



**Lykke builds a global
marketplace for the free
exchange of financial assets**

Past 12 Months



- Crypto bull run
- Rapid growth
- Explosion of fees
- Move to centralized exchange
- Consolidation phase from exploration to focused growth

Agenda



- Organisational Structure / Richard Olsen
- Transition Update / Nicholas Harwood
- Financials / Philipp Richner
- User Base / Marina de Mattos
- Key Metrics / Sergey Ivliev
- Product / Mikael Vaivre
- Liquidity / Richard Olsen
- Marketing / Laura Arcade
- Fields / Laura Arcade
- Regulations / Ivan De Casseres



Organisational Structure

Lykke Board



Richard Olsen

Richard is a pioneer in high frequency finance with extensive entrepreneurial experience and well known for his academic work. He was a co-founder of OANDA, a currency information company and market maker in foreign exchange. Visiting professor at the Centre for Computational Finance and Economic Agents at the University of Essex.



Heinrich Zetlmayer

Heinrich Zetlmayer is founder of Blockchain Valley Venture, the spinoff of Lykke. Heinrich was co-managing the largest e-sports company globally. Heinrich was a member of IBM's executive board in Switzerland and prior to that was international management consultant at Arthur D. Little. He holds a PhD in Industrial Engineering.



Iulian Circo

Iulian Circo thrives at the intersection of innovation, technology and impact. He lead and turned around large global operations and delivered ambitious strategy at scale in some of the world's most challenging markets across Africa and Asia. He is also co-founder of several technology startups that have exponential technology at their core.



Mikhail Nikulin

Mihail is an architect and designer with hands-on experience in creating market solutions for financial institutions, including Anti-Money Laundering, Fraud Detection and Financial Markets Compliance solutions. Combines deep knowledge of financial architecture with blockchain technology.



