Share of CHF 3.50 by CHF 3.08 to new CHF 0.42; and by using the reduction amount to partially correct the situation of capital loss (Unterbilanz); and Increase by way of ordinary capital increase the current Share Capital of the Company of CHF 1'306'699.80 by a minimum of CHF 3'360'000.-- and a maximum of CHF 4'200'000.-- to a maximum of (new) CHF 5'506'699.80 by issuance of a minimum of 8'000'000 and a maximum of 10'000'000 new bearer Shares with a nominal value of CHF 0.42 each

The capital increase was subscribed by all of the convertible note holders.

Subsequent the Shareholders Meeting the Board of Directors has carried out the capital increase in an amount of CHF 3'738'997.62 corresponding to 8'902'376 new bearer shares at CHF 0.42 each.

### Treasury shares

As at 31 December 2020, The Native SA owns 4'253 of its own shares. Further information can be found in Note 12 of the financial statements.

### Conditional share capital

The Articles of Association provide for three distinct types of conditional share capital:

A conditional share capital, up to a maximum amount of CHF 3'500'000 by the issuance of maximum 1'000'000 bearer shares with a par value of CHF 3.50 each, was created in connection with conversion rights to be granted under a future issuance of a convertible bond or similar instrument or with the exercise of option rights in the context of share option plans granted to employees, creditors, shareholders or the Board of Directors. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase are excluded.

A conditional share capital, up to a maximum amount of CHF 341'250 by the issuance of maximum 97'500 bearer shares with a par value of CHF 3.50 each, was created in connection with the conversion rights to be granted under an expected future issuance of a convertible bond or similar instrument. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase may be limited or excluded by the unanimous resolution of the Board of Directors under certain circumstances lined out in the article 3.2 of the Articles of Association.

A conditional share capital, up to a maximum of CHF 98'000 by the issuance of maximum 28'000 bearer shares with a par value of CHF 3.50 each, was created in connection with the exercise of the conversion right granted to the holder of the convertible loan, MT Holding S.p.A, Rome, now awarded and assigned to a related party (see below "MTH"). The pre-emptive rights of the existing shareholders related to the subscription of the shares of this conditional share capital increase are excluded.

Following the Extraordinary Shareholders Meeting of 18 December 2020, the Conditional capital has been deleted from the Articles of Association of the Company

## **Shares and participation certificates**

All shares of the Company are bearer shares with a nominal value of CHF 0.42 each. The Company has one single class of shares. Each bearer share carries one vote at the shareholders' meeting. Each shareholder with voting rights may be represented at the General Meeting by the independent representative or a third party. Shareholders have the right to receive dividends decided by the shareholders' meeting and have all other rights provided for by the Swiss Code of Obligations.

## **Profit sharing certificates**

The Company has not issued any preferred voting shares or non-voting equity securities, such as participation certificates or profit sharing/bonus certificates.

## **Limitations on transferability and nominee registrations**

Being issued to the bearer, the shares of the Company can be transferred without restrictions.

## **Convertible loans**

### MTH

On 5 September 2013, the Company agreed with MT Holding S.p.A, Rome, a convertible loan for the amount of CHF 1'120'000, which entitles the holder to convert all or part of the loan to ordinary shares of The Native SA at nominal value of The Native SA shares (actually CHF 3.50 per share), i.e. for a loan of CHF 3.50 the holder shall receive one The Native SA's share with a nominal value of CHF 3.50.

The conditions applicable to this convertible loan were as follows: conversion might occur at any time between 1 November 2018 and 30 December 2018. If the loan was not converted within the timeframe mentioned, it would be reimbursed on 30 December 2018 or earlier at the option of the borrower. Consequently, this loan had been classified as current. A variable interest of 2.5% on CHF 1'000'000 and 0.75% on the surplus (2017: 3.25% p.a.) should be paid in arrears semi-annually, until the notes were converted or redeemed.

Further to the bankruptcy of MT Holding S.p.A (subsequently MT Holding S.p.A in liquidation) and a competitive procedure held by the Bankruptcy trustee, a related party of The Native SA was awarded this convertible loan by the Court of Asti (Italy) and, by a debt assignment agreement signed on 31 January 2019, the Bankruptcy trustee

of MT Holding S.p.A in liquidation formally assigned to this related party all its rights, receivables, accrued interest and obligations arising out of the loan.

On 27 March 2019, both The Native SA and its related party agreed to maintain the above conditions except:

- The maturity has been postponed to 31 December 2019. However, if the conversion does not take place during 2019, the related party will postpone the reimbursement of the convertible loan for a minimum of 12 months
- The interest on existing loan and accumulated interests has been agreed to be the rate communicated by the Swiss Federal Tax administration (currently 0.75%).

On 20 December 2019, this creditor accepted the proposal of the Company and converted the existing loan and accrued interest into a newly issued Convertible Note («Convertible Note 2019»).

### Convertible Note 2019

On 20 December 2019, the Company issued a mandatory convertible note for an amount of up to CHF 8'000'000 of CHF 1'000 par value.

The Note was subscribed by several existing creditors of the Company at an issue price of 95% for a total amount of CHF 3'058'050, through the issuance of 3'219 notes of CHF 1'000 par value.

The maturity date of the Note is 31 May 2021. The note bears no interest

The conversion rate shall be the following:

- For one Note, the Noteholder shall be entitled to receive that full number of Shares corresponding to the amount of CHF 1'000 divided by the value of a Share (the "Value") calculated as follows:
- The Value shall be the greater of:
  - The par value of one Share or
  - The market value of one Share minus a 20% discount, whereby market value shall mean the average price of a Share on SIX Swiss Exchange during 60 calendar days prior to the Maturity date

Fractions of Shares will not be issued or delivered and no cash payment or other adjustment will be made in lieu thereof.

Following the Extraordinary Shareholders Meeting held on 18 December 2020, all the Convertible Bonds and Notes were converted into Shares of the Company. Detailed information can be found above under "Capital Increase 18 December 2020".

### **Option rights**

No option has currently been issued under any share option plan.

### 3. The Board of Directors

As at 31 December 2020, the Board of Directors was composed by:

		<b>First Election date</b>	<b>Last election date</b>	<b>Next re-election date</b>
Patrick Girod	Chairman	May 2018	August 2020	AGM 2021
Victor Iezuitov	Member	June 2019	August 2020	AGM 2021

A brief biography of the members is given here below.

The following sets forth the name, year of assuming office on the Board of Directors, position and committee memberships of each member of the Board of Directors (alternatively, the “Directors”).

#### Members of the Board of Directors

Patrick Girod

Chairman, Board member since 25 May 2018

Swiss citizen, resident in Collex-Bossy (Switzerland)

Mr. Patrick Girod is a Finance professional (M.Sc. in Banking and Finance HEC, Lausanne) with an extensive experience in Investment banking and management. Since 2001, Mr. Girod has been involved in wealth management and portfolio structuring. Mr. Girod is currently head of Wealth Management at Herculis Partners SA, a Swiss-based advisory firm.

Victor Iezuitov

Board member since 24 June 2019

Russian citizen, resident in Lausanne (Switzerland)

Born in Russia in 1981, a Swiss resident, graduated in 2003 from Moscow State Linguistic University. Victor is currently Chief Executive Officer at Nexway SAS – an e-commerce company based in Paris, France. Victor holds an Executive master’s degree in Management from joint program at BI Norwegian Business School, IFP Energies Nouvelles Paris and UC Berkeley “Center for Executive Education”. Victor worked for several international companies, including a former position as Chief Financial Officer of The Native SA (until end of July 2019).

#### Elections and terms of office

The Articles of Association provide for a Board of Directors consisting of one or more members. Directors are appointed and removed by shareholders’ resolution.

Their term of office is one year. Re-election is allowed. The Chairman of the Board (the “Chairman”) and the compensation committee members are currently appointed by the general shareholders’ meeting.

The Directors are elected or re-elected individually for a one-year term.

<b>Name</b>	<b>Patrick Girod</b>	<b>Victor Iezuitov</b>
<b>Since</b>	25 May 2018	24 June 2019
<b>Term</b>	Elected at the annual general shareholders' meeting on 5 August 2020 for one year until the AGM of 2021, respectively	Elected at the annual general shareholders' meeting on 5 August 2020 for one year until the AGM of 2021, respectively

## **Internal organizational structure**

The Board of Directors is (except for the Chairman and the Compensation Committee, who are directly elected by the shareholders' meeting) self-constituting and designates its own members and secretary. The latter does not need to be a member of the Board. The Chairman convenes the Board as often as the Company's affairs require and presides (or in his absence another Director specifically designated by the majority of the Directors present at the meeting) over the Board meetings.

The Chairman decides on agenda items and motions. Every Director shall be entitled to request from the Chairman, in writing, a meeting of the Board, by indicating the grounds for such a request.

To pass a valid resolution, the majority of the members of the Board have to attend the meeting. Meetings may also be held by telephone conference to which all the Directors are invited. The Board of Directors passes its resolutions by way of simple majority. The members of the Board may only vote in person, not by proxy. Decisions can also be taken in writing, upon written proposal. In the event of a tied vote, the vote of the Chairman (or the chairperson) shall be decisive. Minutes are kept of resolutions and are signed by the Chairman and the Secretary.

As of 5 August 2020, Mr. Patrick Girod has been appointed as Chairman of the Board of Directors. He is in charge of calling for and leading the meetings of the Board of Directors.

Out of the Board, the AGM of 5 August 2020 has elected a Compensation Committee, composed by Messrs. Patrick Girod and Mr. Victor Iezuitov. Each member of the committee is elected for a one-year term.

The Compensation Committee assists the Board of Directors in establishing and periodically reviewing the Company's compensation strategy and guidelines as well as in preparing the proposals to the General Meeting regarding the compensation of the members of the Board of Directors.

The Board of Directors met 8 times during the year 2020.

## **Definition of areas of responsibility**

The Board is entrusted with the ultimate direction of the Company (art. 716a Code of Obligations).

The Board assumes certain obligations that cannot be transferred: (i) ultimately manage the Company and issue any necessary directives; (ii) determine the organizational structure of the Company; (iii) organize the accounting system, the financial control and the financial planning; (iv) appoint, recall and ultimately supervise the persons entrusted with the management and representation of the Company; (v) prepare the annual report and the

shareholders' meeting, carrying out shareholders' meeting resolutions; and (vi) notify to the judge in case of over indebtedness of the Company.

In accordance with the Articles, the Board of Directors is responsible for the daily management of the Company. Since July 2019 all the Company's operations are managed directly by the Board of Directors.

### **Other mandates of the members of the Board of Directors**

No member of the Board of Directors can hold more than 15 additional mandates in non-public companies. The number of additional mandates are limited to 5 in public companies and mandates in associations and foundations. The mandates held at the request of the Company do not fall within the scope of this limitation.

No member of the current Board of Directors of the Company holds any mandates exceeding the above limits.

## **4. Compensation, shareholdings and loans**

### **Content and method of determining compensation and the shareholding programs**

Compensation of the members of the Board of Directors comprises fixed compensation elements, as well as a possible variable remuneration element. At the AGM held on 5 August 2020, the shareholders approved that the members of the Board of Directors receive up to CHF 200'000 in total as a fixed compensation, plus refund of expenses, and a variable amount up to a maximum of CHF 200'000 in total, depending on the results of the business, according to a scheme to be defined. The compensation committee shall be authorized to set up a stock option scheme for the benefit of the members of the Board of Directors.

### **Compensation disclosures**

The compensation of the Board of Directors and the Management Board are detailed under section 4 of the Remuneration Report.

### **Allocations of shares in the reporting period**

The Company did not allocate any shares during the reporting period.

### **Options**

As mentioned above, no option plan has currently been issued under any share option plan.

