

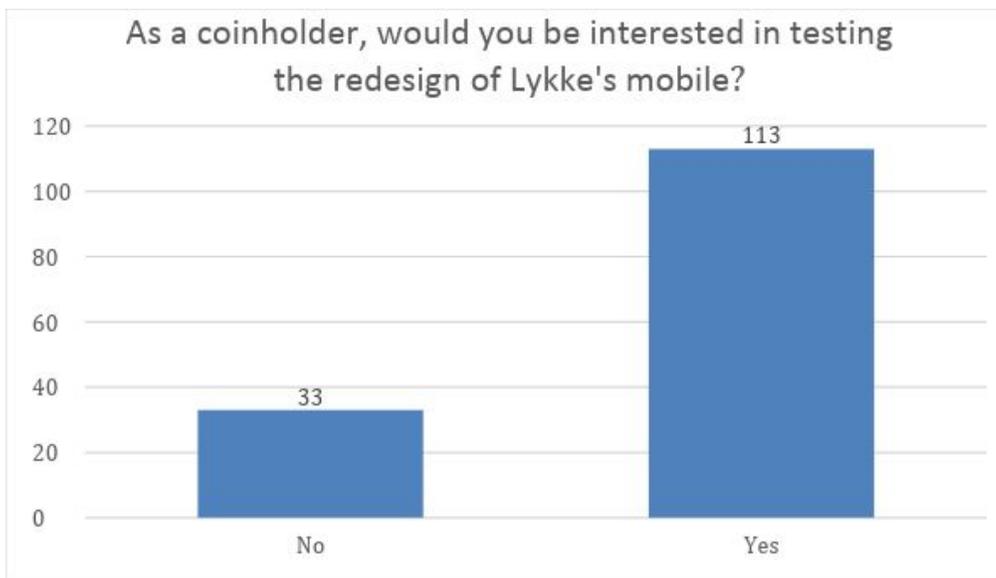
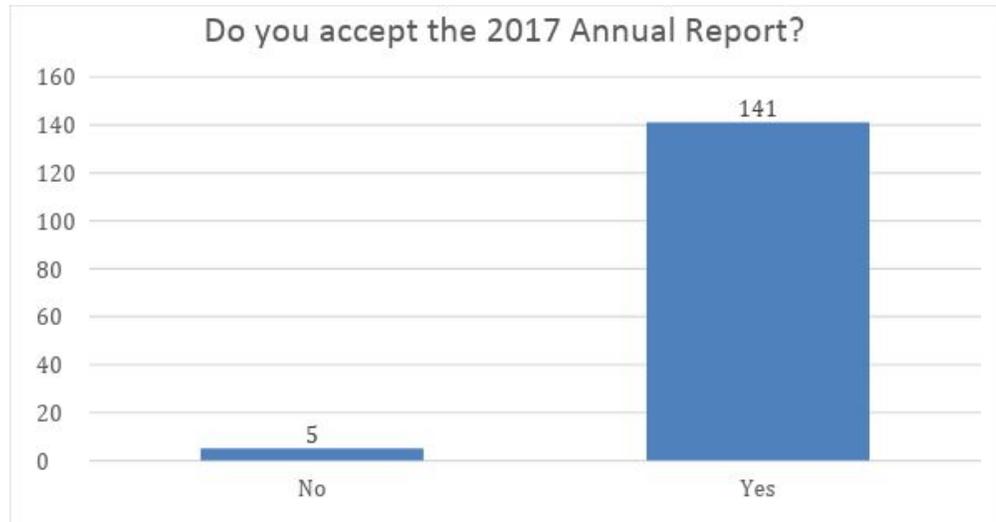


# Lykke Voting Results & Q&A

COINHOLDER MEETING - 28.06.2018

Coinholder video: [https://youtu.be/9aKDsN\\_3XRc](https://youtu.be/9aKDsN_3XRc)

## Voting Results



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**Ownership and dividends**

**Q.** Is Lykke planning to provide dividends for shareholders in 2018 or in future years?

**A.** Lykke will likely not be in a financial position in 2018 to be permitted legally to issue any dividends or similar payments. Lykke will use revenue to finance growth and to transition. We will review annually if we are in a position to issue dividends.

**Q.** Does the establishment of the new ICO and incubation company BVV impact the LKK and coinholders? What is the added value of BVV to Lykke and coinholders? Did any regulatory basis exist for spinning off BVV?

**A.** Lykke is a co-founder and minority shareholder of BVV. As a consequence, Lykke and its coinholders will benefit from any dividend distributions made by BVV. The establishment of BVV did not otherwise impact the existing coinholder structure of Lykke (e.g. no dilution took place). One of the reasons for spinning of certain activities lies in the fact that we want all services to be provided independently and free of bias.