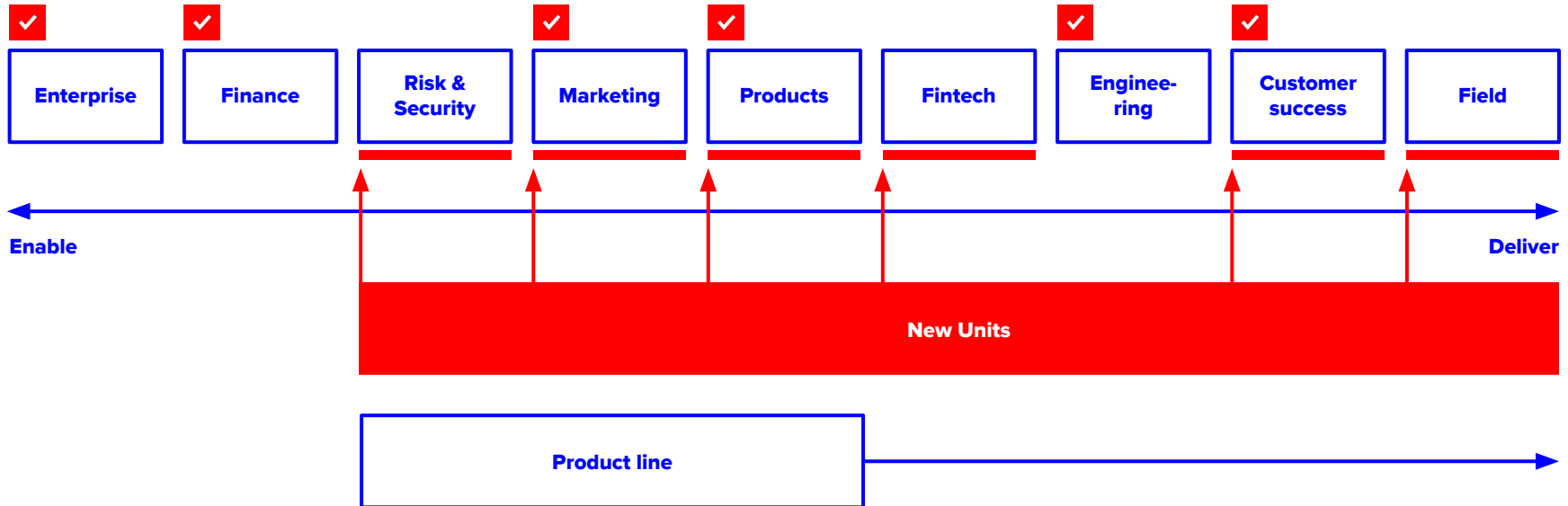
Sergey Ivliev

Sergey's dream is to make financial market better, faster and more inclusive. For 20 years being an industry professional, lecturer, author, events curator, member of editorial boards of academic journals and expert councils he contributes to promote best practices of financial markets and risk management. Regional Director at PRMIA Russia and associate professor at Perm State University.

Organizational Design: Overview



Principles: agility, autonomy, dependency, high level KPI



Management Team



Andrey Migin

Engineering

Andrey is exceptional team leader with a decade professional experience of FX marketplace systems development. He brings world-class best practice to drive the development and maintenance of mission critical applications.



Marina de Mattos

Customer Success

Marina brings over a decade of experience handling customer success in the financial services industry. She has established and managed a network of service centres around the globe focused on understanding the drivers of positive customer experience and translating this into more efficient and effective delivery of service.



Mikaël Vaivre

Product

Mikaël graduated from the Swiss Federal Institute of Technology in Lausanne as an Environmental Engineer, but quickly shifted his career, helping grow a software startup from 3 to 40 employees. His experience in software development, design, business and product management helps building quality products with users' needs in mind.

Management Team



Laura Arcade

Marketing

Laura is an expert online marketer and brand builder. She brings 10 years of progressive experience in world-leading companies like P&G, agencies and startups, combined with a passion for leveraging digital / online technologies to drive company growth.



Nick Harwood

Enterprise

Nick has been Head of Equity and Managing Director of Global Markets Department at CJSC "Sberbank CIB" since October 2013. He also served as Head of Equities for Russia & CIS at UBS Securities. Has over two decades of experience in emerging market equities, based in Moscow, London, New York and Johannesburg.