### **Share ownership**

Mr. Patrick Girod, Director, holds 0.49% of the Company.

Mr. Victor Iezuitov, Director, indirectly holds 8.82% of the Company

### **Additional honorarium and remuneration**

The additional honorarium and remuneration of the Board of Directors and the Management Board are disclosed under section 4 of the Remuneration report.

### **Loans and credits granted to governing bodies**

There are no loans granted to members of the Board of Directors and Management Board.

There are no guarantees issued or assumed for any members or former members of the Board of Directors and/or Management Board.

## **5. Voting rights and participation at shareholders' meetings**

### **Voting rights and representation restrictions**

There are no restrictions regarding voting rights, no statutory Group clauses and hence no rules for making exceptions. Consequently, there is neither a procedure nor a condition for their cancellation. A shareholder may be represented by his legal representative, the independent proxy or by another shareholder.

### **Statutory quorums**

The Articles of the Company do not provide for any specific majority requirements, in addition to those of the law.

### **Convening of the general meeting of shareholders**

The Articles of the Company do not differ from the law regarding the convening of a shareholders meeting.

### **Agenda**

The Articles of the Company do not contain any obligations with regard to the agenda differing from the law. Specifically, there are no additional requirements with regard to notice periods or deadlines to be respected.

### **Inscriptions into the share register**

The Company has bearer shares outstanding.

## **6. Changes of control and defence measures**

### **Duty to make an offer**

There are no opting-up or opting-out clauses in the Articles.

### **Clauses on changes of control**

There are no clauses of changes of control contained in any agreements or similar documents.

## **7. Auditors**

### **Duration of the mandate and term of office of the lead auditor**

On 5 August 2020, the Ordinary Shareholders General Meeting appointed Berney Associés Audit SA, Lausanne, as auditors of The Native SA.

The audit report is signed jointly by two representatives of Berney Associés Audit SA. Mr. Claude Heri, in his capacity as auditor in charge, signs the auditors' reports for The Native SA.

## Auditing fees

The total audit fees for the audit of financial year 2020 amount to CHF 78'800.

## Additional fees

Besides the audit fees, additional fees were paid to Berney Associés SA, Lausanne in relation to various issues during 2020 for a total amount of CHF 9'600.

## Informational instruments pertaining to external audit

The auditor also issues a comprehensive report to the Board of Directors, in addition to the reports to the General Meeting.

In 2020, there have been several meetings between members of the Board of Directors and the auditors in connection with the audit of the financial statements as well as with the Capital Increase held in December 2020.

## Information policy

The Company provides the following information to the shareholders:

<b>Ordinary Shareholders General Meeting</b>	Date to be confirmed
Interim report	30 September 2021 ( <a href="http://www.thenative.ch">www.thenative.ch</a> )
Press information	When appropriate (electronically, with newsletter which can be subscribed to on the Company's website)
Company information	<a href="http://www.thenative.ch">www.thenative.ch</a>
Investor Relations	Victor Iezuitov, The Native SA Gerbergasse 48, 4001 Basel, Switzerland Tel + 41 58 881 10 30 E-Mail: <a href="mailto:investors@thenative.ch">investors@thenative.ch</a>

**MANAGEMENT COMPENSATION REPORT**

## **1. Introduction**

The compensation report contains information about the principles of remuneration, procedures for determining remuneration and components of compensation for the Board of Directors and Management Board of The Native SA. It is based on the provisions of the Articles of Incorporation, the transparency requirements set out in Article 663b bis and Article 663c of the Swiss Code of Obligations, Articles 13-16 and Article 20 of the Swiss Ordinance against Excessive Remuneration at Listed Companies (OaEC), the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the Swiss Code of Best Practice for Corporate Governance drawn up by Economie Suisse.

## **2. Compensation policy**

Compensation to members of the Board of Directors should conform to market conditions, correspond appropriately to performance and responsibility, and correlate to the size and to the complexity of the Group and its businesses.

The compensation of the Board of Directors is subject to review on an annual basis in compliance with the Group's strategic and operating targets.

## **3. Principles, elements, authority and determination of compensation**

### **Elements of the compensation of the Board of Directors**

Members of the Board of Directors receive a fixed and a variable compensation. Fixed compensation includes remuneration for the activities of members of the Board of Directors of The Native SA.

Variable compensation depends on the results of the business, according to a scheme to be defined by the Compensation Committee.

They can also receive share options for the benefit of Directors, fellow employees and advisors.

No compensation was recognized to persons other than those disclosed in table included in section 4 "Compensation to the Board of Directors".

### **Lump sum expense allowance to members of the Board of Directors**

The Chairman and the other member of the Board of Directors do not receive any lump-sum expense allowance.

### **Authority and determination of compensation**

On 5 August 2020, at the Ordinary Shareholders' Meeting, Messrs Patrick Girod and Victor Iezuitov were elected as member of the Compensation Committee for a one-year term. The Compensation Committee is in charge of the implementation of the compensation policy for the Company.

The shareholders approved:

1. A total compensation to the Board of Directors for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021, of a maximum amount of CHF 200'000 as fixed amount, plus refund of expenses, and up to a maximum amount of CHF 200'000 as variable amount depending on the results of the business, according to a scheme to be defined.
2. A stock option scheme, to be set up, for the benefit of the members of the Board of Directors.

The Compensation Committee prepares the recommendations, which will be submitted to the General Meeting for approval.

#### 4. Compensation to the Board of Directors and Management Board

**31 December 2020**

In TCHF

**Members of the Board of directors and Management Board of The Native SA**

	Function	Board of Directors compensation (i)	Management Board compensation(ii)	Other (iii)	Total
Patrick Girod	Chairman of the Board	115	0	0	115
Victor lezuitov	Member of the Board	70	0	0	70
<b>Total</b>		<b>185</b>	<b>-</b>	<b>-</b>	<b>185</b>

**31 December 2019**

In TCHF

**Members of the Board of directors and Management Board of The Native SA**

	Function	Board of Directors compensation (i)	Management Board compensation(ii)	Other (iii)	Total
Patrick Girod	Chairman of the Board	65	0	0	65
Victor lezuitov	Member and former CFO	35	79	43	157
<b>Total</b>		<b>100</b>	<b>79</b>	<b>43</b>	<b>222</b>

- (i) Gross fixed compensation to members of the Board of Directors
- (ii) Gross fixed compensation and fringe benefits to members of the Management Board
- (iii) Mr. Victor lezuitov served as Chief Executive Officer of Nexway AG and his remuneration has been taken into account until the date of the deconsolidation

## **5. Shareholdings and loans granted to Board of Directors**

### **Investments**

Mr. Patrick Girod, Director, holds 0.49% of the Company.

Mr. Victor Iezuitov, Director, indirectly holds 8.82% of the Company.

No options have currently been issued to any member of the Board of Directors under any share option plan.

### **Loans and credits granted to governing bodies**

There are no loans granted to members of the Board of Directors.

There are no guarantees issued or assumed for any members or former member of the Board of Directors and/or Management Board.

**REPORT OF THE STATUTORY AUDITOR ON THE COMPENSATION REPORT TO  
THE GENERAL MEETING OF SHAREHOLDERS**

## Report of the statutory auditor to the general meeting of The Native SA, Basel

We have audited the compensation report of The Native SA for the year ended 31 December 2020. The audit was limited to the information according to articles 14 - 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections 4 to 5 of the compensation report.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

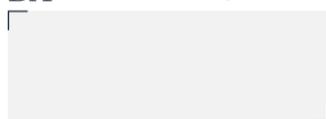
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report for the year ended 31 December 2020 of The Native SA complies with Swiss law and articles 14-16 of the Ordinance.

Berney Associés Audit SA

**BA** Qualified electronic signature



Claude HERI  
Licensed Audit Expert  
Auditor in charge

**BA** Qualified electronic signature



Marina CHRISTE  
Licensed Audit Expert

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**STATUTORY FINANCIAL STATEMENTS UNDER SWISS CO**

## INCOME STATEMENT

(in Swiss Francs)

For the year ended 31 December 2020

	NOTES	2020 CHF	2019 CHF
Gains on disposal investments	8	-	385 997
Other income	2	-	1 058 138
<b>Total operating income</b>		<b>-</b>	<b>1 444 135</b>
Personnel expenses		-	(98 071)
General and administrative expenses		(585 672)	(665 431)
Allocation to provision on receivables	5	-	(784 320)
Allocation to provision on accrued income & prepaid exp.	7	(53 845)	(410 265)
Allocation to provision on investments in subsidiaries	8	-	(770 000)
Release of impairments on assets	3	423 626	-
Losses on assets	3	(416 729)	-
Loss on investments disposal	8	-	(100 001)
<b>Total operating expenses</b>		<b>(632 620)</b>	<b>(2 828 088)</b>
<b>Operating result</b>		<b>(632 620)</b>	<b>(1 383 953)</b>
Exchange differences		193 689	(15 970)
Interest expenses and bank charges		(174 379)	(129 762)
Interest revenues		441 964	325 785
Extraordinary charges	4	(306 604)	(322 635)
Extraordinary income	4	101 921	467 195
Release of provision for litigation	11	400 000	-
<b>Result before taxes</b>		<b>23 970</b>	<b>(1 059 340)</b>
Income taxes		(5 500)	-
<b>Profit/Loss for the year</b>		<b>18 470</b>	<b>(1 059 340)</b>

## BALANCE SHEET (1/2)

(in Swiss Francs)

As at 31 December 2020

	NOTES	31 Dec 2020 CHF	31 Dec 2019 CHF
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		180 196	58 804
Other short-term receivables due from third parties, net	5	15 922	372 835
Other short-term receivables due from related parties, net	6	-	3 994 543
Accrued income and prepaid expenses, net	7	58 564	30 557
<b>Total current assets</b>		<b>254 682</b>	<b>4 456 739</b>
<b>Non-current assets</b>			
Investments, net	8	-	730 000
Financial assets, net	9	6 489 300	1 630 500
<b>Total non-current assets</b>		<b>6 489 300</b>	<b>2 360 500</b>
<b>Total assets</b>		<b>6 743 982</b>	<b>6 817 239</b>

## BALANCE SHEET (2/2)

(in Swiss Francs)

As at 31 December 2020

	NOTES	31 Dec 2020 CHF	31 Dec 2019 CHF
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable to third parties		277 027	93 200
Trade accounts payable to related parties		-	70 005
Short-term non-interest-bearing liabilities from third parties	10	-	774 699
Other short-term liabilities from third parties		10 888	25 845
Other short-term liabilities from related parties		36 943	-
Accrued expenses		334 752	396 508
<b>Total current liabilities</b>		<b>659 610</b>	<b>1 360 258</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing liabilities from related parties	10	-	1 303 498
Long-term interest-bearing liabilities from third parties	10	600 000	2 363 725
Long-term non-interest-bearing liabilities from related parties	10	337 146	-
Long-term provisions	11	-	400 000
<b>Total non-current liabilities</b>		<b>937 146</b>	<b>4 067 223</b>
<b>Total liabilities</b>		<b>1 596 756</b>	<b>5 427 481</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>	12	<b>5 045 698</b>	<b>10 889 165</b>
Profit carried forward / Accumulated losses		103 770	(8 406 256)
Profit/Loss for the year		18 470	(1 059 340)
<b>Voluntary retained earnings / Accumulated losses</b>	12	<b>122 240</b>	<b>(9 465 596)</b>
<b>Treasury shares</b>	12	<b>(20 712)</b>	<b>(33 811)</b>
<b>Total shareholders' equity</b>	12	<b>5 147 226</b>	<b>1 389 758</b>
<b>Total liabilities and equity</b>		<b>6 743 982</b>	<b>6 817 239</b>

