About this Report

This report of Lykke Corp includes the consolidated results of Lykke Corp Switzerland and Lykke Corp UK Limited for the reporting period from January 1, 2016, to December 31, 2016, and operational metrics as of June 1, 2017.

Financial statements are currently in the process of being audited and may therefore be subject to change.

Lykke Corp, Baarerstrasse 2, 6300 Zug, Switzerland.
Dear Coinholders,

Welcome to the world of Lykke!
Thank you for joining our cause and investing in us.
A special thank you the many of you, who participate to actively in our public channels and provide us feedback on how to improve our products and services.

Lykke builds a global marketplace for all types of digital assets and instruments on the blockchain with open knowledge and open source software. As we speak, our users can trade currencies, our own shares and other selected assets. In the coming months, we will expand our coverage to include major cryptos, initial equities, fixed income instruments, commodities and investment products. We will launch an ICO platform for new listings.

Thus far in our journey, we have focused on the retail user. Our mobile Lykke Wallet application enables our users to borrow, invest, lend, pay, save, trade and insure, all in one. Over time, we plan to enhance the offering to serve the institutional market. Today, we have a Vanuatu brokerage license, and soon we hope to receive a Cyprus brokerage license. We are applying for brokerage licenses in Singapore, Switzerland, the United Kingdom, United States and Mexico. More countries will follow.

During our first two years, we have developed an institutional accelerator business, where we support companies and governments in embracing blockchain technology and enhance their services with enterprise solutions with enterprise solutions using our technology.

Over the past year, our team has grown quickly, from a small group of 20 to more than 80 strong. It is a joy to work together and build an amazing organization with stellar products. A big thank you to all team members!
Dear Lykke Stakeholders

These 12 months since the previous annual report have been a great journey for all the Lykke team. We have launched the exchange, issued our first ICO, integrated Ethereum and offchain settlement in state channels, applied for regulatory wrappers and implemented blockchain projects for the industry and our partners.

But the best thing that has happened to Lykke is you!

We are proud to have such a great community. We learn from your feedback, and this gives us an inspiration to move forward!

Just a few numbers to compare with the previous report: The Lykke community has grown 25 times, from 1 to 25 thousand, the Github codebase is up 4.5x, from 758K to 3.3M lines of code, and 11,400 more client accounts have been opened.

To highlight some of our future plans: we are working hard to launch a Lykke card powered by securities-based lending with smart contracts; we are building a blockchain-based payment network infrastructure and brand new wallets; we are working hard on our regulatory applications roadmap; and we are developing trading platforms for institutional clients.

We want to reinvent the ways that people and companies trade, issue assets, invest and pay. This requires the courage to create new things and the expertise to bring innovations to the existing environment.

Sergey Ivliev
Lykke co-founder and COO
Lykke at a Glance
As of June 1, 2017

Lykke is building a secure global marketplace for the exchange of all financial assets. Encouraging participation from all users, the Lykke Exchange intends to level the financial playing field through direct ownership of assets and immediate settlement of trades.

<table>
<thead>
<tr>
<th>Clients</th>
<th>Countries</th>
<th>MoM user-base growth</th>
<th>Trades settled on blockchain</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,442</td>
<td>135</td>
<td>30%</td>
<td>43,025</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total traded value</th>
<th>Lykke coin holders</th>
<th>Lines of code in Lykke Github repository</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70.2M</td>
<td>2,900</td>
<td>3,313,208</td>
</tr>
</tbody>
</table>
Lykke in the World

80 team members from 19 countries

01 Switzerland  
02 United Kingdom  
03 Cyprus  
04 United States  
05 Canada  
06 Singapore  
07 India  
08 Russia  
09 Thailand  
10 Iran  
11 Brazil  
12 Georgia  
13 Bulgaria  
14 Vanuatu  
15 Portugal  
16 Belarus  
17 Germany  
18 Australia  
19 Uruguay
Key Milestones

2016

April  
First public presentation of Lykke Wallet

June  
Lykke Wallet and Lykke Exchange launched; CHF 500K raised in a private round