**Q.** Is there an auditor providing an opinion on the annual report?

**A.** Yes, the auditor is Grant Thornton.

**Q.** Do you plan any additional investment rounds until the end of 2018, either public or private or is it foreseen that Lykke can be self-sustainable going forward?

**A.** We are still in the process of raising up to CHF 10Mio from investors as announced during the February 2018 AMA. We have announced the first CHF 2Mio back in April:

<https://www.lykke.com/company/news/2018-4-lykke-announces-new-capital-raised>.

On a standalone basis Lykke does not need to raise additional money. If Lykke needs to raise money to fund these endeavours, we will always do it mindfully of the long-term interests of our coinholders.

**Q.** Is the LKK token a share in Lykke Corp or in Lykke Group? The revenue and profit for Lykke Group is much higher.

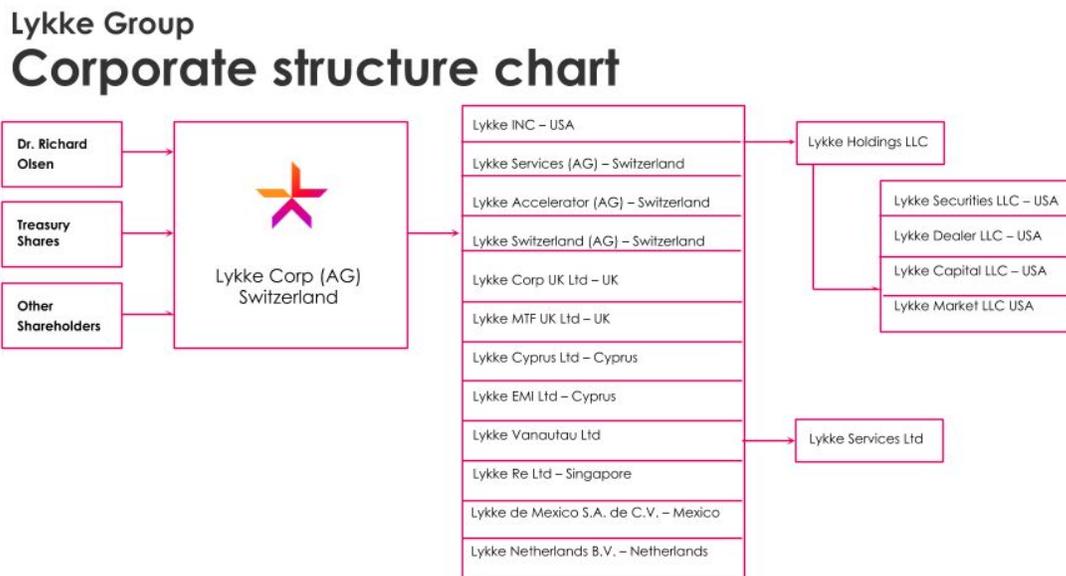
**A.** Lykke Group encompasses Lykke Corp and all of its subsidiaries. 100 LKK represent 1 share of Lykke Corp. Thus, a coinholder has an interest in Lykke Corp and by extension has an interest in Lykke Group.

**Q.** LKK market capitalisation is now approx. \$19Mio; do you think the price of LKK represents the fair value of the company?

**A.** Lykke cannot make any statements about the value of the LKK and leaves this up to the market to decide.

**Q.** What is the Group/Corporate structure?

**A.**



## Listed coins and tokens

**Q.** Are there any plans to add further popular coins/tokens like NEO, IOTA, Cardano (ADA)?

**A.** We are currently reviewing our token listing strategy to better link it with the overall company strategy, values and image. We will communicate publicly around this before the end of Q3.

Regarding blockchain integrations, we are currently conducting our due diligence process on Cardano (ADA) and NEO. IOTA integration is in progress.

**Q.** Is there a plan to implement NEM/XEM on the Lykke exchange?

**A.** Lykke currently does not have plans for NEM/XEM to be implemented on the exchange. However, we are continually reviewing our offering.

**Q.** Is Lykke planning to list "Ripple" on the exchange?

**A.** Ripple will be listed on our exchange by the end of Q3 2018.

**Q.** Is Lykke planning to list "Tezos" on the exchange?

**A.** Currently we have not planned to support Tezos. Tezos is on the list of assets proposed for listing by the community and will be reviewed by our listing team.

**Q.** When will LKK will be migrated to ERC20?

**A.** LKK current colored coin implementation has been positioned in our various license applications. At this stage, given that the migration is not mandatory, the optimal method of implementation is still under consideration.