## CASH FLOW STATEMENT (1/2)

(in Swiss Francs)

As at 31 December 2020

	2020	2019
<b>in CHF</b>		
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from third and related parties	54 321	359 474
Payments to suppliers	-182 506	-464 494
Payments to staff	-	-61 511
Payments for general administrative costs	-90 868	-666 466
Payments to third and related parties	-	-710 191
<b>Cash generated from operations</b>	<b>-219 053</b>	<b>-1 543 188</b>
Interest paid	-58	-604
Taxes received / paid	10 331	-7 272
<b>Operative cash flow</b>	<b>-208 780</b>	<b>-1 551 064</b>
CASH FLOW FROM INVESTING ACTIVITIES		
Sales of investments	-	2 180 500
Increase/decrease of long term other financial fixed assets	-	-773 899
Financial interest received	337 306	57 860
<b>Investing cash flow</b>	<b>337 306</b>	<b>1 464 462</b>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long tem loans	-	-919 780
<b>Financing cash flow</b>	<b>-</b>	<b>-919 780</b>
Effect of foreign exchange rate variation	-7 134	79 863
<b>Increase in cash and cash equivalents</b>	<b>121 392</b>	<b>-926 520</b>
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>	<b>58 804</b>	<b>985 324</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>180 196</b>	<b>58 804</b>
	<b>121 392</b>	<b>-926 520</b>

## CASH FLOW STATEMENT (2/2)

(in Swiss Francs)

As at 31 December 2020

	2020	2019
<b>in CHF</b>		
Operative Cash-flow	<b>-219 053</b>	<b>-1 543 188</b>
Non cash variations in trade and other receivables	-302 592	-2 448 155
Non cash variations in accrued income and prepaid expenses	28 007	-97 374
Non cash variations in trade and other payables	456 385	252 799
Non cash variations in accrued expenses	61 756	1 556 741
Depreciations loans	-	1 657 060
Interests calculated	-105 944	-56 098
Exchange difference	-151 874	-81 032
Others	1 785	-93
Loss on investments disposal	-	100 001
Increase/Decrease provisions	250 000	-400 000
<b>Net profit/loss for the year</b>	<b>18 470</b>	<b>-1 059 340</b>

# **NOTES TO THE FINANCIAL STATEMENTS UNDER SWISS CO**

## **(in Swiss Francs)**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements of The Native SA, Basel, (the "Company") have been prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations, "CO"). Where not prescribed by law, the significant accounting and valuation principles applied are described below (see Note 25 Going concern uncertainty for the basis of preparation of financial statements).

#### **Other receivables**

Other receivables are recognized and carried at the original net invoiced amount less an allowance for any specifically impaired receivables. Impairment is charged on receivables for a general credit risk and for specific identified risks. Allowances for impaired receivables as well as losses on receivables are recognized within "Allocation to provisions on receivables" in the income statement.

#### **Investments**

Investments are valued at cost less necessary impairment. Allowances for impaired investments are recognized within "Allocation to provision on investments in subsidiaries" in the income statement.

#### **Financial assets**

Financial assets include Bonds held as long-term investments and minority investments. Bonds and minority investments are valued at cost less any necessary impairment.

#### **Treasury shares**

Treasury shares are recognized at cost and deducted from equity. If treasury shares are sold, the gain or loss is recognized in the income statement.

#### **Non-current liabilities**

Non-current liabilities are recognized in the balance sheet at nominal value.

#### **Foreign currencies**

Assets and liabilities denominated in foreign currency are translated into Swiss Francs (CHF) using year-end exchange rates, except for investments, which are translated at historical exchange rates.

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following year-end exchange rates:

	Balance sheet 31 Dec 2020	Balance sheet 31 Dec 2019
EUR	1.0815	1.0870

Transactions during the year, which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction date. Resulting exchange gains and losses are recognized in the income statement.

## 2. OTHER INCOME

As at 31 December 2020, the Company had no other income.

In 2019, Company's other income of CHF 1'058'138 included the sale of marketing services to Nexway SAS for CHF 845'975 and the re-invoicing of development costs to The Native Media Inc. for CHF 220'420. Other income was reduced by losses on receivables for CHF 8'257.

## 3. RELEASE OF IMPAIRMENTS AND LOSSES ON ASSETS

### Release of impairments on assets

	2020 CHF	2019 CHF
Release impairment on Highlight Finance Corp., current account	270 388	-
Release impairment on Highlight Finance Corp., minority investments	146 341	-
Release impairment on Stockaccess Holding SAS, interests	6 897	-
<b>Release of impairments on assets</b>	<b>423 626</b>	<b>-</b>

### Losses on assets

	2020 CHF	2019 CHF
Highlight Finance Corp., current account	270 388	-
Highlight Finance Corp., minority investments	146 341	-
<b>Losses on assets</b>	<b>416 729</b>	<b>-</b>

## 4. EXTRAORDINARY CHARGES AND INCOME

### Extraordinary charges

	2020 CHF	2019 CHF
Allocation to a provision for litigation (see Note 11)	-	400 000
Settlement of litigation Nicolò von Wunster (see Note 11)	150 000	-
Provision legal expenses in connection with bankruptcy	50 000	-
Release of pre-recorded liability in connection with the litigation	-	(108 700)
Loss on current account Asknet AG	1 785	-
SIX penalty	69 500	-
Prior periods adjustments	35 215	30 935
Miscellaneous	105	400
<b>Extraordinary charges</b>	<b>306 604</b>	<b>322 635</b>

On 27 November 2020, the Company has reached a friendly settlement with former CEO, Nicolò von Wunster. The Company has therefore decided to release the provision for litigation and leave a CHF 50'000 provision for potential legal expenses related to the bankruptcy in the accrued expenses.

On 18 September 2020, SIX Exchange Regulation AG (SER) has imposed a penalty on the Company for breaching Swiss GAAP FER accounting standards. The Company has decided to book this charge as well as some ancillary charges from SIX Exchange Regulation AG (SER) for a total amount of CHF 69'500 as extraordinary.

### Extraordinary income

	2020 CHF	2019 CHF
Stamp duty charge cancellation on 2017 capital increase not due	-	100 000
Waiver on debt Blockchain Lab SA	-	323 160
Gain on subscription or sale of shares	-	43 795
Prior periods adjustments	101 921	240
<b>Extraordinary income</b>	<b>101 921</b>	<b>467 195</b>

## 5. OTHER SHORT-TERM RECEIVABLES DUE FROM THIRD PARTIES

	31 Dec 2020 CHF	31 Dec 2019 CHF
The Native Media Inc., current account	1 141 684	1 147 437
Stockaccess Holdings SAS, loan	-	326 100
asknet AG, current account	-	1 785
VAT to be received	15 808	44 823
Miscellaneous	114	127
<b>Other short-term receivables due from third parties</b>	<b>1 157 606</b>	<b>1 520 272</b>
Impairment on the Native Media Inc., current account	(1 141 684)	(1 147 437)
<b>Impairment on other short-term receivables due from third parties</b>	<b>(1 141 684)</b>	<b>(1 147 437)</b>
<b>Other short-term receivables due from third parties, net</b>	<b>15 922</b>	<b>372 835</b>

The Native Media Inc. was sold on 31 December 2019, therefore the receivables from this company are presented as third parties at year-end.

### Allocation to provisions on receivables

	2020 CHF	2019 CHF
Impairment on The Native Media Inc., current account (Note 5) at year-end	-	1 147 437
Impairment on The Native Media Inc., current account (Note 6) on 1 January	-	(682 451)
Impairment on Highlight Finance Corp., current account (Note 6)	-	271 750
Exchange difference on The Native Media Inc. provision	-	47 584
<b>Allocation to provisions on receivables</b>	<b>-</b>	<b>784 320</b>

## 6. OTHER SHORT-TERM RECEIVABLES FROM RELATED PARTIES

	31 Dec 2020 CHF	31 Dec 2019 CHF
P8H Inc, convertible loan	-	3 994 543
Highlight Finance Corp., current account	-	271 750
<b>Other short-term receivables due from related parties</b>	<b>-</b>	<b>4 266 293</b>
Impairment on Highlight Finance Corp., current account	-	(271 750)
<b>Impairment on other short-term receivables due from related parties</b>	<b>-</b>	<b>(271 750)</b>
<b>Other short-term receivables due from related parties, net</b>	<b>-</b>	<b>3 994 543</b>

The amount due by Highlight Finance Corp. was fully impaired in 2019. The Company was liquidated in October 2020, therefore the assets and impairment on these assets have been eliminated (See Note 3).

## 7. ACCRUED INCOME AND PREPAID EXPENSES

	31 Dec 2020 CHF	31 Dec 2019 CHF
Interests P8H Inc.	457 212	403 368
Interest Stockaccess Holding SAS	-	29 021
Interest Stockaccess Holding SAS	-	6 897
Accrued interests on bonds FBNK Finance Sàrl, related party	27 377	-
Accrued interests on bonds HLEE Finance Sàrl, related party	13 519	-
Down payment legal services fees	13 529	-
Miscellaneous	4 139	1 536
<b>Accrued income and prepaid expenses</b>	<b>515 776</b>	<b>440 822</b>
Impairment on P8H Inc., interests	(457 212)	(403 368)
Impairment on Stockaccess Holdings SAS, interests	-	(6 897)
<b>Impairment on other short-term receivables due from related parties</b>	<b>(457 212)</b>	<b>(410 265)</b>
<b>Accrued income and prepaid expenses, net</b>	<b>58 564</b>	<b>30 557</b>

## 8. INVESTMENTS

	Voting and capital rights in %		Voting and capital rights in %		Capital	Capital
	31 Dec 2020		31 Dec 2019		31 Dec 2020	31 Dec 2019
<b>Direct and indirect investments</b>						
P8H Inc., New York, USA	N/A		22.30%/15.00%		N/A	USD 152.34

	Gross book value		Movements	Gross book value		Accumulated provisions	Movements	Accumulated provisions	Net book value
	31 Dec 2019	2020	2020	31 Dec 2020	31 Dec 2019	2020	2020	31 Dec 2020	31 Dec 2020
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
P8H Inc., New York, USA	8 500 000	-8 500 000	-	-	(7 770 000)	7 770 000	-	-	-
<b>TOTAL</b>	<b>8 500 000</b>	<b>-8 500 000</b>	<b>-</b>	<b>-</b>	<b>(7 770 000)</b>	<b>7 770 000</b>	<b>-</b>	<b>-</b>	<b>-</b>

On 18 March 2020, the Company has signed an asset swap agreement to exchange its existing investment in P8H Inc. and related loan with long-term financial instruments issued by a third-party. Based on the signed agreement, the December 31 value of the investment was modified to reflect the new value resulting from the asset swap.

As at 31 December 2019, a new impairment of CHF 770'000 has been recognized on the investment in P8H Inc. The shares have been exchanged with financial instruments on 18 March 2020 and the value recorded in the books corresponds to the market value of the new asset acquired (See Note 9).

## 9. FINANCIAL ASSETS

	31 Dec 2020 CHF	31 Dec 2019 CHF
Bond Stockaccess Holdings SAS	-	1 630 500
Highlight Finance Corp., minority investments	-	146 641
Bonds FBNK Finance Sàrl, related party	1 622 325	-
Bonds HLEE Finance Sàrl, related party	4 866 975	-
<b>Financial assets, net</b>	<b>6 489 300</b>	<b>1 777 141</b>
Impairment on Highlight Finance Corp., minority investments	-	(146 641)
<b>Impairment on financial assets</b>	<b>-</b>	<b>(146 641)</b>
<b>Financial assets, net</b>	<b>6 489 300</b>	<b>1 630 500</b>

On 10 February 2020, the Company executed an asset swap agreement and exchanged Stockaccess Holdings SAS Bonds with FBNK Finance Sàrl Bonds. Following the exchange of P8H Inc. shares on 18 March 2020 with financial instruments issued by HLEE Finance Sàrl, the value recorded in the books corresponds to the purchase value of the new asset. As of 18 December 2020, and following the capital increase, FBNK Finance Sàrl and HLEE Finance Sàrl are considered related parties. As of 31 December 2020, all the Bonds are booked at their purchase value (nominal value).

