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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 1 June, 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.



Richard Olsen

Lykke founder and CEO

Dear Coinholders,

Welcome to the Lykke world!

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

Lykke builds a global marketplace for all types of digital assets and instruments on 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.

Initially, we focus on the retail user and develop a wallet to borrow, invest, lend, pay, save, trade and insure all in one. Over time we will enhance the offering to serve the institutional market. Today, we have a Vanuatu brokerage license and hope to soon receive a Cyprus brokerage license. We are applying for brokerage and other licenses in Singapore, Switzerland, United Kingdom, United States, Mexico and more countries will follow.

During the first two years, we have developed an institutional accelerator business, where we support companies and governments to embrace blockchain technology and enhance their services with enterprise solutions of our technology.

Over the past year, our team has grown exponentially from a small group of 20 to 80 people today. It is a joy work together and build an amazing organization with stellar products. A big thank you to all team members!

Dear Stakeholders of Lykke!

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

However 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 to previous report: Lykke community has grown 25x from 1 to 25 thousand, Github codebase is 4.5x up from 758k to 3.3mln lines of code, 11'400 more client accounts opened.

To highlight some of our future plans: we work hard to launch Lykke card and power it by securities lending smart contracts, we are building blockchain-based payment network infrastructure and brand new wallets, we are looking forward accomplishing our regulatory applications roadmap and build trading platforms for our institutional clients.

We want to reinvent the way people and companies trade, issue assets, invest and pay. This requires a courage to create new things and an expertise to bridge innovations to the existing environment.



Sergey Ivliev

Lykke co-founder and COO

Lykke at a Glance

As of 1 June 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.