August  
Android app launched; CHF 600K raised in a private round

September  
Lykke coin ICO; CHF 1.16M raised

November  
Lykke Streams launched

December  
SolarCoin trading added; Hyperledger membership

2017  
February  
Lykke 1-year Forward ICO; CHF 2M raised

March  
Chronobank TIME token trading added

April  
Lykke Accelerator launched

May  
Offchain settlement implemented

June  
Ethereum integration added
Key Performance Metrics
As of June 1, 2017

11,442
Accounts registered

43,025
Trades settled the blockchain

135
Countries

$70.2M
Total traded value

52.5%
Of clients hailing from Switzerland, the United States, the United Kingdom and Germany

$1,632
Average trade

2,361
Active clients (at least one trade in the last 3 months)

BTC 77.2
Paid in miners fees for onchain settlement (0.11% of volume)
## Financial Outlook

### Financial Highlights (FY 16) - in millions CHF

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated income</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>-1.6</td>
<td></td>
</tr>
</tbody>
</table>

### Cash and ALM overview (as of 1 June 2017) - in millions CHF

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5.4</td>
<td>Funds in banking accounts of Lykke Corp and subsidiaries</td>
</tr>
<tr>
<td>Cryptocurrencies</td>
<td>1</td>
<td>Market value of the cryptocurrencies in Lykke Corp wallets</td>
</tr>
<tr>
<td>Assets</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>-1.2</td>
<td>Lykke fiat colored coins in client wallets</td>
</tr>
<tr>
<td>Net liquidity</td>
<td>5.2</td>
<td></td>
</tr>
</tbody>
</table>
Products & Markets
Lykke Wallet &
Lykke Exchange

Value transfer protocols evolve very fast. In just a year we have seen the saturation and governance crisis of the bitcoin blockchain, the hard fork, the recovery and fast growth of ethereum and the emergence of the second wave of blockchains. Our strategy is to be blockchain-agnostic, so as to support all major blockchains, building a settlement level on top of them.

Lykke differs from traditional cryptocurrency exchanges. We are building a marketplace that seamlessly integrates the existing financial system and the emerging digital economy. Tradeable asset classes include conventional financial products, such as FX, and novel assets, such as natural capital.

Unlike many other exchanges, the Lykke Exchange does not take custody of traded coins. Instead, our exchange uses multi-signature wallets and settles trades on the blockchain. This affords freedom and security for users and is well received by regulators, who consider the Lykke operation model during the approval process.

What has been accomplished so far?
The Lykke Exchange and Lykke Wallet have been operational for more than 12 months now. The service was available 99.65% of the time. Our wallet app offers direct ownership of assets along with a robust exchange function. We have successfully scaled bitcoin transaction settlement using the offchain methodology inspired by the Lightning Network and Micropayment Channels approach. We have also natively integrated the Ethereum blockchain into our wallet.

What are our plans?

• Limit orders for exchanging assets
• A margin-based trading bot for FX and cryptos
• Securities-based lending atop smart contracts
• Fast, secure payments between Lykke clients based on bitcoin and Ethereum
• Scaling Ethereum transactions with offchain settlement
• Implementing atomic cross-chain transactions
• Providing open-source tools for managing offchain transaction security
• Implementing social backups and recovery for private keys
• Integrating more blockchains

“My dream is to bridge the gap between two worlds: the world of traditional finance and the emerging cryptofinance world. I believe that regulation will bring the acceptance and adoption of blockchain technology to an entirely new level. And I see Lykke as a game-changer, advancing a new trust model based on the blockchain and providing access to new types of financial instruments built around smart contracts.”

Mihail Nikulin
Market-Making

Lykke implements various market-making strategies to provide liquidity for the instrument listed on the Lykke Exchange. The market-making engine on Lykke is driven by demand and supply fluctuations and order book prices from other exchanges.

What are the next steps?
The Lykke Exchange will soon enable clients to place limit orders. The market-making engine will be modified accordingly to react to the enhanced order flow.

We are working on incorporating agent-based models and inventory control mechanisms that will further reduce inventory fluctuations and improve liquidity and price discovery.

“...My dream is to contribute to the growing success and vision of Lykke to make financial markets more accessible to everyone around the globe. I believe, as do many other people, that Lykke will become one of the most popular and highly respected brand names among investors worldwide. I am very proud to be a part of it!”

Roland Gemayel
ICOs & Listings

Lykke successfully issued ICOs in October 2016 (LKK) and February 2017 (LKK1Y). Our chief success was not in their size but in the trust that people showed in our vision. The transparency of the blockchain was crucial in creating this trust. We have proven that people and businesses value the environment that Lykke can provide.