Following the liquidation of Highlight Finance Corp., the Company has fully released the impairment on the investment and written off the remaining amount of CHF 146'641 (See Note 3).

## 10. FINANCIAL LIABILITIES

The following table details the financial liabilities:

	Current		Non-current	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	CHF	CHF	CHF	CHF
Loans from:				
Third parties	-	-	<b>600 000</b>	600 000
Related parties	-	-	-	-
Payables related to business combinations:				
Third parties	-	774 699	-	-
Related parties	-	-	<b>337 146</b>	-
Convertible loan from:				
Third parties	-	-	-	1 763 725
Related parties	-	-	-	1 303 498
<b>Total financial liabilities</b>	<b>-</b>	<b>774 699</b>	<b>937 146</b>	<b>3 667 223</b>
Interest-bearing liabilities - related parties			-	1303498
Interest-bearing liabilities - third parties			600000	2363725
Non interest-bearing liabilities - related parties			337146	-
Non interest-bearing liabilities - third parties		774699	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>774 699</b>	<b>937146</b>	<b>3667223</b>
Payable within 1 to 5 years			937146	3667223
Payable in more than 5 years			-	-

### Loans

- A CHF 8'000'000 loan granted by a third party for the purpose of acquiring some investments, was further reduced and the remaining amount of CHF 600'000 carries the following features:

Duration: the maturity of this loan is undetermined, but not due before 31 December 2022

Interest: variable interest rate, taken from the circular of the Swiss Federal Tax Administration regarding intercompany loans.

- Following the restructuring of the payable related to the acquisition of The Native Media Inc., a related party has accepted to pay the balance of the remaining amount equal to CHF 337'146. Such amount has been classified as non-current.

### Convertible loans

#### MTH

On 5 September 2013, the Company agreed with MT Holding S.p.A, Rome, a convertible loan for the amount of CHF 1'120'000, which entitles the holder to convert all or part of the loan to ordinary shares of The Native SA at

nominal value of The Native SA shares (actually CHF 3.50 per share), i.e. for a loan of CHF 3.50 the holder shall receive one The Native SA's share with a nominal value of CHF 3.50.

The conditions applicable to this convertible loan were as follows: conversion might occur at any time between 1 November 2018 and 30 December 2018. If the loan was not converted within the timeframe mentioned, it would be reimbursed on 30 December 2018 or earlier at the option of the borrower. Consequently, this loan had been classified as current. A variable interest of 2.5% on CHF 1'000'000 and 0.75% on the surplus (2017: 3.25% p.a.) should be paid in arrears semi-annually, until the notes were converted or redeemed.

Further to the bankruptcy of MT Holding S.p.A (subsequently MT Holding S.p.A in liquidation) and a competitive procedure held by the Bankruptcy trustee, a related party of The Native SA was awarded this convertible loan by the Court of Asti (Italy) and, by a debt assignment agreement signed on 31 January 2019, the Bankruptcy trustee of MT Holding S.p.A in liquidation formally assigned to this related party all its rights, receivables, accrued interest and obligations arising out of the loan.

On 27 March 2019, both The Native SA and its related party agreed to maintain the above conditions except:

- The maturity has been postponed to 31 December 2019. However, if the conversion does not take place during 2019, the related party will postpone the reimbursement of the convertible loan for a minimum of 12 months
- The interest on existing loan and accumulated interests has been agreed to be the rate communicated by the Swiss Federal Tax administration (currently 0.75%).

On 20 December 2019, this creditor accepted the proposal of the Company and converted the existing loan and accrued interest into a newly issued Convertible Note («Convertible Note 2019»).

### Convertible Note 2019

On 20 December 2019, the Company issued a mandatory convertible note for an amount of up to CHF 8'000'000 of CHF 1'000 par value.

The Note was subscribed by several existing creditors of the Company at an issue price of 95% for a total amount of CHF 3'058'050, through the issuance of 3'219 notes of CHF 1'000 par value.

The maturity date of the Note is 31 May 2021. The note bears no interest.

The conversion rate shall be the following:

- For one Note, the Noteholder shall be entitled to receive that full number of Shares corresponding to the amount of CHF 1'000 divided by the value of a Share (the "Value") calculated as follows:
- The Value shall be the greater of:
  - The par value of one Share or
  - The market value of one Share minus a 20% discount, whereby market value shall mean the average price of a Share on SIX Swiss Exchange during 60 calendar days prior to the Maturity date

- Fractions of Shares will not be issued or delivered and no cash payment or other adjustment will be made in lieu thereof.

All of the Bondholders have converted into shares of the Company (see below “Capital Increase 18 December 2020”).

## **Capital Increase 18 December 2020**

At the Extraordinary Shareholders Meeting of 18 December 2020, the Shareholders accepted the motion of the Board of Directors and voted in favor of a Reduction of the existing Share Capital of CHF 10'889'165.-- by CHF 9'582'465.20 to (new) CHF 1'306'699.80 by reducing the nominal value of each Share of CHF 3.50 by CHF 3.08 to new CHF 0.42; and by using the reduction amount to partially correct the situation of capital loss; and increase by way of ordinary capital increase the current Share Capital of the Company of CHF 1'306'699.80 by a minimum of CHF 3'360'000.-- and a maximum of CHF 4'200'000.-- to a maximum of (new) CHF 5'506'699.80 by issuance of a minimum of 8'000'000 and a maximum of 10'000'000 new bearer Shares with a nominal value of CHF 0.42 each

The capital increase was subscribed by all of the convertible note holders.

Subsequent the Shareholders Meeting the Board of Directors has carried out the capital increase in an amount of CHF 3'738'997.62 corresponding to 8'902'376 new bearer shares at CHF 0.42 each.

## **11. LONG-TERM PROVISIONS**

As at 31 December 2019, the Company has decided to post a provision for litigation in the amount of CHF 400'000 (See Annual Report 2019 for more information) related to the claim of the former CEO and Chairman of the Company, Mr. Nicolò von Wunster.

At the end of November 2020, the Company has entered into a friendly settlement with Mr von Wunster.

As at 31 December 2020, the conditions of the settlement were met and the transaction is to be considered completed. The Company considers that as at 31 December 2020 such provision can be dissolved.

However, due to the ongoing efforts related to the revocation of the bankruptcy procedure with the Court of Basel, the Board of Directors decided to post a provision for legal fees in the amount of CHF 50'000 booked in the accrued expenses.

## 12. SHAREHOLDERS' EQUITY AND TREASURY SHARES

	Share Capital	Accumulated Losses / Profit Carried Forward	Treasury Shares	Total
	CHF	CHF	CHF	CHF
<b>Balance at 1 January 2019</b>	<b>10 889 165</b>	<b>(8 406 256)</b>	<b>(33 811)</b>	<b>2 449 098</b>
Loss for the year	-	(1 059 340)	-	(1 059 340)
<b>Balance at 31 December 2019</b>	<b>10 889 165</b>	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
<b>Balance at 1 January 2020</b>	<b>10 889 165</b>	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
Capital decrease	(9 582 465)	9 569 366	13 099	(0)
Capital increase	3 738 998	-	-	3 738 998
Profit for the year	-	18 470	-	18 470
<b>Balance at 31 December 2020</b>	<b>5 045 698</b>	<b>122 240</b>	<b>(20 712)</b>	<b>5 147 226</b>

### Share capital

As at 31 December 2020, the share capital amounts to CHF 5'045'697.72, consisting of 12'013'566 bearer shares with a nominal value of CHF 0.42 each. Each share has one voting right and is fully entitled to dividends. The shares are fully paid in. Each ordinary share carries one vote and a right to dividends.

### Treasury shares

The Company holds 4'253 treasury shares at year-end (2019: 4'253), corresponding to an investment of 0.04 % (2019: 0.14%) of total shares issued.

## 13. CONDITIONAL SHARE CAPITAL

The Articles of Association provide for three distinct types of conditional share capital:

A conditional share capital, up to a maximum amount of CHF 3'500'000 by the issuance of maximum 1'000'000 bearer shares with a par value of CHF 3.50 each, was created in connection with conversion rights to be granted under a future issuance of a convertible bond or similar instrument or with the exercise of option rights in the context of share option plans granted to employees, creditors, shareholders or the Board of Directors. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase are excluded.

A conditional share capital, up to a maximum amount of CHF 341'250 by the issuance of maximum 97'500 bearer shares with a par value of CHF 3.50 each, was created in connection with the conversion rights to be granted under an expected future issuance of a convertible bond or similar instrument. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase may be limited or excluded by the

unanimous resolution of the Board of Directors under certain circumstances lined out in the article 3.2 of the Articles of Association.

A conditional share capital, up to a maximum of CHF 98'000 by the issuance of maximum 28'000 bearer shares with a par value of CHF 3.50 each, was created in connection with the exercise of the conversion right granted to the holder of the convertible loan, MT Holding S.p.A, Rome, now awarded and assigned to a related party (see below "MTH"). The pre-emptive rights of the existing shareholders related to the subscription of the shares of this conditional share capital increase are excluded.

Following the Extraordinary Shareholders Meeting of 18 December 2020, the Conditional capital has been deleted from the Articles of Association of the Company

## 14. IMPORTANT SHAREHOLDERS

The following shareholders (with a participation exceeding 3% known to the Company) are considered as significant:

	<b>Ownership Interest 31.12.2020</b>	<b>Ownership Interest 31.12.2019</b>
Digital Investment Platform	24.97%	-
FBNK Finance Sarl	16.65%	-
HLEE Finance Sarl	15.20%	-
Herculis Trustees AG	12.58%	-
Unicorn Advisory OU	8.82%	-
Falcon Consulting Limited	4.12%	3.86%
Herculis Partners SA	3.79%	-
Alti Exchange Group AG	-	19.99%
Alexander Gilkes	-	11.25%
Clear Express Group (formerly Atlas Pass Holdings Limited)	-	9.98%
Whiteridge Investment Funds SPC Limited – Global Income SP	-	9.18%
GigaAir Limited	-	8.03%
E-Commerce Alliance AG	-	7.35%

## 15. COMMITMENTS

There are no commitments.

## 16. CONTINGENT LIABILITIES

The Company 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.

## 17. FULL-TIME EQUIVALENT EMPLOYMENTS

The annual average number of full-time equivalent employments for the reporting year, as well as the previous year, did not exceed 10.

## 18. PENSION LIABILITIES

On 31 December 2020, the liability to the pension scheme amounted to CHF 0 (2019: CHF 226).

## 19. LEASING

The Company has no leasing liability as at 31 December 2020 (same as at 31 December 2019).

## 20. SHARES AND OPTIONS HELD BY THE BOARD OF DIRECTORS

Mr. Patrick Girod, Director, holds 0.49% of the Company (0.14% as at 31 December 2019).

Mr. Victor lezuitov, Director, indirectly holds 8.82% of the Company (0% as at 31 December 2019).