11,442

Clients

135

Countries

30%

MoM growth of the user base

43,025

Trades settled on blockchain

\$70.2M

Total traded value

2,900

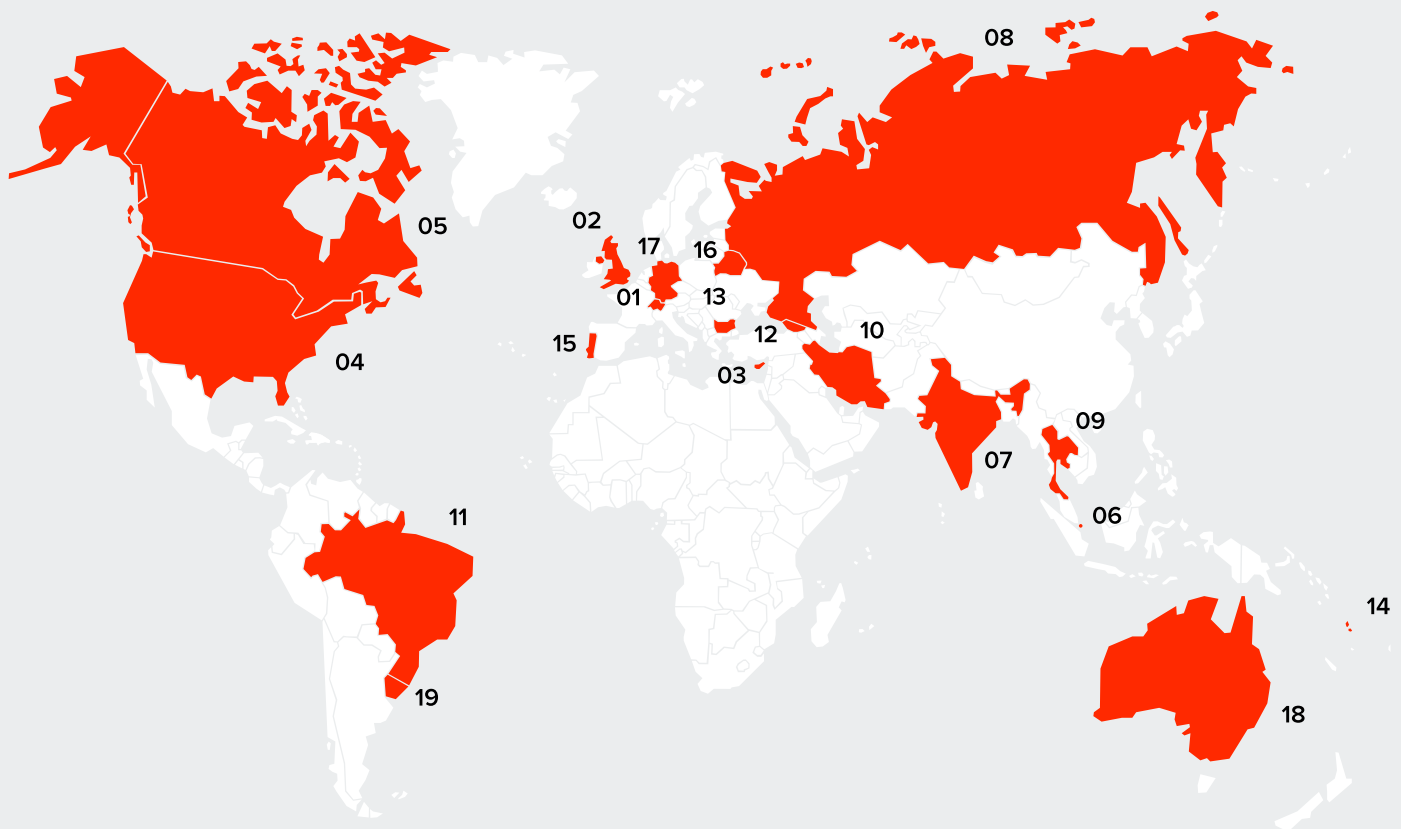
Lykke coin holders

3,313,208

Lines of code in Lykke Github repository

Lykke in the World

80 team members
from 19 countries



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

Key Milestones

2016

April

The first Lykke Wallet public presentation

June

Lykke Exchange / Lykke Wallet launch
CHF 500K raised in a private round

August

Android app launch; CHF 600K raised
in a private round

September

Lykke coin ICO (CHF 1.16M raised)

November

Lykke Streams launch

December

SolarCoin trading, Lykke joins Hyperledger

2017

February

Lykke 1-year Forward ICO (CHF 2M raised)

March

Chronobank TIME token trading

April

Lykke Accelerator launch

May

Offchain settlement implemented

June

Ethereum integration

Key Performance Metrics

As of 1 June 2017

11,442

Accounts registered

43,025

Trades settled on blockchain total value of with

135

Countries

\$70.2M

Total traded value

52.5%

Of the clients come from Switzerland, United States, United Kingdom, Germany

\$1,632

Average trade

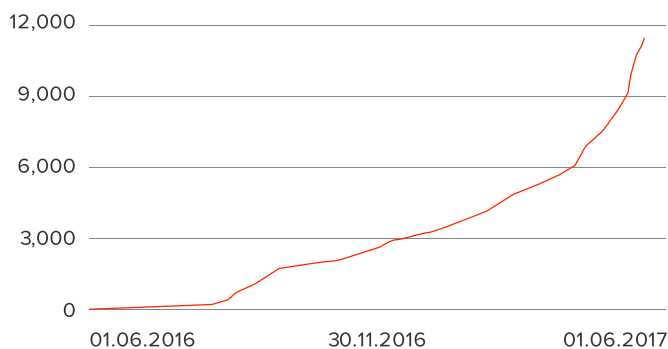
2,361

Active clients (at least 1 trade last 3 months)

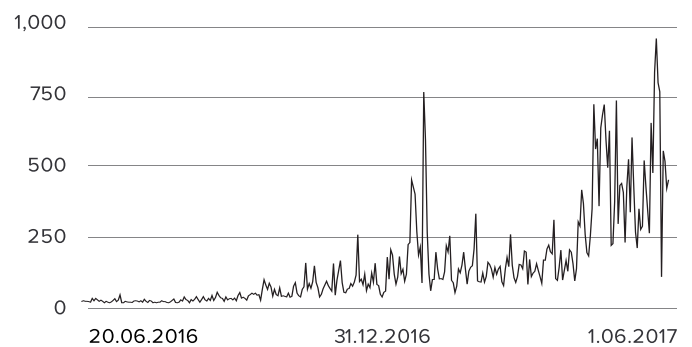
77.2

BTC paid in miners fee paid for onchain settlement
(0.11% of the volume)

Clients registered



Trades/day



Financial Outlook

Financial Highlights (2016 FY) · mln CHF

6,0

Consolidated income

7,6

Total expenses

-1,6

Net profit (loss)