What has been accomplished so far?
We have been working to establish a solid listing process in the first half of 2017. After conducting a thorough analysis of financial regulations from all over the world, as well as surveying a number of digital coins and tokens already in use, we developed showcases and proposals for several regulators on how to integrate this innovation into the real economy. Now, working closely with respected law firms, we are developing the means to classify ICOs as financial products. We believe that adequate, dynamic regulation is necessary for this market to prosper.

What are the next steps?
We aim to make our ICO service experience elegant and simple, yet with the quality of a top investment bank interface. Our target is to have a fully automated process, through the Web application and through the open APIs of the Lykke Exchange.

Several significant ICOs and listings are in the pipeline. After careful selection, we want to help the market embrace a more efficient, more equitable set of assumptions. With ICOs, companies can gain access to global markets without the need of going through a painful IPO. ICOs also enable them to offer products and services instead of equity. Simultaneously, and just as crucially, market participants need the confidence to invest in those markets.

“My personal dream is to make financing an attainable goal for entrepreneurs and businesses. Financing is often painful and expensive, and the process is far from straightforward. In many cases, it is not accessible at all. But using a mobile device to obtain any type of financing is a promising way to solve this problem. We can make it as easy as placing a call.”

Yiannis Menelaou
The Alpha Engine is an algorithmic investment management approach that yields profitable automated trading strategies. It is a counter-trending trading model algorithm that provides liquidity to the marketplace by opening a position when markets overshoot, and manages positions by cascading and de-cascading during the evolution of the long coastline of prices, until it closes in a profit.

A box option is a payment agreement analogous to a binary, or digital, option. Payment is conditional upon the price of the underlying asset falling within the customer-specified time-price box, which can be a customer-defined strike price range (bounded by a floor and ceiling), a customer-defined maturity period, or a predefined setting of the mobile application interface. The customer may terminate the payment agreement at any time before it has matured by redeeming the resale value of the Box Option booking.

What has been accomplished so far?
Our box option app and pricing engine for iPhone is ready to download from the App Store.

What are the next steps?
The Alpha Engine is currently being deployed on FX and crypto trading venues. Conditional on regulatory approvals, it is being offered to accredited and institutional investors. When finalized, applications will be run to earn profits on a shared P&L basis.

“My dream is to help Lykke become a successful and profitable project.”

Anton Golub
Natural Capital Markets

Our mission is to democratize investment in natural capital. Natural capital encompasses vital services performed by ecosystems that make life possible on earth.

Our first focus has been on wetland restoration, specifically with regard to oceanic blue carbon and mangroves. Oceanic Blue Carbon is responsible for 83% of global CO₂ sequestration, with 50% concentrated on shorelines. Mangroves are a keystone species along shorelines by filtering water to enable sea grasses and coral reefs to thrive. Mangroves also sequester CO₂ at up to five times the rate of dry forest, with permanent storage in the ground. Despite their vital role, mangroves have been deforested at 3 times the rate of rainforests, and they are at risk of extinction globally.

Now anyone can invest in one of the world’s most vital ecosystems with the tap of a button in Lykke Wallet.

What has been accomplished so far? Lykke partnered with WorldView International Foundation (WIF) to launch Heyerdahl Climate Pioneers (TREE) as a digital token to represent living mangrove trees and carbon credit rights at Thor Heyerdahl Climate Park, Myanmar. Having exceeded our target of 500K TREEs sold on Lykke Wallet, we are preparing a 1M TREEs token sale. Each mangrove sequesters 1 metric ton of CO₂ over 20 years, with a thousandfold multiplier impact on climate, community, and biodiversity.

What are our next important steps? We are designing BlueLife Wallet to make it easy to invest in natural capital. We’re customizing the first version of BlueLife Wallet for Thailand’s Wonderfruit Festival, which has pledged to invest in one TREE for every drink and has invited has invited prominent musicians and DJs to “play for trees.” We are working with partners to launch BlueLife Alliance as a global network of sustainability leaders powered by the blockchain. This includes converting loyalty points into TREEs and other natural capital assets.

“My dream is to build a sustainable financial marketplace that includes nature and leaves the world a better place for our children. As an ocean protector, my highest priority is to keep CO₂ concentration below 450 ppm, at which point coral reefs disappear, due to ocean acidification and warming.