## 21. COMPENSATION TO THE BOARD OF DIRECTORS

The compensation of the Board of Directors and other members of key management personnel during the year were as follows:

### 31 December 2020

In TCHF

#### Members of the Board of directors and Management Board of The Native SA

	Function	Board of Directors compensation (i)	Management Board compensation(ii)	Other (iii)	Total
Patrick Girod	Chairman of the Board	115	0	0	115
Victor lezuitov	Member of the Board	70	0	0	70
<b>Total</b>		<b>185</b>	<b>-</b>	<b>-</b>	<b>185</b>

### 31 December 2019

In TCHF

#### Members of the Board of directors and Management Board of The Native SA

	Function	Board of Directors compensation (i)	Management Board compensation(ii)	Other (iii)	Total
Patrick Girod	Chairman of the Board	65	0	0	65
Victor lezuitov	Member and former CFO	35	79	43	157
<b>Total</b>		<b>100</b>	<b>79</b>	<b>43</b>	<b>222</b>

(i) Gross fixed compensation to members of the Board of Directors

- (ii) Gross fixed compensation and fringe benefits to members of the Management Board
- (iii) Mr. Victor Iezuitov served as Chief Executive Officer of Nexway AG and his remuneration has been taken into account until the date of the deconsolidation

## **22. LOANS AND CREDITS GRANTED TO THE BOARD OF DIRECTORS**

There are no loans granted to members of the Board of Directors.

There are no guarantees issued or assumed for any members or former members of the Board of Directors.

## **23. FEES PAID TO THE AUDITORS**

The audit related fees for the year 2020 amount to CHF 78'800 (2019: CHF 120'000). Fees for other services for the year 2020 amount to CHF 9'800 (2019: CHF 4'300).

## **24. SUBSEQUENT EVENTS**

No significant events occurred between 31 December 2020 and the date of publication of the 2020 Annual Financial Statements besides the filing for the revocation of the bankruptcy lodged with the Court of Basel.

## **25. GOING CONCERN UNCERTAINTY**

On 24 March 2020, the Company was notified by the Court of Basel of its bankruptcy, decided on March 18, 2020, following the request from a former board member Mr. Nicolò von Wunster, claiming unsettled severance fees. The Company notified the market on March 25, 2020 and was granted the suspensive effect on such decision by the Appeals Court. During this time of suspension, the Company must provide the Court with an inventory of assets and liabilities proving it is not insolvent and is limited in the way it can dispose of its assets.

The claim (original amount and accumulated interests since June 2016) amounts to a total of CHF 362'000. The Board of Directors considers the claim totally unjustified and has been disputing its validity since the beginning.

On November 27, 2020 the Company has entered into a friendly settlement with Mr. von Wunster and an undisclosed third-party.

At the end January 2021, the Company, in a joint effort with Mr. von Wunster, has filed the necessary documents to the Courts of Lugano (Canton Ticino) and the Courts of Basel (Canton Basel-Stadt) in order to stop all of the existing legal proceedings.

At the date of issue of the 2020 Annual report, the Company still did not receive the final decision from the Civil Court of Basel in relation to the bankruptcy proceedings.

Based on the documents in its possession and also on the settlement and full termination of all of the legal proceedings vis-à-vis the former CEO, Mr. von Wunster, the Board considers that the possibility of the Court giving an unfavorable decision of the revocation of the bankruptcy is very unlikely. Should this occur, the Board intends to

appeal and gain sufficient time to obtain additional funding or to prove to the Court that the realization of all assets is sufficient to pay all existing debts.

Following the discussions with key shareholders, the Board is confident that all the current payments will be covered by necessary cash injections until the next bond interest payment due mid-June 2021. The Board considers therefore that the business continuity is ensured. This is the reason why it has established financial statements using going concern values.

## PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS

As at 31 December 2020

### PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS AT DECEMBER 31, 2020

	<u>31.12.2020</u>	<u>31.12.2019</u>
	CHF	CHF
<b><u>AVAILABLE EARNINGS</u></b>		
Accumulated losses carried forward	(9 465 596)	(8 406 256)
Compensation of accumulated losses by reduction of share capital	9 582 465	-
Reduction of nominal value of treasury shares following the capital reduction	(13 099)	-
Profit / Loss for the year	18 470	(1 059 340)
	<u>122 240</u>	<u>(9 465 596)</u>
<b>AMOUNT AVAILABLE TO THE GENERAL MEETING</b>	<b>122 240</b>	<b>(9 465 596)</b>
<b><u>PROPOSAL OF THE BOARD OF DIRECTORS</u></b>		
Allocation to general legal retained earnings	18 000	-
Balance to be carried forward / Accumulated losses to be carried forward	104 240	(9 465 596)
	<u>122 240</u>	<u>(9 465 596)</u>
<b>TOTAL AS ABOVE</b>	<b>122 240</b>	<b>(9 465 596)</b>

### Proposal for the distribution of available earnings

The Board of Directors proposes to allocate an amount of CHF 18'000 to the general legal retained earnings.

**AUDITOR'S REPORT ON STATUTORY FINANCIAL STATEMENTS UNDER SWISS  
CO**

## Report of the statutory auditor to the general meeting of The Native SA, Basel

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of The Native SA, which comprise the balance sheet as at 31 December 2020, the income statement, the cash flow statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the accompanying financial statements (pages 21 to 42) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Berney Associés

## Possible situation of Going Concern

### Key audit matters

During March 2020, the Company was put into bankruptcy by a former board member. The Company was able to obtain suspension of the bankruptcy and has contested the existence of the debt. The Court has however frozen the assets of the Company and imposed an inventory of assets pending resolution of the case.

In November 2020, the Company entered into a friendly settlement of the claim being at the origin of the bankruptcy procedure. The Company is waiting for the final decision from the Civil Court of Basel related to the revocation of the bankruptcy.

As the assets are still frozen, the Company cannot obtain cash by realization of some assets in order to face the engagements towards third parties.

In case of a negative decision and lack of liquidity, the company's ability to continue as a going concern would be impossible and the financial statements should be prepared on the basis of liquidation values.

### How our audit addressed the key audit matter

We performed the following audit procedures:

- We discussed with management about the evolution of the situation.
- We requested direct confirmation from lawyers involved.
- We obtained a copy of the commitment of a shareholder to provide sufficient financing until assets are unfrozen.
- We reviewed the reduction of capital to offset the accumulated losses and the increase of the capital in order to strengthen the equity of the Company.
- We reviewed the full execution of the friendly settlement for the claim.

Based on our discussion and the documents presented to us, we believe Management's estimates in the assessment of the company to continue as a going concern, to be appropriate.

## Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Audit

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Fiscalité

Payroll

Corporate finance

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Berney Associés

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In the course of our audit performed in accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of financial statements designed according to the instructions of the Board of Directors was adequately documented but not implemented in all material respects.

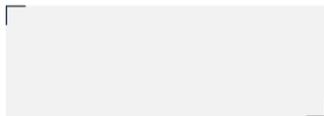
In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the financial statements.

We further confirm that the proposed appropriation of retained earnings complies with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

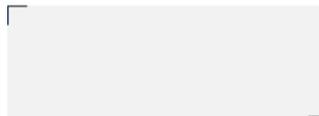
Berney Associés Audit SA

**BA** Qualified electronic signature



Claude HERI  
Licensed Audit Expert  
Auditor in charge

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Marina CHRISTE  
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Audit

Comptabilité

Expertise & Conseil

Fiscalité

Payroll

Corporate finance

**STATUTORY FINANCIAL STATEMENTS UNDER SWISS GAAP FER**

## INCOME STATEMENT (in Swiss Francs)

For the year ended 31 December 2020

	NOTES	2020 CHF	2019 CHF
Gains on disposal investments	8	-	385 997
Other income	2		1 058 138
<b>Total operating income</b>		<b>-</b>	<b>1 444 135</b>
Personnel expenses		-	(98 071)
General and administrative expenses		(495 472)	(665 431)
Allocation to provision on receivables	5	-	(784 320)
Allocation to provision on accrued income & prepaid exp.	7	(53 845)	(410 265)
Allocation to provision on investments in subsidiaries	8	-	(770 000)
Release of impairments on assets	3	423 626	-
Losses on assets	3	(416 729)	-
Loss on investments disposal	8	-	(100 001)
<b>Total operating expenses</b>		<b>(542 420)</b>	<b>(2 828 088)</b>
<b>Operating result</b>		<b>(542 420)</b>	<b>(1 383 953)</b>
Exchange differences		193 689	(15 970)
Interest expenses and bank charges		(174 379)	(129 762)
Interest revenues		441 964	325 785
Extraordinary charges	4	(306 604)	(322 635)
Extraordinary income	4	101 921	467 195
Release of provision for litigation	11	400 000	-
<b>Result before taxes</b>		<b>114 170</b>	<b>(1 059 340)</b>
Income taxes		(5 500)	-
<b>Profit / Loss for the year</b>		<b>108 670</b>	<b>(1 059 340)</b>

## BALANCE SHEET (1/2)

(in Swiss Francs)

As at 31 December 2020

	NOTES	31 Dec 2020 CHF	31 Dec 2019 CHF
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		180 196	58 804
Other short-term receivables due from third parties, net	5	15 922	372 835
Other short-term receivables due from related parties, net	6	-	3 994 543
Accrued income and prepaid expenses, net	7	58 564	30 557
<b>Total current assets</b>		<b>254 682</b>	<b>4 456 739</b>
<b>Non-current assets</b>			
Investments, net	8	-	730 000
Financial assets, net	9	6 489 300	1 630 500
<b>Total non-current assets</b>		<b>6 489 300</b>	<b>2 360 500</b>
<b>Total assets</b>		<b>6 743 982</b>	<b>6 817 239</b>

## BALANCE SHEET (2/2)

(in Swiss Francs)

As at 31 December 2020

	NOTES	31 Dec 2020 CHF	31 Dec 2019 CHF
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade accounts payable to third parties		277 027	93 200
Trade accounts payable to related parties		-	70 005
Short-term non-interest-bearing liabilities from third parties	10	-	774 699
Other short-term liabilities from third parties		10 888	25 845
Other short-term liabilities for related parties		36 943	-
Accrued expenses		334 752	396 508
<b>Total current liabilities</b>		<b>659 610</b>	<b>1 360 258</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing liabilities from related parties	10	-	1 303 498
Long-term interest-bearing liabilities from third parties	10	600 000	2 363 725
Long-term non-interest-bearing liabilities from related parties	10	337 146	-
Long-term provisions	11	-	400 000
<b>Total non-current liabilities</b>		<b>937 146</b>	<b>4 067 223</b>
<b>Total liabilities</b>		<b>1 596 756</b>	<b>5 427 481</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>	12	<b>5 045 698</b>	<b>10 889 165</b>
<b>Capital reserves</b>	12	<b>(90 200)</b>	<b>-</b>
Profit carried forward / Accumulated losses		103 770	(8 406 256)
Profit / Loss for the year		108 670	(1 059 340)
<b>Voluntary retained earnings / Accumulated losses</b>	12	<b>212 440</b>	<b>(9 465 596)</b>
<b>Treasury shares</b>	12	<b>(20 712)</b>	<b>(33 811)</b>
<b>Total shareholders' equity</b>	12	<b>5 147 226</b>	<b>1 389 758</b>
<b>Total liabilities and equity</b>		<b>6 743 982</b>	<b>6 817 239</b>

## STATEMENT OF CHANGES IN EQUITY (in Swiss Francs)

As at 31 December 2020

	Share Capital	Capital reserves	Accumulated losses / Profit Carried Forward	Treasury Shares	Total
	CHF	CHF	CHF	CHF	CHF
<b>Balance at 1 January 2019</b>	<b>10 889 165</b>	-	<b>(8 406 256)</b>	<b>(33 811)</b>	<b>2 449 098</b>
Loss for the year	-	-	(1 059 340)	-	(1 059 340)
<b>Balance at 31 December 2019</b>	<b>10 889 165</b>	-	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
<b>Balance at 1 January 2020</b>	<b>10 889 165</b>	-	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
Capital decrease	(9 582 465)	-	9 569 366	13 099	(0)
Capital increase	3 738 998	-	-	-	3 738 998
Costs attributable to the issue of new shares	-	(90 200)	-	-	(90 200)
Profit for the year	-	-	108 670	-	108 670
<b>Balance at 31 December 2020</b>	<b>5 045 698</b>	<b>(90 200)</b>	<b>212 440</b>	<b>(20 712)</b>	<b>5 147 226</b>