1,9

Total Assets

0,9

Total liabilities

1,0

Total equity

Cash and ALM overview (as of 1 June 2017) · mln CHF

5,4

Cash

Funds on banking accounts of Lykke Corp and the subsidiaries

1

Cryptocurrencies

Market value of the cryptocurrencies at Lykke Corp wallets

6,4

Assets

-1,2

Liabilities

Lykke fiat colored coins in clients wallets

5,2

Net liquidity

Products & Markets



Lykke Wallet & Lykke Exchange

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

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

Unlike many other exchanges, Lykke Exchange does not take custody of the traded coins. It uses multi-signature wallets and settles trades on the blockchain. This creates a great freedom and security for users, and very well received by the regulators, which consider Lykke operational model during the regulatory approval process.

What has been accomplished so far?

Lykke Exchange and Lykke Wallet are operational for more than 12 months now. The service was available 99.65% of the time.

We have a wallet app with direct ownership that provides an exchange functions in one single app. We have succeeded with scaling Bitcoin transactions settlement using the offchain settlement inspired by Lightning Network and Micropayment Channels approach. Ethereum blockchain is integrated into the Lykke Wallet in the native way.

What our plans are?

Introducing limit orders for clients for exchanging assets. Margin based trading bot for FX and for crypto. Security based lending on top of smart contracts. Fast and secure payments between Lykke clients based on the Bitcoin and Ethereum. Scaling Ethereum transactions with the offchain settlement. Implementing atomic crosschain transactions. Providing an open sourced tools for managing the offchain transactions security. Making a private key social backups and recovery. Integrating more blockchains.

“ My dream is to bridge the gap between two worlds - the old fashioned finance world and the newborn crypto finance world. I believe that being fully regulated Lykke will bring adoption of the blockchain technology on a new level. On the other hand Lykke will be a game changer gaining the new trust model based on the blockchain and providing an access the new types of financial instruments based on the smart contracts. ”



**Mihail
Nikulin**

Market Making

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

35

Total number of traded instruments

71

Total number of traded asset pairs

What are the next steps?

Lykke Exchange will soon allow clients to place limit orders. Market making engine has to be modified accordingly to react to 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 am sure, as we are all witnessing every day, that Lykke will become one of the most popular and highly respected brand names among investors worldwide. I would be very proud to have my name associated with Lykke! ”



Roland
Gemayel

ICOs & Listing

Lykke has successfully proceeded own ICOs in October 2016 (LKK) and February 2017 (LKK1Y). Our success was not the ICO size, it was the trust people shown in our vision. The blockchain transparency was also important for creating this trust. It has been proved that people and businesses have the need of Lykke services, and the need to transparent ways of financing.

What has been accomplished so far?

We have been working to establish solid listing process in H1'2017. Having analysed financial regulations from all over the world as well as several digital coins/tokens in practise, we have developed showcases and proposals to several regulators on how to integrate this innovative topic in the real economy. Working closely with lawyers and big law firms, on how ICOs can be classified as financial products, is something we strongly target. We believe that sufficient, but dynamic regulation is needed for the market to foster.

What are the next steps?

We aim to advance our ICO service through a simplified experience, yet at the top quality of an investment bank. 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/Listings are in the pipeline. After careful selection, we want to help the market to accept a better and fair environment. Companies can gain access to global markets without the need of going through a painful IPO. Through ICOs, they can also offer services and products instead of equity. On the other hand, market participants should have the confidence to invest in those markets.

“ My personal dream is to give true access to entrepreneurs and businesses to financing. Financing is not straight forward and in many cases, it is simply not accessible at all. Conventional ways of financing and investing are painful and expensive. Using the mobile to access any type of finance is an easy way to solve that issue. And, it can be as easy as it is to make a call. ”



Yiannis
Menelaou

Alpha Engine & Box Options

Alpha Engine is an algorithmic investment management 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.

Box Options are payment agreement analogous to a binary, or digital, option. Payment is conditional upon the price of the underlying falling within the customer-specified time-price “box” that is, either defined as a customer-defined strike price range (bounded by an upper and lower price) applying over a customer-defined maturity period, or pre-specified by 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?

Box Options app and pricing engine has been developed and now is available for play in App Store.