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## Regulatory Status

**Q.** What are the implications of gaining regulatory approval in Australia as a digital currency exchange?

**A.** Regulatory approval is a requirement from the Australian government for operations to continue. It is also the prerequisite for Australian banks to open accounts for the exchange.

**Q.** Can you share your timeline for the regulatory applications thus far, such as when you began the application process in various jurisdictions and how long of a wait can be expected on average for each?

**A.** After over a year of preparatory work in November 2017, we started the application with FINMA for a license as a securities dealer operating an Organized Trading Facility. We are in discussions with FINMA on a broad range of details regarding the application. To date, no red flags have been raised. It is hard to predict when this license will be granted, as both us and the regulator are dealing with an entirely new setup. A rough guess would be Q4 2018 or Q1 2019.

We are pleased to announce that we have now received license approval from Cysec, the Cypriot regulator, allowing us to operate an Investment Firm. We will be passporting that license throughout the EEA.

Lykke also operates a securities dealer business from Vanuatu since December 2016 which is to be terminated as our Swiss and EEA licenses will provide for these services.

**Q.** Could you describe the pending licenses, including which services they will allow Lykke to offer and how they will benefit Lykke?

**A.** In order to offer a trading platform for a wide variety of financial products, such as shares (in token form), profit sharing rights (in token form) and tokenized material goods, Lykke needs to have a license to operate a regulated exchange. The Swiss securities dealer license will allow Lykke to operate an Organized Trading Facility, which is a type of such regulated exchange.

The Cyprus Investment Firm license will allow Lykke to market the regulated exchange as well as other investment services (such as portfolio management) to investors in the European Economic Area.

**Q.** What is the current progress on obtaining regulatory status from FCA in the UK?

**A.** Given our increased confidence of receiving approval from FINMA for our OTF application in Switzerland, we have decided to put our application to operate an MTF by the FCA on hold pending the outcome of the Swiss application. Regulation in the area is rapidly changing as regulators engage in the crypto space and this is evidenced by SIX, the Swiss exchange, announcing its crypto ambitions earlier this week.

**Q.** What is the regulatory status of Lykke in the USA?

**A.** Lykke is not regulated in the USA nor is it currently in the application process for any license.

**Q.** Lykke intend on acquiring a banking license?

**A.** Lykke is not planning on acquiring a banking license, as this is not required for the products Lykke is building.

**Q.** When is "margin trading" going to be activated for users in the European Union and Switzerland?

**A.** We are in the process of assessing how we could leverage our license framework, including the Cyprus Investment Firm license, to offer such trading. Margin trading will likely come with restrictions to protect retail users and other less experienced traders.

**Q.** It was noted during the presentation that "formerly unregulated tokens are becoming regulated". Would it be possible to inform which tokens on the Lykke exchange fall under this category?

**A.** This cannot be answered for each specific token, as simply too much grey zone exists. The statement in the presentation is referring to the general trend that regulators - notably those in the USA and Switzerland - are treating tokens that were formerly assumed to be unregulated now as securities.

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## Products

**Q.** What is the current status of the credit card offering?

**A.** The credit card program is still on! The crypto-card subject is a delicate one, we want to make sure we partner up with reliable companies and built a sustainable offer for our users. As a result, we recently hired an external consultant with 20 years of experience in the payment industry to carry out deeper due diligence on our current potential partners and perhaps propose other alternatives. We expect some news before the end of the year.

**Q.** Will coinholders be notified when the web platform becomes available? Does Lykke intend on introducing the web exchange globally in the near future?

**A.** Web trading is currently available for Lykke Wallet users.

<https://www.lykke.com/company/news/2018-05-web-terminal>

We are finishing up the full web registration, KYC and funds management features. Once they are completed and the full web experience available, proper communication and marketing will be conducted.

**Q.** Why does Lykke's market making engine allow for higher prices of LKK2Y and LKK1Y than LKK?

**A.** LKK2Y, LKK1Y and LKK assets are independent. Our Market making engine does not make any decisions that the price of one asset should consider the price of another asset. The price is determined by the market.

**Q.** Will Lykke Streams be continued?

**A.** Yes, it will. We need to think about next iterations but we still believe strongly in crowdsourcing.

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## Marketing & Field

**Q.** What is the strategy or plan in terms of marketing to reach the 2019 user goal stated in the presentation? Who do Lykke consider as competitors and what strategy will be put in place to differentiate yourselves from them?