## CASH FLOW STATEMENT (1/2) (in Swiss Francs)

As at 31 December 2020

	2020	2019
<b>in CHF</b>		
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from third and related parties	54 321	359 474
Payments to suppliers	-182 506	-464 494
Payments to staff	-	-61 511
Payments for general administrative costs	-90 868	-666 466
Payments to third and related parties	-	-710 191
<b>Cash generated from operations</b>	<b>-219 053</b>	<b>-1 543 188</b>
Interest paid	-58	-604
Taxes received / paid	10 331	-7 272
<b>Operative cash flow</b>	<b>-208 780</b>	<b>-1 551 064</b>
CASH FLOW FROM INVESTING ACTIVITIES		
Sales of investments	-	2 180 500
Increase/decrease of long term other financial fixed assets	-	-773 899
Financial interest received	337 306	57 860
<b>Investing cash flow</b>	<b>337 306</b>	<b>1 464 462</b>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/decrease of long tem loans	-	-919 780
<b>Financing cash flow</b>	<b>-</b>	<b>-919 780</b>
Effect of foreign exchange rate variation	-7 134	79 863
<b>Increase in cash and cash equivalents</b>	<b>121 392</b>	<b>-926 520</b>
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>	<b>58 804</b>	<b>985 324</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>180 196</b>	<b>58 804</b>
	<b>121 392</b>	<b>-926 520</b>

## CASH FLOW STATEMENT (2/2) (in Swiss Francs)

As at 31 December 2020

	2020	2019
<b>in CHF</b>		
Operative Cash-flow	<b>-219 053</b>	<b>-1 543 188</b>
Non cash variations in trade and other receivables	-302 592	-2 448 155
Non cash variations in accrued income and prepaid expenses	28 007	-97 374
Non cash variations in trade and other payables	546 585	252 799
Non cash variations in accrued expenses	61 756	1 556 741
Depreciations loans	-	1 657 060
Interests calculated	-105 944	-56 098
Exchange difference	-151 874	-81 032
Others	1 785	-93
Loss on investments disposal	-	100 001
Increase/Decrease provisions	250 000	-400 000
<b>Net profit/loss for the year</b>	<b>108 670</b>	<b>-1 059 340</b>

## **NOTES TO THE FINANCIAL STATEMENTS UNDER SWISS GAAP FER (in Swiss Francs)**

### **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. 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.

The Native SA is listed on the SIX Swiss Exchange, SIX Swiss Reporting Standard. The Company is listed under the symbol “NTIV”. The ISIN code is CH0006326851.

Due to the fact that at 31 December 2020 the Company has no consolidation perimeter, it has prepared its financial statements in accordance with a recognized accounting standard (Swiss GAAP FER).

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This section describes the basis of preparation of the financial statements and the accounting policies that are applicable to the financial statements as a whole.

These financial statements were approved by the Board of Directors and authorized for issue on 30 April 2021, but they are subject to approval of the shareholders’ General Meeting.

#### ***Basis of preparation***

Starting 1 January 2020, the financial statements have been prepared in accordance with the entire existing accounting principles of Swiss GAAP FER (Generally Accepted Accounting Principles FER), as well as the additional rules for the listing at the SIX Swiss Stock Exchange.

Accounting policies have been consistently applied to all years presented. 2019 figures may have been reclassified in order to be comparable versus the current period.

The financial statements have been prepared in accordance with the historical acquisition costs principle.

#### ***Presentation currency***

These financial statements are presented in Swiss Francs (CHF), which is the Company’s functional currency. All amounts have been rounded to the nearest franc, unless otherwise indicated.

## Foreign currencies

### *Foreign currency transactions*

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, all items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Gains and losses from foreign currency balances and from translating year-end foreign currency balances are recognized in the income statement.

The following exchange rates were used for currency translation:

	31 December 2020		31 December 2019	
	Closing rate	Period average	Closing rate	Period average
EUR	1,08150	-	1,08700	-

## Segment reporting

As The Native SA had no activity in 2020, no segment information is presented in this annual report.

In 2019, the Company operated in a single segment: Ecommerce and marketing.

## Revenue recognition

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, rebates and other sales taxes or duty. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met.

Revenue from services rendered are recognized as revenue in the accounting period in which the services are rendered, which means that they are allocated over the contractual period.

## Employee benefits (2019)

### *Pension obligations*

The Company had one employee in 2019 for 7 months. As there was no employee insured for pension in Switzerland as at 31 December 2020 and 2019, no economic asset or liability was recognized in the balance sheet. There is no employee contribution reserve available as at 31 December 2020 and 2019.

## Income tax

The tax expense for the period comprises current and deferred tax. Current income taxes are accrued based on taxable income of the current year. The tax rates and tax laws used to compute the amount are those that are

enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are recognized for all temporary differences between the tax and accounting bases of assets and liabilities at the reporting date using the liability method.

Deferred income taxes are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability settled.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are capitalized only if it is probable that they can be used to be offset against future taxable profits.

### **Cash and cash equivalents**

Cash and cash equivalents, in the balance sheet and in the cash flow statement, comprise petty cash, cash at banks and short-term deposits with an original maturity of three months or less. They are recorded at their nominal value.

### **Trade and other receivables**

Trade and other receivables are recognized and carried at the original net invoiced amount less an allowance for any specifically impaired receivables. Impairment is charged on receivables for specific identified risks. Bad debts are written-off when there is objective evidence that the Company will not be able to collect the receivables. Allowances for impaired receivables are recognized within "Allowance to provisions on Receivables" in the income statement.

### **Investments**

Investments are valued at cost less necessary impairment. Allowances for impaired investments are recognized within "Allocation to provision on investments in subsidiaries" in the income statement.

### **Financial assets**

Financial assets include Bonds held as long-term investments and minority investments. Bonds and minority investments are valued at cost less any necessary impairment.

### **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

## Financial liabilities

Convertible loans and borrowings are initially recognized at nominal value.

## Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are subsequently sold, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

## Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, reduce the proceeds from the equity issue and are recognized directly in equity.

## USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with Swiss GAAP FER requires the use of certain assumptions and estimates that influence the figures presented in this report. They are based on analysis and judgements which are continuously reviewed and adapted if necessary.

## 3. OTHER INCOME

As at 31 December 2020, the Company had no other income.

In 2019, Company's other income of CHF 1'058'138 included the sale of marketing services to Nexway SAS for CHF 845'975 and the re-invoicing of development costs to The Native Media Inc. for CHF 220'420. Other income was reduced by losses on receivables for CHF 8'257.

## 4. RELEASE OF IMPAIRMENTS AND LOSSES ON ASSETS

### Release of impairments on assets

	2020 CHF	2019 CHF
Release impairment on Highlight Finance Corp., current account	270 388	-
Release impairment on Highlight Finance Corp., minority investments	146 341	-
Release impairment on Stockaccess Holding SAS, interests	6 897	-
<b>Release of impairments on assets</b>	<b>423 626</b>	<b>-</b>

## Losses on assets

	2020	2019
	CHF	CHF
Highlight Finance Corp., current account	270 388	-
Highlight Finance Corp., minority investments	146 341	-
<b>Losses on assets</b>	<b>416 729</b>	<b>-</b>

## 5. EXTRAORDINARY CHARGES AND INCOME

### Extraordinary charges

	2020	2019
	CHF	CHF
Allocation to a provision for litigation (see Note 11)	-	400 000
Settlement of litigation Nicolò von Wunster (see Note 11)	150 000	-
Provision legal expenses in connection with bankruptcy	50 000	-
Release of pre-recorded liability in connection with the litigation	-	(108 700)
Loss on current account Asknet AG	1 785	-
SIX penalty	69 500	-
Prior periods adjustments	35 215	30 935
Miscellaneous	105	400
<b>Extraordinary charges</b>	<b>306 604</b>	<b>322 635</b>

On 27 November 2020, the Company has reached a friendly settlement with former CEO, Nicolò von Wunster. The Company has therefore decided to release the provision for litigation and leave a CHF 50'000 provision for potential legal expenses related the bankruptcy.

On 18 September 2020, SIX Exchange Regulation AG (SER) has imposed a penalty on the Company for breaching Swiss GAAP FER accounting standards. The Company has decided to book this charge as well as some ancillary charges from SIX Exchange Regulation AG (SER) for a total amount of CHF 69'500 as extraordinary.

## Extraordinary income

	2020 CHF	2019 CHF
Stamp duty charge cancellation on 2017 capital increase not due	-	100 000
Waiver on debt Blockchain Lab SA	-	323 160
Waiver on debt Highlight Finance Corp.	-	-
Waiver by Highlight Finance Corp. on P8H notes acquisition	-	-
Gain on subscription or sale of shares	-	43 795
Prior periods adjustments	101 921	240
<b>Extraordinary income</b>	<b>101 921</b>	<b>467 195</b>

## 6. OTHER SHORT-TERM RECEIVABLES DUE FROM THIRD PARTIES

	31 Dec 2020 CHF	31 Dec 2019 CHF
The Native Media Inc., current account	1 141 684	1 147 437
Stockaccess Holdings SAS, loan	-	326 100
asknet AG, current account	-	1 785
VAT to be received	15 808	44 823
Miscellaneous	114	127
<b>Other short-term receivables due from third parties</b>	<b>1 157 606</b>	<b>1 520 272</b>
Impairment on the Native Media Inc., current account	(1 141 684)	(1 147 437)
<b>Impairment on other short-term receivables due from third parties</b>	<b>(1 141 684)</b>	<b>(1 147 437)</b>
<b>Other short-term receivables due from third parties, net</b>	<b>15 922</b>	<b>372 835</b>

The Native Media Inc. was sold on 31 December 2019, therefore the receivables from this company are presented as third parties at year-end.

## Allocation to provisions on receivables

	2020 CHF	2019 CHF
Impairment on The Native Media Inc., current account (Note 6) at year-end	-	1 147 437
Impairment on The Native Media Inc., current account (Note 7) on 1 January	-	(682 451)
Impairment on Highlight Finance Corp., current account (Note 7)	-	271 750
Exchange difference on The Native Media Inc. provision	-	47 584
<b>Allocation to provisions on receivables</b>	<b>-</b>	<b>784 320</b>

## 7. OTHER SHORT-TERM RECEIVABLES FROM RELATED PARTIES

	31 Dec 2020 CHF	31 Dec 2019 CHF
P8H Inc, convertible loan	-	3 994 543
Highlight Finance Corp., current account	-	271 750
<b>Other short-term receivables due from related parties</b>	<b>-</b>	<b>4 266 293</b>
Impairment on The Native Media Inc., current account	-	-
Impairment on Highlight Finance Corp., current account	-	(271 750)
<b>Impairment on other short-term receivables due from related parties</b>	<b>-</b>	<b>(271 750)</b>
<b>Other short-term receivables due from related parties, net</b>	<b>-</b>	<b>3 994 543</b>

The amount due by Highlight Finance Corp. was fully impaired in 2019.