What are the next steps?

Alpha Engine is currently being deployed on FX and crypto trading venues, and conditional on regulatory approvals, offered to accredited and institutional investors. When finalized, applications will be run to earn profits on a shared PnL 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. 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 allow 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 are at risk of extinction globally.

Now anyone can invest in one of the world's most vital ecosystems with the press of a button on 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 tonne of CO₂ over 20 years, with a 1000x 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 Wonderfruit festival, which has pledged to invest in one TREE for every drink and 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 blockchain. This includes converting loyalty points into TREES and other natural capital assets which will be added to the platform.

“ My dream is build a sustainable financial marketplace that includes nature, and leaves the world a better place our children. As an ocean protector, my highest priority is to keep CO₂ concentration below 450ppm, 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 all ”



Alan
Laubsch

Small Markets

Externality capital involves the tools and methods by which negative externalities and failures of traditional capital markets are re-captured in the formal economy to make things better. It is my belief that the big thing in finance due to blockchain technology is the rise of the small.

Nano-lending, Nano-equity and millions of new micro markets that will emerge from low friction high trust transactions that were never before capable. Blockchain technology enables low friction trust and potentially billions of new people and projects happen that will further human development.

Many of these things can involve projects in support of the Sustainable Development Goals of the United Nations.

What should be our next important steps?

It's all about thinking 2 orders of magnitude down from traditional finance and 3 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 on-boarding and recognition of self-sovereign identities

10,000

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

100M

lessons delivered about capital formation, savings, portfolio, 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

The Lykke Accelerator Services provide custom integration of Lykke's apps and trading platform to existing products, turn-key wallets for digital products to exchange. Custom solutions can be built as white labeled or shared wallets and can be integrated into a client solution.

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 press of a button on Lykke Wallet.

What has been accomplished so far?

Since we had announced the accelerator program we received our over 30 requests from all over the world of potential clients, which have expressed their interest to work with us. Together with our team on the ground, we have generated over 60 new opportunities in our CRM (Customer Relationship System) which we handle now through the different sales cycle. We have already signed 4 contracts total amount above 2 mln EUR.

What are our next important steps?

It will continue to be a key success factor, that we facilitate and ease the cooperation between all Lykke Development Teams to share and increase our skills globally in this rapidly growing community. To support the ease of this cooperation we are also investing in the improvements and streamlining of our tools and processes.

And obviously we want to close additional and successfully deliver accelerator projects to our growing.

“Based on my experience of conversations with clients, prospects, Lykke'ians and investors I see us contributing to a more democratic and fair global economy, bringing down boundaries and giving easy access to means with minimal costs and infrastructure. To share and get 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 percent of volume, while ethereum is quickly catching up. Eastern Europe has the highest level of digital asset consumers (more than 10 percent), having France and Germany to come second with less than half the percentage. Europe requires for digital assets/currencies compliance with the Anti-Money Laundering regulations. Currently, the business is not subject to strict registration/licensing obligations in order to operate in the European Union, but it is clear that in the long-term companies will require regulation for the member states that have customers. FX market is trending towards less leverage 1:50 (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 submitted application for an Investment Firm license.
- Lykke EMI has submitted application for Electronic Money Institution license.
- Lykke MTF has finalized application for a 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.
- Filing application for a license as securities trader and organized trading facility in Switzerland.

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



Demetris
Zamboglou

Lykke in America

In the US, digital assets and FX trading is still quite low. Stock trading dominates with over 60% of people having stock accounts, while less than 1/2 of 1% have FX accounts, and an even smaller have digital assets accounts. It has not gone mainstream, but we expect it to do so within 3 years. The critical parts of wider acceptance are: 1) Clearer regulatory direction. Regulators need to determine how/what to regulate as each product is handled by a different regulator, some at the federal level and some at the state level. 2) Ease of use. Right now it is not easy to set up a wallet in the US at any firm. Once it is added to traditional investing accounts process, it will gain wider use

What has been accomplished so far?

- Formed 5 main legal entities, including all legal and accounting processes
- Assembled a team with deep experience, knowledge, and more importantly a passion for the Lykke vision
- Signed with key law firms to help move the regulatory applications through the complicated process
- Created the strategy for regulatory framework with 3 federal regulators, and are currently submitting applications to the different regulators

- We need to become a broker to handle the client accounts & funds, and also become an exchange to be the venue for trading. Each is separate and entails a different process for approvals from the SEC and the CFTC
- We have engaged with the key regulators in various meetings so they can better prepare for our applications

What are our next important steps?