**A.** For obvious reasons, we will not share details of our marketing strategy publicly. However, we can confirm that we have been working with a world-leading agency (Kantar) to generate great consumer

insight. We have now established a new positioning for Lykke that will ensure differentiation vs. competition and also enable us to attract new users. We are stepping up our marketing investment and we will start to execute marketing campaigns bringing this positioning to life before the end of 2018.

There are a lot of competitors in the crypto world, but the main ones would be the likes of Binance, Coinbase, Poloniex, Circle, Luno, Ethos, Crypterium, Monaco and Robinhood.

**Q.** What is the current status of the affiliate program?

**A.** Lykke resources are focused on developing and deploying features that the community has been waiting for. To ensure we remain focused and deliver, we have opted to put lower-priority projects on hold. The referral program is on hold for now. The benefits of such a program are minimal given the fact that we don't charge trading fees. We will revisit this decision at a later stage.

**Q.** What are the major differences between LKK local and LKK lite? How do any differences translate in the different products offered?

**A.** The major difference between local and lite is the regulatory environment. Local is for jurisdictions where licenses are required. The authority will require a local entity, with a local compliance officer and a reporting unit. Lite is operated as an extension of existing entities, usually with minor changes such as language support and localized marketing.

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## Strategy

**Q.** How has the financial situation of Lykke as a company developed since the beginning of the year?

**A.** The current capital currently being raised is sufficient to fund the turn around. Having said this, we may require additional regulatory capital for the Swiss FINMA brokerage license. Lykke is confident that we will be able to raise this additional capital as necessary and always mindfully of the long-term interests of our coinholders.

**Q.** Could you give more concrete measures that Lykke is undertaking in order to increase the liquidity on the exchange (timeline, expected results)?

**A.** We are currently focusing on the following measures to increase liquidity, reduce spread and improve asset prices:

- Improving our market maker algorithms and rolling out the Alpha Engine
- Introducing cross market liquidity as well as building partnerships with other exchanges to fuel growth
- Building and introducing new products to promote liquidity creation such as the Algo Store.
- Exploring new investment products offerings
- Contacting third party market makers

In addition to these direct measures, we are working towards bringing to life Lykke's new positioning and marketing strategy by the end of 2018.

**Q.** Can you please elaborate on the nature of this product and underlying assets? At some point an investment product with liquidity provision was mentioned by Richard as a long-term objective?

**A.** Lykke is developing an investment product where investors get exposure to the Lykke liquidity algos. Our users will be able participate in the success of our algos and thereby contribute to enhancing the liquidity on our exchange. At this time, we do not have an expected date of delivery for the new investment products; it is a work in progress.

**Q.** Does Lykke have any strategic partnerships?

**A.** We have a number of partnerships which we are in the process of finalizing. As we seek to strengthen our Fiat gateway, we are working closely with a number of European banks to broaden the service offering to Lykke users. Given our strong focus on KYC/AML, we are well positioned to be a partner of choice as banks increasingly service the digital economy. Geographically we continue to expand our footprint and are close finalizing an agreement with a licensed securities dealer in Japan in order to access that key market. Within Europe we are investigating the opportunity of working together with a licensed European MTF.

**Q.** Are LKK securities, as shares, going to be tradable on other platforms such as the Swiss Stock Exchange, for example?

**A.** This is not envisaged for now.

**Q.** You mentioned some partnerships with exchanges to fuel growth. Can you provide some more detail on which partnerships are being considered?

**A.** We are in discussions with multiple established (traditional) licensed exchanges within Europe, to discuss the joint development of a tokenized securities exchange. The details of these partnerships will be disclosed once these are in final stage. Additionally, we are in discussions with a number of banks and local brokerage firms on joining forces in a variety of fields.

**Q.** Where do you see Lykke in 5 years?

**A.** We have lots of dreams of what we can achieve in 5 years. Our baseline is to democratize finance and become one of the major financial marketplaces on the blockchain.

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## Staff

**Q.** How many Swiss-based employees work at Lykke?

**A.** Currently Lykke has 25 employees based in Switzerland. As Lykke continues to grow and as we are headquartered in Switzerland, the number of Swiss-based FTEs is also likely to grow as many core operations are required by law to be run from Switzerland. However, a fundamental principle of the Lykke strategy is the democratization of information as facilitated by networked technology. As a result, these 25 Swiss-based employees are based all over Switzerland and work remotely. Furthermore, many employees and contractors are based in Asia, Africa and other parts of the world. This has helped Lykke to build a multicultural, diverse team that is continually expanding. This decentralized model will help to promote a "local" approach to our business, bringing increasingly innovative solutions to our user base.

**Q.** How many full time and part time employees does Lykke currently have?

**A.** Lykke currently has 150 full time employees across the world.