## 8. ACCRUED INCOME AND PREPAID EXPENSES

	31 Dec 2020 CHF	31 Dec 2019 CHF
Interests P8H Inc.	457 212	403 368
Interest Stockaccess Holding SAS	-	29 021
Interest Stockaccess	-	6 897
Interests on bonds FBNK Finance Sàrl, related party	27 377	-
Interests on bonds HLEE Finance, related party	13 519	-
Down payment legal services fees	13 529	-
Miscellaneous	4 139	1 536
<b>Accrued income and prepaid expenses</b>	<b>515 776</b>	<b>440 822</b>
Impairment on P8H Inc., interests	(457 212)	(403 368)
Impairment on Stockaccess Holdings SAS, interests	-	(6 897)
<b>Impairment on other short-term receivables due from related parties</b>	<b>(457 212)</b>	<b>(410 265)</b>
<b>Other short-term receivables due from related parties, net</b>	<b>58 564</b>	<b>30 557</b>

## 9. INVESTMENTS

	Voting and capital rights in %		Voting and capital rights in %		Capital	Capital	
	31 Dec 2020		31 Dec 2019		31 Dec 2020	31 Dec 2019	
<b>Direct and indirect investments</b>							
P8H Inc., New York, USA	N/A		22.30%/15.00%		N/A	USD 152.34	
	Gross book value	Movements	Gross book value	Accumulated provisions	Movements	Accumulated provisions	Net book value
	31 Dec 2019 CHF	2020 CHF	31 Dec 2020 CHF	31 Dec 2019 CHF	2020 CHF	31 Dec 2020 CHF	31 Dec 2020 CHF
P8H Inc., New York, USA	8 500 000	-8 500 000	-	(7 770 000)	7 770 000	-	-
<b>TOTAL</b>	<b>8 500 000</b>	<b>-8 500 000</b>	<b>-</b>	<b>(7 770 000)</b>	<b>7 770 000</b>	<b>-</b>	<b>-</b>

On 18 March 2020, the Company has signed an asset swap agreement to exchange its existing investment in P8H Inc. and related loan with long-term financial instruments issued by a third-party. Based on the signed agreement, the value at 31 December 2019 of the investment was modified to reflect the new value resulting from the asset swap.

As at 31 December 2019, a new impairment of CHF 770'000 has been recognized on the investment in P8H Inc. The shares have been exchanged with financial instruments on 18 March 2020 and the value recorded in the books corresponds to the market value of the new asset acquired (See Note 9).

## 10. FINANCIAL ASSETS

	31 Dec 2020 CHF	31 Dec 2019 CHF
Bond Stockaccess Holdings SAS	-	1 630 500
Highlight Finance Corp., minority investments	-	146 641
Bonds FBNK Finance Sàrl, related party	1 622 325	-
Bonds HLEE Finance Sàrl, related party	4 866 975	-
<b>Financial assets</b>	<b>6 489 300</b>	<b>1 777 141</b>
Impairment on Highlight Finance Corp., minority investments	-	(146 641)
<b>Impairment on financial assets</b>	<b>-</b>	<b>(146 641)</b>
<b>Financial assets, net</b>	<b>6 489 300</b>	<b>1 630 500</b>

On 10 February 2020, the Company executed an asset swap agreement and exchanged Stockaccess Holdings SAS Bonds with FBNK Finance Sàrl Bonds. Following the exchange of P8H Inc. shares on 18 March 2020 with financial instruments issued by HLEE Finance Sàrl, the value recorded in the books corresponds to the purchase value of the new asset. As of 18 December 2020, and following the capital increase, FBNK Finance Sàrl and HLEE Finance Sàrl are considered related party. As of 31 December 2020, all the Bonds are booked at their purchase value (nominal value).

Following the liquidation of Highlight Finance Corp., the Company has fully released the impairment on the investment and written off the remaining amount of CHF 146'641 (See Note 4).

## 11. FINANCIAL LIABILITIES

The following table details the financial liabilities:

	Current		Non-current	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	CHF	CHF	CHF	CHF
Loans from:				
Third parties	-	-	<b>600 000</b>	600 000
Related parties	-	-	-	-
Payables related to business combinations:				
Third parties	-	774 699	-	-
Related parties	-	-	<b>337 146</b>	-
Convertible loan from:				
Third parties	-	-	-	1 763 725
Related parties	-	-	-	1 303 498
<b>Total financial liabilities</b>	<b>-</b>	<b>774 699</b>	<b>937 146</b>	<b>3 667 223</b>
Interest-bearing liabilities - related parties			-	1303498
Interest-bearing liabilities - third parties			600000	2363725
Non interest-bearing liabilities - related parties			337146	-
Non interest-bearing liabilities - third parties		774699	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>774 699</b>	<b>937146</b>	<b>3667223</b>
Payable within 1 to 5 years			937146	3667223
Payable in more than 5 years			-	-

### Loans

A CHF 8'000'000 loan granted by a third party for the purpose of acquiring some investments, was further reduced and the remaining amount of CHF 600'000 carries the following features:

- Duration: the maturity of this loan is undetermined, but not due before 31 December 2022
- Interest: variable interest rate, taken from the circular of the Swiss Federal Tax Administration regarding intercompany loans.

Following the restructuring of the payable related to the acquisition of The Native Media Inc., a related party has accepted to pay the balance of the remaining amount equal to CHF 337'146. Such amount has been classified as non-current.

### Convertible loans

#### MTH

On 5 September 2013, the Company agreed with MT Holding S.p.A, Rome, a convertible loan for the amount of CHF 1'120'000, which entitles the holder to convert all or part of the loan to ordinary shares of The Native SA at

nominal value of The Native SA shares (actually CHF 3.50 per share), i.e. for a loan of CHF 3.50 the holder shall receive one The Native SA's share with a nominal value of CHF 3.50.

The conditions applicable to this convertible loan were as follows: conversion might occur at any time between 1 November 2018 and 30 December 2018. If the loan was not converted within the timeframe mentioned, it would be reimbursed on 30 December 2018 or earlier at the option of the borrower. Consequently, this loan had been classified as current. A variable interest of 2.5% on CHF 1'000'000 and 0.75% on the surplus (2017: 3.25% p.a.) should be paid in arrears semi-annually, until the notes were converted or redeemed.

Further to the bankruptcy of MT Holding S.p.A (subsequently MT Holding S.p.A in liquidation) and a competitive procedure held by the Bankruptcy trustee, a related party of The Native SA was awarded this convertible loan by the Court of Asti (Italy) and, by a debt assignment agreement signed on 31 January 2019, the Bankruptcy trustee of MT Holding S.p.A in liquidation formally assigned to this related party all its rights, receivables, accrued interest and obligations arising out of the loan.

On 27 March 2019, both The Native SA and its related party agreed to maintain the above conditions except:

- The maturity has been postponed to 31 December 2019. However, if the conversion does not take place during 2019, the related party will postpone the reimbursement of the convertible loan for a minimum of 12 months
- The interest on existing loan and accumulated interests has been agreed to be the rate communicated by the Swiss Federal Tax administration (currently 0.75%).

On 20 December 2019, this creditor accepted the proposal of the Company and converted the existing loan and accrued interest into a newly issued Convertible Note («Convertible Note 2019»).

### Convertible Note 2019

On 20 December 2019, the Company issued a mandatory convertible note for an amount of up to CHF 8'000'000 of CHF 1'000 par value.

The Note was subscribed by several existing creditors of the Company at an issue price of 95% for a total amount of CHF 3'058'050, through the issuance of 3'219 notes of CHF 1'000 par value.

The maturity date of the Note is 31 May 2021. The note bears no interest.

The conversion rate shall be the following:

- For one Note, the Noteholder shall be entitled to receive that full number of Shares corresponding to the amount of CHF 1'000 divided by the value of a Share (the "Value") calculated as follows:
- The Value shall be the greater of:
  - The par value of one Share or
  - The market value of one Share minus a 20% discount, whereby market value shall mean the average price of a Share on SIX Swiss Exchange during 60 calendar days prior to the Maturity date

- Fractions of Shares will not be issued or delivered and no cash payment or other adjustment will be made in lieu thereof.

All of the Bondholders have converted into shares of the Company (see below “Capital Increase 18 December 2020”).

## Capital Increase 18 December 2020

At the Extraordinary Shareholders Meeting of 18 December 2020, the Shareholders accepted the motion of the Board of Directors and voted in favor of a Reduction of the existing Share Capital of CHF 10'889'165.-- by CHF 9'582'465.20 to (new) CHF 1'306'699.80 by reducing the nominal value of each Share of CHF 3.50 by CHF 3.08 to new CHF 0.42; and by using the reduction amount to partially correct the situation of capital loss; and increase by way of ordinary capital increase the current Share Capital of the Company of CHF 1'306'699.80 by a minimum of CHF 3'360'000.-- and a maximum of CHF 4'200'000.-- to a maximum of (new) CHF 5'506'699.80 by issuance of a minimum of 8'000'000 and a maximum of 10'000'000 new bearer Shares with a nominal value of CHF 0.42 each

The capital increase was subscribed by all of the convertible note holders.

Subsequent the Shareholders Meeting the Board of Directors has carried out the capital increase in an amount of CHF 3'738'997.62 corresponding to 8'902'376 new bearer shares at CHF 0.42 each.

## 12. LONG-TERM PROVISIONS

	Provision for litigation CHF
Book value as at 01.01.2019	-
Constitution of provision	400 000
<b>Book value as at 31.12.2019</b>	<b>400 000</b>
Book value as at 01.01.2020	400 000
Dissolution of provision	-400 000
<b>Book value as at 31.12.2020</b>	<b>-</b>

As at 31 December 2019, the Company has decided to post a provision for litigation in the amount of CHF 400'000 (See Annual Report 2019 for more information) related to the claim of the former CEO and Chairman of the Company, Mr. Nicolò von Wunster.

At the end of November 2020, the Company has entered into a friendly settlement with Mr von Wunster.

As at 31 December 2020, the conditions of the settlement were met and the transaction is to be considered completed. The Company considers that as at 31 December 2020 such provision can be dissolved.

However, due to the ongoing efforts related to the revocation of the bankruptcy procedure with the Court of Basel, the Board of Directors decided to post a provision for legal fees in the amount of CHF 50'000 booked in the accrued expenses.

## 13. INCOME TAX

### Amounts recognized in the income statement

The following table shows the items included in income tax:

	2020 TCHF	2019 TCHF
<b>Current tax expense</b>		
Current year	5 500	-
	<b>5 500</b>	<b>-</b>
<b>Deferred tax expense</b>		
Deferred tax expense	-	-
	<b>-</b>	<b>-</b>
<b>Income tax</b>	<b>5 500</b>	<b>-</b>

### Deferred tax assets and liabilities

The Company has registered no deferred tax assets or liabilities.

Deferred tax assets related to tax loss carry-forwards of The Native SA have not been recognized. Such tax loss carry-forwards may be offset with future taxable profits in the same amount during a period of 7 years.

Available tax loss carry-forwards are as follows:

	31 Dec 2020 CHF	31 Dec 2019 CHF
Expiry of tax losses carry forwards:		
Less than 1 year	3 693 470	2 575 000
Between 1 and 5 years	8 858 015	11 757 678
More than 5 years and indefinite	1 059 340	1 834 677
<b>Total tax loss carry forwards</b>	<b>13 610 825</b>	<b>16 167 355</b>
of which recognised	-	-
<b>Total tax loss carry forwards - unrecognized</b>	<b>13 610 825</b>	<b>16 167 355</b>

The applicable income tax rate is equal to 14%.