- Receive approvals from the key regulators (SEC, CFTC, IRS, and OCC) on our key entities
- Customize the US 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 the 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

For Lykke Singapore is a key hub to provide into institutional liquidity and as an access point to the various local markets in Asia. This leverages its position as Asia's top wealth management center, the third largest FX centre globally, and the largest FX centre in Asia Pacific. Offshore assets in Singapore are expected to grow 9.2 per cent to US\$1.7 trillion (S\$2.3 trillion) by 2020 from US\$1.1 trillion (2015). The Boston Consulting group expects that Singapore will become the No. 2 offshore financial centre, behind Switzerland, by 2020.

What are our next important steps?

We are approaching our roll out in Singapore in two stages: We are in the final stages of choosing legal council 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.

This would allow us to handle security related ICO/ITOs as well as provide a venue for secondary trading. It has been challenging to find firms that have any in-depth understanding of tokenized assets but we have managed to narrow it down to a strong shortlist. Given the local Singapore retail market is relatively small our initial licensing will be for accredited investors and institutions as this will allow us to provide services to the large institutional pools of private wealth in Singapore. Once the application process has begun we expect the process to be completed in roughly 8-10 months. We will look to partner with local incumbents to tap into the Singapore 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 I have seen finance change the world. Unfortunately those changes have benefitted the few at the expense of the many and have created large socio-economic 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 the many to address financial inclusion and 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 in Lykke is to shape a competitive environment in all levels to make sure that we have best people from IT and beyond helping us building and improving system and spreading expert power horizontally across the company. We believe in power of experts as a primary decision making procedures: we discuss, we decide, we implement, we fail fast, we learn, we adjust.

What we did?

- We decoupled our huge IT system to many small 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, catching malfunctioning parts, bring system up in any datacenter and start working with it as a flick of a lighter, build up with increased reliability levels scalable to grow, accept services as useful pieces of code from community in any language and technology – we have no limits.
- We managed very instant clientbase growth – we learned how adapt our system to handle that reality;
- We switched to Docker technology completely, which gives us ability to use cutting edge hosting technologies, we switched to Linux 99 % of the services;
- We automated our application delivery processes. Now robots do routine – people do only creative part.
- We described our infrastructure using docker-compose language yaml;
- We improved IT security (2FA, withdrawal confirmations, rate limiting for login attempts);
- We created tools to map our IT services;
- We built a exceptional and distributed dev team from around the globe;

What we are going to do?

- To break down our system into really small pieces to make sure that anyone from community can help us participate and improve;
- Go to Docker orchestrator (we are looking to Google Kubernetes) to fulfill our idea – bring system up in a click of mouse in different datacenters by demand; This way – if we need more IT power – we create VM, plug into our IT cluster and our micro services spreads around cluster;
- Create trading interfaces to make sure people from different worlds and languages can plug to us and be a part of trading system;
- Improve security up and down, left and right;
- Create new experts. Experts in different areas should teach newbies to make sure – they became experts as well;
- Comply to any regulator's IT governance requirements we should be compliant to;
- Adapt to reality that comes;
- Create media content to help IT and other geeky people around the world understand how to participate.



**Andrey
Migin**

Quality Assurance

We have different project types and the quality assurance approach is designed for project specifics.

The key is to cover requirements with test cases and execute tests to define whether the feature meets requirements or not. New features are tested separately and the regression testing is performed before each release.

Feedbacks from users are gathered from public sources or from support tickets and added to task management system. After that new feature or improvement request is discussed with team and prioritized for the development.

We do not have scheduled releases. The process is more natural and closer to continuous delivery. As soon as the feature is implemented in the microservice and verified it can be released. The system architecture allows to make several releases in one day.

We planning to adopt semi-automated testing approach. The first in todo list is to extend integration tests to cover common scenarios and reduce time for build verification and smoke testing. Also we are looking forward to extending our QA team with automate testing engineers as number of services is rising rapidly.

Another major task is performance testing which became of the top priority due to growing number of registrations.

