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Lykke Corp Zug

Report of the statutory auditors

on the financial statements 2017





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Report of the statutory auditors on the limited statutory examination to the General Meeting of
Lykke Corp, Zug

As statutory auditors, we have examined the financial statements of Lykke Corp which comprise the balance sheet, income statement and notes, for the year ended 31 December 2017.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

We like to note that the general assembly has not taken place within six months after the end of the financial year as required according to article 699 para. 2 Swiss Codes of Obligations.

Zürich, 3 July 2018
Grant Thornton Bankrevision AG

Markus Eugster
Audit expert
(Auditor in charge)

Thomas Wirth
Audit expert

Enclosures:

- Financial statement (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Financial Statements Lykke Corp, Zug

Balance Sheet

	Notes	31.12.2017	31.12.2016
Assets		TCHF	TCHF
Cash and cash equivalents	2.1	3'846.3	548.1
Trade accounts receivable	2.2	330.8	843.9
Other short-term receivables	2.3	1'664.9	1'256.4
Prepaid expenses and accrued income		-	8.5
Total current assets		5'842.0	2'656.9
Financial assets	2.4	582.3	0.1
Participations	2.5	151.6	
Total fixed assets		733.8	0.1
Total Assets		6'575.9	2'657.0
	Notes	31.12.2017	31.12.2016
Liabilities and Shareholders' equity		TCHF	TCHF
Trade accounts payable		-	209.1
Other short-term liabilities	2.6	2'352.2	223.7
Accrued expenses and deferred income		1'925.7	329.2
Total short-term liabilities		4'278.0	762.0
Other long-term liabilities		-	9.0
Total long-term liabilities		0.0	9.0
Total liabilities		4'278.0	771.0
Share Capital		128.6	128.6
Reserves from capital contribution	2.7	2'862.2	2'862.2
Accumulated losses / gains		-920.8	-175.0
Profit / (Loss) for the year		2'206.3	-745.8
Treasury shares		-1'978.4	-184.0
Total shareholders' equity		2'297.9	1'886.0
Total liabilities and shareholders' equity		6'575.9	2'657.0

Income statement

	Notes	2017	2016
		TCHF	TCHF
Income from projects and advisory		2'675.2	163.5
Other Income		3'331.1	685.0
Total operating Income		6'006.2	848.5
Personnel expenses		-1'439.4	-98.3
Operating expenses		-8'739.8	-2'594.4
Depreciation and impairment losses on non-current assets		-1'108.4	-
Operating expenses		-11'287.6	-2'692.6
Operating result		-5'281.3	-1'844.1
Financial result	2.8	7'890.4	1'099.9
Non-operational costs / income		-	0.1
Extraordinary, non-recurring or prior period costs / income		-11.3	2.1
Profit / (Loss) for the year before taxes		2'597.8	-741.9
Direct Taxes		-391.4	-3.9
Profit / (Loss) for the year		2'206.3	-745.8

Notes annual financial statement of Lykke Corp

1. General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

Where not prescribed by the law, the significant accounting and valuation principles applied are described below.

1.1 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholder's equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

2. Information on balance sheet and income statement items

2.1 Cash and cash equivalents

CHF 1'000	31.12.2017	31.12.2016
Bank accounts	1'346.1	496.4
Crypto accounts	2'500.2	1.7
Capital payment account	0	50.0
Total	3'846.3	548.1

The capital payment account with TCHF 50 was closed in 2017.

2.2 Trade accounts receivable

CHF 1'000	31.12.2017	31.12.2016
Accounts Receivable from third parties	330.8	159.3
Accounts Receivable from companies in which the entity holds an investment	0	684.6
Total	330.8	843.9

2.3 Other short-term receivables

CHF 1'000	31.12.2017	31.12.2016
Accounts Receivable from third parties	18.4	139.6
Accounts Receivable from companies in which the entity holds an investment	1'646.5	1'116.7
Total	1'664.9	1'256.3

The intercompany transactions are valued at market in the end-of-year reports of Lykke Corp and its subsidiaries.

2.4 Financial and Participations assets

CHF 1'000	31.12.2017	31.12.2016
Financial assets linked to third parties	50.8	0.0
Financial assets linked to companies in which the entity holds an investment	531.5	0.1
Total	582.3	0.1

2.5 Participations

CHF 1'000	31.12.2017	31.12.2016
Participations	151.6	0.0
Total	151.6	0.0

The above number represents the investment in the following affiliated companies.

Company	Legal structure	Head office	Capital proportion	Vote proportion
Lykke Corp UK Limited	Private limited Company	United Kingdom, London	100 %	100 %
Lykke MTF UK Limited	Private limited Company	United Kingdom, London	100 %	100 %
Lykke Vanuatu Ltd	International Company	Vanuatu, Port Vila	100 %	100 %
Lykke Inc	C-Corp	USA, Delaware	99.9 %	99.9 %
Lykke Cyprus Ltd	Private limited Company	Cyprus, Nicosia	100 %	100 %
Lykke EMI Ltd	Private limited Company	Cyprus, Nicosia	100 %	100 %
Lykke Services Cyprus	Private limited Company	Cyprus, Nicosia	100 %	100 %
Lykke Accelerator	Private limited Company	Switzerland, Zug	100 %	100 %
Lykke Switzerland	Private limited Company	Switzerland, Zug	100 %	100 %
Lykke Services	Private limited Company	Switzerland, Zug	100 %	100 %

2.6 Other short-term liabilities

CHF 1'000	31.12.2017	31.12.2016
Liabilities due to third parties	88.8	187.5
Liabilities due to companies in which the entity holds an investment	2'263.4	36.2
Total	2'352.2	223.7

2.7 Capital contribution reserve

CHF 1'000	31.12.2017	31.12.2016
Capital contribution reserve	2'862.2	2'862.2
Total	2'862.2	2'862.2

The formed capital contribution reserve originates mostly from the sale of tax segregated shares. Further reserve was created during a capital increase (approved 23 May 2016).

2.8 Treasury shares

Number of registered shares	31.12.2017	31.12.2016
Inventory as at 1.1.	1'332'474	3'025'000
Acquisitions	396'075	71'428
Sales	836'446	1'763'954
Inventory as at 31.12.	892'103	1'332'474

In 2017, 396'075 shares were purchases at an average price of CHF 16.56 each. And 836'446 shares were sold at an average price of CHF 20.62.

2.9 Financial costs / income

CHF 1'000	31.12.2017	31.12.2016
Financial Expenditures	-221.0	-10.1
FX / Crypto Losses	-215.4	-31.1
FX / Crypto Gains	2'835.7	183.8
Income from sale of Treasury shares	34'382.1	5'888.5
Expenses from sale of Treasury shares	-28'891.0	-4'931.2
Total	7'890.3	1'099.9

3. Other information**3.1 Full-time equivalents**

The annual average number of full-time equivalents for the reporting year, as well as the previous year, was above 10 and below 50.

3.2 Further liabilities against pension fund and insurance company

By 31.12.2017 there was one open liability over CHF 5'108.25 against the pension fund which was paid in 2018.

3.3 Appropriation of earnings

Proposal from the board of directors:

CHF 1'000	31.12.2017	31.12.2016
Profit / (loss) carried forward	-920.8	-175.0
Profit / (loss) for the year	2'206.3	-745.8
Reserve contribution	110.3	0.0
New profit / (loss) carried forward	1'175.2	-920.8

4. Significant events after the balance sheet date

No significant events happened after the balance sheet date.