My wish is to empower everyone to generate sustainable financial returns with a Net Positive Portfolio. Once natural capital is on the map as an emerging asset class, we will see a tipping point of capital flowing to protect our global commons. This will create sustainable abundance for.”

Alan Laubsch
Small Markets

Externality capital involves the tools and methods by which negative externalities and failures of traditional capital markets are recaptured in the formal economy to make things better. In our opinion, blockchain technology makes the biggest impact on finance in the rise of small markets.

Nanolending, nanoequity and millions of new micro markets will emerge from low-friction, high-trust possible that were never before capable. Blockchain technology enables low-friction trust among billions of people. The projects that this trust will make possible will further human development.

Many of the features of small-market finance support the Sustainable Development Goals of the United Nations.

What comes next?
It's all about thinking two orders of magnitude down from traditional finance and three orders of magnitude broader. The bottom of the pyramid is huge!

100,000
listed traditional instruments that may be illiquid on traditional markets

100M
$100 accounts to be created by low-friction onboarding and recognition of self-sovereign identities

100M
new Natural and Social capital projects impacting at least 100m people

100M
lessons delivered about capital formation, savings, portfolio and social and environmental assets

Live Change: incentivize/track and encourage 1bn human development changes in

50m people
in 5 years

Nick Gogerty
Projects
Lykke Accelerator

Lykke Accelerator Services provide custom integration of Lykke’s apps and trading platform to existing products and turnkey wallets for the exchange of digital products. We can build custom solutions as either white-labeled or shared wallets for integration into existing technology.

FinTech startups and existing institutions can integrate the Lykke suite of products to offer their customers a seamless experience, where trades settle in minutes and safety is increased. Global companies can use our experience and skills to build new trading platforms or implement company coins. Now anyone can invest in one of the world’s most vital ecosystems with the tap of a button in Lykke Wallet.

What has been accomplished so far?
Since announcing of the Lykke Accelerator program, we have received more than 30 requests from clients all over the world, all of whom expressed interest in working with us. Together with our team on the ground, we have generated more than 60 new opportunities in our Customer Relationship System, which we handle through a different sales cycle. We have already signed four contracts worth more than 2M euros combined.

What are our next important steps?
Key to our continued success is making it even easier for Lykke development teams to share their knowledge and increase their skills in this rapidly expanding global community. We are investing in improvements and streamlined tools and processes, all with an eye toward enabling greater and more harmonious cooperation.

And obviously we want to take on many new Lykke Accelerator projects and deliver these technologies to a growing list of clients.

“Based on my many conversations with clients, prospects, Lykkians and investors, I see us contributing to a more democratic and fair global economy, bringing down boundaries and providing easy access to finance with minimal cost and infrastructure. To share and bring to life these values — that is my dream.”

Niklaus Mettler
Regulated Entities
Lykke in Europe

Cryptocurrencies are quickly gaining adoption in Europe, with the bitcoin accounting for the largest percentage of volume, although ethereum is quickly catching up. More than 10 percent of consumers in Eastern Europe own or trade digital assets, compared to second-place France and Germany, with less than half that percentage. Europe requires that digital assets and currencies comply with regulations against money laundering. However, at present, companies in the digital assets market are not subject to strict regulation or licensing obligations to operate in the European Union or in the member states in which their customers reside, although it is clear that, in the long term, they will be. The FX market is trending toward a lesser leverage of 1:50, which might be the new standard. The market is expected to consolidate even further, since the costs of entry have become higher.

What has been accomplished so far?
- Lykke Corp UK is operational for spot FX transactions.
- Lykke Cyprus Ltd. has applied for an Investment Firm license.
- Lykke EMI has applied for an Electronic Money Institution license.
- Lykke MTF is in the final stages of applying for an FCA Multilateral Trading Facility license.

What are our next important steps?
- Approval of the Lykke Investment Firm License
- Approval of the Lykke EMI License
- Approval of the Lykke MTF License
- Applying to be a licensed securities trader and organized trading facility in Switzerland

“For me, Lykke is not a stop, but the destination. Every day I face new challenges, but I also get to work with my friends. I have never had the opportunity to work in such an intellectually stimulating and innovative environment. I believe I get to live my dream every day by working at Lykke.”