## 14. SHAREHOLDERS' EQUITY AND TREASURY SHARES

	Share Capital	Capital reserves	Accumulated losses / Profit Carried Forward	Treasury Shares	Total
	CHF	CHF	CHF	CHF	CHF
<b>Balance at 1 January 2019</b>	<b>10 889 165</b>	-	<b>(8 406 256)</b>	<b>(33 811)</b>	<b>2 449 098</b>
Loss for the year	-	-	(1 059 340)	-	(1 059 340)
<b>Balance at 31 December 2019</b>	<b>10 889 165</b>	-	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
<b>Balance at 1 January 2020</b>	<b>10 889 165</b>	-	<b>(9 465 596)</b>	<b>(33 811)</b>	<b>1 389 758</b>
Capital decrease	(9 582 465)	-	9 569 366	13 099	(0)
Capital increase	3 738 998	-	-	-	3 738 998
Costs attributable to the issue of new shares	-	(90 200)	-	-	(90 200)
Profit for the year	-	-	108 670	-	108 670
<b>Balance at 31 December 2020</b>	<b>5 045 698</b>	<b>(90 200)</b>	<b>212 440</b>	<b>(20 712)</b>	<b>5 147 226</b>

### Share capital

As per 31 December 2020, the share capital amounts to CHF 5'045'697.72, consisting of 12'013'566 bearer shares with a nominal value of CHF 0.42 each. Each share has one voting right and is fully entitled to dividends. The shares are fully paid in. Each ordinary share carries one vote and a right to dividends.

### Treasury shares

The Company holds 4'253 treasury shares at year-end (2019: 4'253), corresponding to an investment of 0.04 % (2019: 0.14%) of total shares issued.

## 15. CONDITIONAL SHARE CAPITAL

The Articles of Association provide for three distinct types of conditional share capital:

A conditional share capital, up to a maximum amount of CHF 3'500'000 by the issuance of maximum 1'000'000 bearer shares with a par value of CHF 3.50 each, was created in connection with conversion rights to be granted under a future issuance of a convertible bond or similar instrument or with the exercise of option rights in the context of share option plans granted to employees, creditors, shareholders or the Board of Directors. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase are excluded.

A conditional share capital, up to a maximum amount of CHF 341'250 by the issuance of maximum 97'500 bearer shares with a par value of CHF 3.50 each, was created in connection with the conversion rights to be granted under an expected future issuance of a convertible bond or similar instrument. The pre-emptive rights of the existing shareholders related to the subscription of this conditional share capital increase may be limited or excluded by the unanimous resolution of the Board of Directors under certain circumstances lined out in the article 3.2 of the Articles of Association.

A conditional share capital, up to a maximum of CHF 98'000 by the issuance of maximum 28'000 bearer shares with a par value of CHF 3.50 each, was created in connection with the exercise of the conversion right granted to the holder of the convertible loan, MT Holding S.p.A, Rome, now awarded and assigned to a related party (see below "MTH"). The pre-emptive rights of the existing shareholders related to the subscription of the shares of this conditional share capital increase are excluded.

Following the Extraordinary Shareholders Meeting of 18 December 2020, the Conditional capital has been deleted from the Articles of Association of the Company

## 16. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share are calculated by dividing the net profit/loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares owned by the Company and held as treasury shares (note 14).

	31.12.2020	31.12.2019
Net result attributable to Owners of the Company	108 670	(1 059 340)
Profits/Losses used in the calculation of basic earnings per share	108 670	(1 059 340)
Total shares	12 013 566	3 111 190
Less Treasury shares (average)	(4 253)	(4 253)
Weighted average number of ordinary shares for the purpose of basic earnings per share	12 009 313	3 106 937
<b>Basic earning per share</b>	<b>0,01</b>	<b>(0,34)</b>
<b>Basic earnings per share</b>		
Basic earnings per share (CHF per share)	0,01	(0,34)

## Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit/loss attributable to Owners of the Company and weighted average number of ordinary shares outstanding (excluding treasury shares), after adjustments to assume conversion of all dilutive potential ordinary shares.

	31.12.2020	31.12.2019
Net result attributable to Owners of the Company	108 670	(1 059 340)
Interest on convertible loan	-	18
Net result attributable to Owners of the Company "diluted" (TCHF)	108 670	(1 059 322)
Weighted average number of ordinary shares for the purpose of basic earnings per share	12 009 313	3 106 937
Shares deemed to be issued for no consideration in respect of convertible loans and/or potential convertible loans	-	28 000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	12 009 313	3 134 937
<b>Diluted earning per share</b>	<b>0,01</b>	<b>(0,34)</b>

## 17. IMPORTANT SHAREHOLDERS

The following shareholders (with a participation exceeding 3% known to the Company) are considered as significant:

	<b>Ownership Interest 31.12.2020</b>	<b>Ownership Interest 31.12.2019</b>
Digital Investment Platform	24.97%	-
FBNK Finance Sarl	16.65%	-
HLEE Finance Sarl	15.20%	-
Herculis Trustees AG	12.58%	-
Unicorn Advisory OU	8.82%	-
Falcon Consulting Limited	4.12%	3.86%
Herculis Partners SA	3.79%	-
Alti Exchange Group AG	-	19.99%
Alexander Gilkes	-	11.25%
Clear Express Group (formerly Atlas Pass Holdings Limited)	-	9.98%
Whiteridge Investment Funds SPC Limited – Global Income SP	-	9.18%
GigaAir Limited	-	8.03%
E-Commerce Alliance AG	-	7.35%

## **18. COMMITMENTS**

There are no commitments.

## **19. CONTINGENT LIABILITIES**

The Company 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.

## **20. FULL-TIME EQUIVALENT EMPLOYMENTS**

The annual average number of full-time equivalent employments for the reporting year, as well as the previous year, did not exceed 10.

## **21. PENSION LIABILITIES**

On 31 December 2020, the liability to the pension scheme amounted to CHF 0 (2019: CHF 226).

## **22. LEASING**

The Company has no leasing liability as of 31 December 2020 (same as of 31 December 2019).

## **23. SHARES AND OPTIONS HELD BY THE BOARD OF DIRECTORS**

Mr. Patrick Girod, Director, holds 0.49% of the Company (0.14% for 2019).

Mr. Victor Iezuitov, Director, indirectly holds 8.82% of the Company (0% for 2019).

## 24. COMPENSATION TO THE BOARD OF DIRECTORS

The compensation of the Board of Directors and other members of key management personnel during the year were as follows:

**31 December 2020**

In TCHF

**Members of the Board of directors and Management Board of The Native SA**

	<b>Function</b>	<b>Board of Directors compensation (i)</b>	<b>Management Board compensation(ii)</b>	<b>Other (iii)</b>	<b>Total</b>
Patrick Girod	Chairman of the Board	115	0	0	115
Victor Iezuitov	Member of the Board	70	0	0	70
<b>Total</b>		<b>185</b>	<b>-</b>	<b>-</b>	<b>185</b>

**31 December 2019**

In TCHF

**Members of the Board of directors and Management Board of The Native SA**

	<b>Function</b>	<b>Board of Directors compensation (i)</b>	<b>Management Board compensation(ii)</b>	<b>Other (iii)</b>	<b>Total</b>
Patrick Girod	Chairman of the Board	65	0	0	65
Victor Iezuitov	Member and former CFO	35	79	43	157
<b>Total</b>		<b>100</b>	<b>79</b>	<b>43</b>	<b>222</b>

- (i) Gross fixed compensation to members of the Board of Directors
- (ii) Gross fixed compensation and fringe benefits to members of the Management Board
- (iii) Mr. Victor Iezuitov served as Chief Executive Officer of Nexway AG and his remuneration has been taken into account until the date of the deconsolidation

## 25. LOANS AND CREDITS GRANTED TO THE BOARD OF DIRECTORS

There are no loans granted to members of the Board of Directors.

There are no guarantees issued or assumed for any members or former members of the Board of Directors.

## **26. FEES PAID TO THE AUDITORS**

The audit related fees for the year 2020 amount to CHF 78'800 (2019: CHF 120'000). Fees for other services for the year 2020 amount to CHF 9'800 (2019: CHF 4'300).

## **27. SUBSEQUENT EVENTS**

No significant events occurred between 31 December 2020 and the date of publication of the 2020 Annual Financial Statements besides the filing for the revocation of the bankruptcy lodged with the Court of Basel.

## **28. GOING CONCERN UNCERTAINTY**

On 24 March 2020, the Company was notified by the Court of Basel of its bankruptcy, decided on March 18, 2020, following the request from a former board member Mr. Nicolò von Wunster, claiming unsettled severance fees. The Company notified the market on 25 March 2020 and was granted the suspensive effect on such decision by the Appeals Court. During this time of suspension, the Company must provide the Court with an inventory of assets and liabilities proving it is not insolvent and is limited in the way it can dispose of its assets.

The claim (original amount and accumulated interests since June 2016) amounts to a total of CHF 362'000. The Board of Directors considers the claim totally unjustified and has been disputing its validity since the beginning.

On 27 November 2020 the Company has entered into a friendly settlement with Mr. von Wunster and an undisclosed third-party.

At the end January 2021, the Company, in a joint effort with Mr. von Wunster, has filed the necessary documents to the Courts of Lugano (Canton Ticino) and the Courts of Basel (Canton Basel-Stadt) in order to stop all of the existing legal proceedings. At the date of issue of the 2020 Annual report, the Company still did not receive the final decision from the Civil Court of Basel in relation to the bankruptcy proceedings.

Based on the documents in its possession and also on the settlement and full termination of all of the legal proceedings vis-à-vis the former CEO, Mr. von Wunster, the Board considers that the possibility of the Court giving an unfavorable decision of the revocation of the bankruptcy is very unlikely. Should this occur, the Board intends to appeal and gain sufficient time to obtain additional funding or to prove to the Court that the realization of all assets is sufficient to pay all existing debts.

Following the discussions with key shareholders, the Board is confident that all the current payments will be covered by necessary cash injections until the next bond interest payment due mid-June 2021. The Board considers therefore that the business continuity is ensured. This is the reason why it has established financial statements using going concern values.

**AUDITOR'S REPORT ON STATUTORY FINANCIAL STATEMENTS UNDER SWISS  
GAAP FER**

## Report of the statutory auditor to the general meeting of The Native SA, Basel

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of The Native SA, which comprise the balance sheet as at 31 December 2020, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements (pages 48 to 73) give a true and fair view of the financial position of The Native SA as at 31 December 2020 and its results of operations and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Berney Associés

## Possible situation of Going Concern

### Key audit matters

During March 2020, the Company was put into bankruptcy by a former board member. The Company was able to obtain suspension of the bankruptcy and has contested the existence of the debt. The Court has however frozen the assets of the Company and imposed an inventory of assets pending resolution of the case.

In November 2020, the Company entered into a friendly settlement of the claim being at the origin of the bankruptcy procedure. The Company is waiting for the final decision from the Civil Court of Basel related to the revocation of the bankruptcy.

As the assets are still frozen, the Company cannot obtain cash by realization of some assets in order to face the engagements towards third parties.

In case of a negative decision and lack of liquidity, the company's ability to continue as a going concern would be impossible and the financial statements should be prepared on the basis of liquidation values.

### How our audit addressed the key audit matter

We performed the following audit procedures:

- We discussed with management about the evolution of the situation.
- We requested direct confirmation from lawyers involved.
- We obtained a copy of the commitment of a shareholder to provide sufficient financing until assets are unfrozen.
- We reviewed the reduction of capital to offset the accumulated losses and the increase of the capital in order to strengthen the equity of the Company.
- We reviewed the full execution of the friendly settlement for the claim.

Based on our discussion and the documents presented to us, we believe Management's estimates in the assessment of the company to continue as a going concern, to be appropriate.

## Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Audit

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Berney Associés

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In the course of our audit performed in accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of financial statements designed according to the instructions of the Board of Directors was adequately documented but not implemented in all material respects.

In our opinion, the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the financial statements.

Berney Associés Audit SA

**BA** Qualified electronic signature



Claude HERI  
Licensed Audit Expert  
Auditor in charge

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