“ I am glad to be a witness of 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 the Lykke operations. Lykke is currently using a standardised approach (proof of ID and proof of address) for onboarding clients to the Lykke Wallet.

Every client is reviewed and approved by the KYC team. All the documents are visually inspected, following all the international guidelines, rules and regulations. After the first review the documents are verified using 3rd party providers such as ID3Global (GBG) and KYC Spider. When a client successfully passes the KYC process and becomes approved the system will allow him/her to deposit/withdraw in various fiat currencies. The deposit/withdrawal module gives options for deposits such as: debit cards, credit cards, and wire transfers. Finally, all deposits, trading activity and withdrawals are subject to the AML manual where there are clear policies and procedures that safeguard the company and the client.

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, the client profiling will become smooth and efficient.

As technology advances, we will be able to do KYC in a multilevel environment validating client's identification using various social networks (upon regulation approval). We are also currently working in integrating using a API various providers that can automate the ID Verification process and in a later stage document reviewing.

Our clients have always been our number one 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 whilst integrating innovative technologies that will improve the experience.

To conclude, the KYC is currently expanding and welcomes new applications to join a fast pace and exciting team. Evidence of this is the rapid growth of our online registrations.

“ My dream has always been to join a dynamic team with similar minded people; where people can grow and develop exponentially. This amazing company, Lykke is a platform that allows people to develop and in the same time have fun. I believe that I joined the right team, that always puts the client first; and I have as my first priority to help revolutionise the KYC/AML process by utilising new innovation initiatives.”



Ishak
Kalkavan

Governance, Risk Management, Compliance

Lykke is committed to build 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 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 co-workers, 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 the best out of each other and elevate to 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 & risk management

In line with the 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 an effective operational risk management and compliance in all regulated entities across the world.

Operational risk control is performed by the regulated entities - 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 we are operating on. The nature of our business with immediate settlement leads to a near 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 ‘old financial world’. Though we are completely rewiring the financial system, many existing regulations are not obsolete. Let us learn from the past and avoid making same mistakes again. This will make Lykke unique. ”



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 is a rare combination of talent, ambition, and a team that works well together on a rich quantity of ideas. Lykke’s core business idea allows so many additional areas to grow and make the customer experience even better as well as creating an ecosystem of companies around it. ”

Heinrich
Zetlmayer

Financial Statement

Lykke Corp

31 December 2016

in CHF

P&L STATEMENT

2016

2015

Position	Lykke Corp	Lykke Corp
Operating Income	163'891.40	317.34
Income from LKK Trading	5'888'520.13	-
TOTAL INCOME	6'052'411.53	317.34
Position	Lykke Corp	Lykke Corp
Operating Expenses	-2'184'420.93	-125'698.89
Expenses from LKK Trading	-4'931'239.48	-
Personnel Expenses	-98'272.62	-
Business Expenses	-20'873.67	-16'602.45
Administration Expenses	-272'128.96	-8'737.26
Advertising Expenditures	-101'529.48	-14'920.20
Financial Result	2'285.83	-573.10
Expenditures Next Operation	148.40	-
Extraordinarily Result and Taxes	-1'729.87	-171.75
TOTAL EXPENSES	-7'607'760.78	-166'703.65
PROFIT / LOSS	-1'555'349.25	-166'386.31

BALANCE SHEET

Position	Lykke Corp	Lykke Corp
Cash	733'230.86	538'125.60
Receivables	298'957.48	10.49
Accruals	8'512.30	11'000.00
Inventory	895'561.93	-
Fixed Assets	-	-
TOTAL ASSETS	1'936'262.57	549'136.09
Position	Lykke Corp	Lykke Corp
Current Liabilities	868'801.39	46'779.45
Long-Term Liabilities	9'000.00	28'115.00
TOTAL LIABILITIES	877'801.39	74'894.45
Share Capital and Reserves	2'990'806.68	679'454.04
Profit / Loss carried forward	-174'962.40	-8'576.09
Profit / Loss	-1'555'349.24	-166'386.31
Treasury Shares	-184'039.16	-30'250.00
Revaluation of Intercompany Transactions	-17'994.70	-
TOTAL EQUITY	1'058'461.18	474'241.64
TOTAL EQUITY & LIABILITIES	1'936'262.57	549'136.09

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