Demetris Zamboglou
Lykke in America

In the United States, digital asset and FX trading is still quite low. Stock trading dominates, with more than 60% of the population in the market, against less than one half of one percent in the foreign exchange market and even fewer in digital assets. Nevertheless, we expect these markets to explode into the American mainstream with three years. There are two critical components of wider acceptance. The first is clearer regulatory direction. Regulators need to determine how and what to regulate, as different product classes are handled by different regulators, some at the Federal level and some at the state level. The second is ease of use. Under present conditions, it is difficult to set up a wallet at any firm in the United States. But neither of these factors is insurmountable. Given more clarity and exposure, we foresee much wider use over a relatively short amount of time.

What has been accomplished so far?
• Formed five main legal entities, including all legal and accounting processes
• Assembled a team with deep experience, knowledge and, most importantly, a passion for the Lykke vision
• Signed with major law firms to help guide our regulatory applications though the complicated approval process
• Identified three strategically important Federal regulatory bodies and initiated the process of submitting applications to them

• Initiated the process of becoming a broker to handle client accounts and funds
• Initiated the process of becoming an exchange as our venue for trading
• Engaged with key regulators on an ongoing basis

What are our next important steps?
• Receive approvals from the SEC, CFTC, IRS and OCC for our key entities
• Customize the U.S. offering to ensure compliance
• Start bringing in the waves of clients who see the value of what Lykke offers

“The vision of Lykke is simple — digitize and trade any asset, with anyone, anytime, anywhere. There is beauty in that simplicity. It is incredibly complex behind the scenes, but as long as what we provide to clients matches that simple vision, we will be enormously successful. That is why I joined Lykke: the ability to make a lasting impact on the world, and make it better.”

Michael Klena
Lykke in Asia

Lykke Singapore is a key hub for providing institutional liquidity and access to various local markets in Asia. This leverages Singapore’s position as Asia’s top wealth management center, the third largest FX center globally and the largest FX center in the Asian Pacific. Offshore assets in Singapore are expected to grow 9.2 percent to $1.7 trillion by 2020 from $1.1 trillion in 2015. The Boston Consulting Group expects that Singapore will become the second most important offshore financial center, behind Switzerland, by 2020.

What are our next important steps?
We are approaching our rollout in Singapore in two stages: We are in the final stages of choosing legal counsel to assist us with our Singapore regulatory applications to enable us to launch a fully tokenized securities exchange. This would be the first of its kind. It would enable us to handle security-related ICOs and ITOs, and it would also provide a venue for secondary trading. It has been challenging to find firms that have an in-depth understanding of tokenized assets, but we have managed to narrow it down to a strong shortlist. Given that the local Singapore retail market is relatively small, our initial licensing will be for accredited institutions, as this will enable us to provide services to the large institutional pools of private wealth in Singapore. Once the application process is underway, we expect it to finish in roughly eight to ten months. Then we will partner with local incumbents to tap into Singapore’s retail market.

We are beginning to formulate plans and look for partners in the major centers across the region, with initial focus on Japan, Australia, Thailand and the other major markets in Asia.

“I have spent over 25 years working in financial markets, largely for banks, during which time I seen finance change the world. Unfortunately, those changes have benefitted the few at the expense of the many and have created large socioeconomic imbalances in the world. With blockchain and Lykke, I see the opportunity to address what has gone wrong in financial markets on a global scale and to empower those who have been left behind to achieve financial inclusion and bridge the wealth gap. I hope we continue to build an exceptional team at Lykke, so that we can be a key catalyst of this change.”

Seamus Donoghue
Processes
System Development

Our biggest objective at Lykke is to foster a competitive environment at all levels to make sure that the best people from IT and elsewhere are helping us to build and improve our processes and spread expertise horizontally across the company. We believe in this power to inform our decision making: We discuss, we decide, we implement, we fail fast, we learn, and we adjust.

What we did?

• We decoupled our huge IT system into many small and friendly micro services, which are not monsters but rather fluffy puppies, plain, simple, and easy to understand. This way, we can easily maintain our system, catch malfunctioning parts, bring the system up in any data center and start working on it at the flip of a switch, scale up the system with increased reliability, enhance the system with services contributed by the community in any language and with any technology, and so on, and so on: We have no limits.

• We experienced extremely rapid growth in our client base and learned how to scale our system to handle it.

• We switched to Docket technology completely, which gives us the ability to use cutting-edge hosting technologies, and we switched to Linux for %99 of our services.

• We automated our application delivery processes. Now robots do routine tasks, while people focus on the creative part.

• We described our infrastructure using YAML.

• We improved IT security, including 2FA, withdrawal confirmations and rate limiting for login attempts.

• We created tools to map our IT services.

• We built an exceptional distributed dev team from talented professionals around the globe.

What we are going to do?

• Break down our system into really small pieces so that anyone in the community can contribute to it and improve it

• Make it possible for us to bring up our system in a different data center with the click of a mouse

• Create intuitive trading interfaces for people from different cultures and language backgrounds

• Improve security from top to bottom

• Create new experts, and encourage these experts to share their knowledge with newcomers

• Comply with all relevant IT governance statues in all the localities that we serve

• Create media content to encourage IT people and other geeks to join us

• Adapt to anything and everything that comes our way

Andrey Migin
Quality Assurance

The specific approach that we take to quality assurance changes depending on the type of project.

The key is to cover requirements with test cases and to execute tests to define whether a particular feature meets these requirements. We test new features individually, and we perform regression testing before each release.

We gather user feedback from public sources and support tickets and add this input to our task management system. We discuss each new feature or improvement request with the team and set priorities for development.

We do not have scheduled releases. The process is more natural and closer in spirit to continuous delivery. As soon as we implement a feature in the microservice and verify it, we can release it. Our system architecture enables us to issue several releases per day.

We plan to adopt a semi-automated testing approach. We would like to enhance our integration tests to account for common scenarios; this will reduce time for build verification and smoke testing. We would also like to extend our QA team to include new engineers, as our number of services is rising rapidly.

Another top priority for us is performance testing, given the rate of growth of our registered users.

“I am glad a witness the company rise from startup to something significant and new! I remember almost a year ago there was a small team, and nobody knew about Lykke. But now it’s changed and I hope one day we will change, the world. As for me, I am happy to take part in it :)”

Svetlana Zhelenkova
KYC & AML

Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures and regulatory standards are essential for Lykke operations. Lykke is currently using a standardised approach (proof of ID and proof of address) for onboarding clients to the Lykke Wallet.

Our KYC team reviews and approves every registered user, visually inspecting submitted documents according to every pertinent international guideline, rule and regulation. After our initial review, we send these documents for third-party approval to providers such as ID3Global (GBG) and KYC Spider. Once the user successfully completes the KYC process and receives approval, he or she can deposit and withdraw in various fiat currencies. The deposit/withdrawal module provides a number of options for deposit, including debit cards, credit cards and wire transfers. Ultimately, all deposits, trading activity and withdrawals are subject to unambiguous AML policies and procedures, which safeguard both the trader and the trading platform.

The Lykke KYC Team is very supportive of innovation and technological advancements. We believe that automation will play a critical role for the client onboarding process. Using artificial intelligence and big data, client profiling will become smooth and efficient.

As technology advances, we will be able to do KYC in a multilevel environment, validating a client’s identification using various social networks (upon regulation approval). We are also currently working on integrating APIs from various providers that automate the ID verification process and, at a later stage, review documents.

Our clients have always been our first priority, and we understand that a smooth client journey is vital for our operations. Therefore, the KYC team is always ready to assist clients in all levels of the onboarding process, while integrating innovative technologies to improve the experience.

The KYC team is on track for continued growth to keep pace with the growth in our online registrations.

“My dream has always been to join a dynamic team with similarly minded people; where people can grow and develop exponentially. This amazing company known as Lykke is a platform for personal and professional development, and it’s also a place to have some fun. I believe that I joined the right team, one that always puts the client first; and my first assignment is to help revolutionize the KYC/AML process by utilizing new innovation initiatives.”

Ishak Kalkavan
Governance, Risk Management, Compliance

Lykke is committed to building institutional grade, governance, risk management and compliance processes. From incubating Lykke in 2016 we are expanding Lykke in 2017 into the structures and processes for our global marketplace. Lykke is working with the best experts in each geography and aims to be as local as possible in every market in which it operates.

Corporate sustainability through Lykke’s business principles

**Integrity:** We demand of each other and ourselves the highest standards of individual and corporate integrity. We safeguard company assets. We foster an environment of trust with our coworkers, customers and communities. We comply with all company policies and laws and create an environment of transparency.

**Excellence:** We continually challenge each other to improve our products, our processes and ourselves to be known as global best-of-class.

**Teamwork:** We are dedicated to diversity, fair treatment, mutual respect and trust. We bring out the best in one another. We elevate one another to our highest performance.

We also commit ourselves to the UN Global Compact Principles (UNGC), like many other global players. UNGC has more than 9,000 company members and 4,000 non-business members.

**Internal control and risk management**

In line with corporate liability under Swiss law and adapted to our corporate development, we keep our organization as lean and effective as possible, with a centralized audit and risk committee and a Chief Risk Officer who ensures effective operational risk management and compliance in all regulated entities across the world.

Operational risk control is performed by the regulated entities, which are deeply integrated into daily operations, forming an important element of Lykke’s control structures, processes and systems.

Our internal control system and enterprise risk management framework is based on international standards and adapted to the specifics of the new business models, processes and technologies upon which we operate. The nature of our business with immediate settlement leads to what is essentially real-time risk assessment and response. The integrated continuous improvement process increases our level of maturity and intends to set new standards in the market. The risk management model provides strength and stability to the group, according to its management and strategy.

“Lykke will combine new technologies and disruptive innovation with the proven regulatory framework of the world of traditional finance. Though we are completely rewiring the financial system, many existing regulations are not obsolete. Let us learn from the past and avoid making the same mistakes. This will give Lykke a unique edge.”

Philipp Netzer
Board of Directors

Chairman of the Board of Directors

Dr. Richard B. Olsen

Members of the Board of Directors

Dr.-Ing Heinrich Zetlmayer
Ralph Zurkinden
Michael Hobmeier

“Lykke brings a rare combination of talent and ambition to a fantastic abundance of diverse ideas. Lykke’s core business concept encourages growth in multiple areas, from a continually improving customer experience to the creation of an ecosystem of related enterprises.”

Heinrich Zetlmayer
Financial Statement
Lykke Corp

December 31, 2016 in CHF

P&L STATEMENT

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<thead>
<tr>
<th>Position</th>
<th>Lykke Corp 2016</th>
<th>Lykke Corp 2015</th>
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<tbody>
<tr>
<td>Operating Income</td>
<td>163'891.40</td>
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<tr>
<td>Income from LKK Trading</td>
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<td>TOTAL INCOME</td>
<td>6'052'411.53</td>
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<tr>
<td>Operating Expenses</td>
<td>-2'184'420.93</td>
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<td>Expenses from LKK Trading</td>
<td>-4'931'239.48</td>
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<td>Personnel Expenses</td>
<td>-98'272.62</td>
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<tr>
<td>Business Expenses</td>
<td>-20'873.67</td>
<td>-16'602.45</td>
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<tr>
<td>Administration Expenses</td>
<td>-272'128.96</td>
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<td>Advertising Expenditures</td>
<td>-101'529.48</td>
<td>-14'920.20</td>
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<td>Financial Result</td>
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<td>Expenditures Next Operation</td>
<td>148.40</td>
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<td>Extraordinarily Result and Taxes</td>
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<td>TOTAL EXPENSES</td>
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<tr>
<td>PROFIT / LOSS</td>
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<td>-166'386.31</td>
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BALANCE SHEET

<table>
<thead>
<tr>
<th>Position</th>
<th>Lykke Corp</th>
<th>Lykke Corp</th>
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<tbody>
<tr>
<td>Cash</td>
<td>733'230.86</td>
<td>538'125.60</td>
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<td>Receivables</td>
<td>298'957.48</td>
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<td>Accruals</td>
<td>8'512.30</td>
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<td>Inventory</td>
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<td>Fixed Assets</td>
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<td>TOTAL ASSETS</td>
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<td>549'136.09</td>
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<table>
<thead>
<tr>
<th>Position</th>
<th>Lykke Corp 2016</th>
<th>Lykke Corp 2015</th>
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<tbody>
<tr>
<td>Current Liabilities</td>
<td>868'801.39</td>
<td>467'779.45</td>
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<tr>
<td>Long-Term Liabilities</td>
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<td>28'115.00</td>
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<td>TOTAL LIABILITIES</td>
<td>877'801.39</td>
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<td>Share Capital and Reserves</td>
<td>2'990'806.68</td>
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<td>Profit / Loss</td>
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<td>Treasury Shares</td>
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<td>TOTAL EQUITY</td>
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<td>TOTAL EQUITY &amp; LIABILITIES</td>
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Financial statements are currently in the process of being audited and are therefore subject to change.