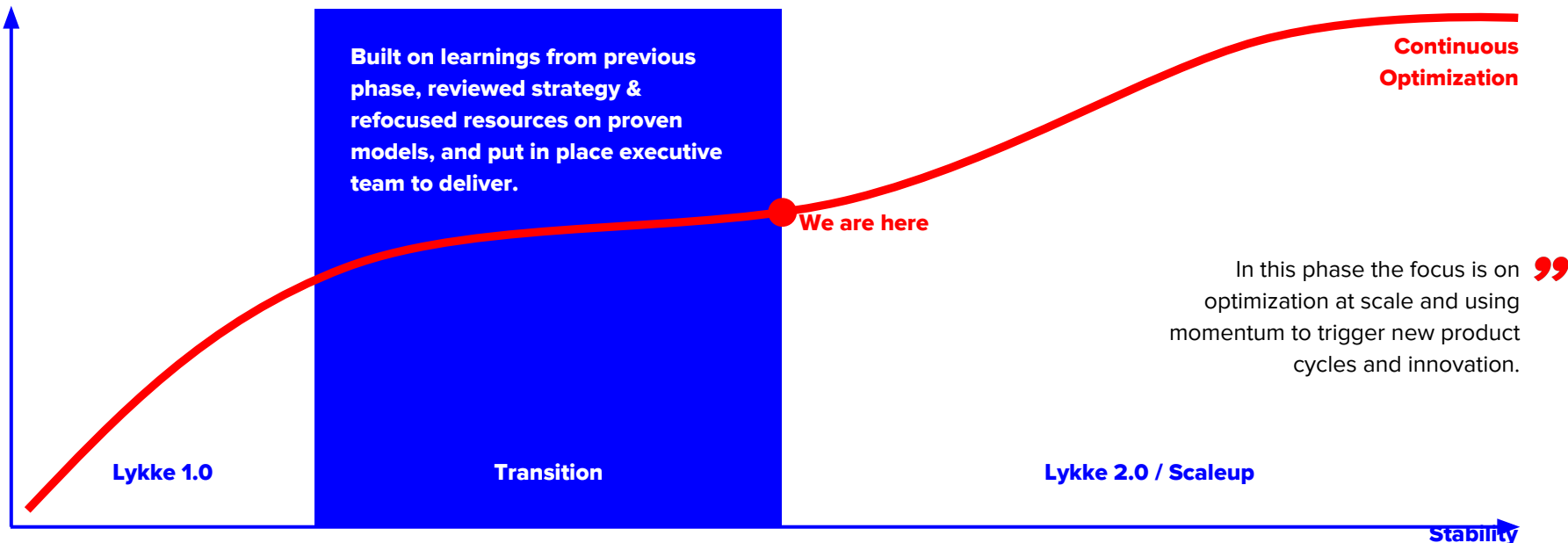


Transition Update

Lykke 2.0 — The Transition Journey



Velocity



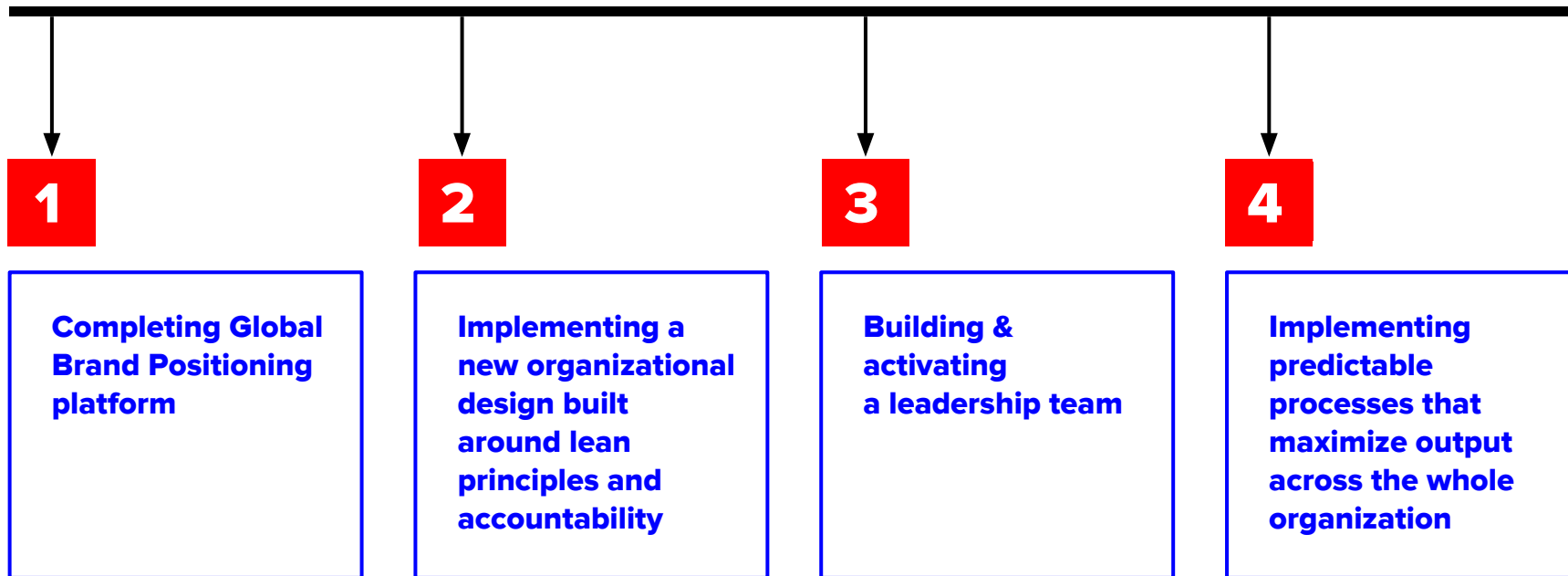
Investments in technology a regulation.
Product experimentation.
Growth largely organic.

Implementation of business model, and deployment of enterprise-grade and scalable organizational systems and infrastructure.
Accelerate customer acquisition and product roll-out and execution of the regulatory strategy.

Lykke 2.0 — the Goals



The overall purpose of the Transition Phase was to activate Lykke 2.0

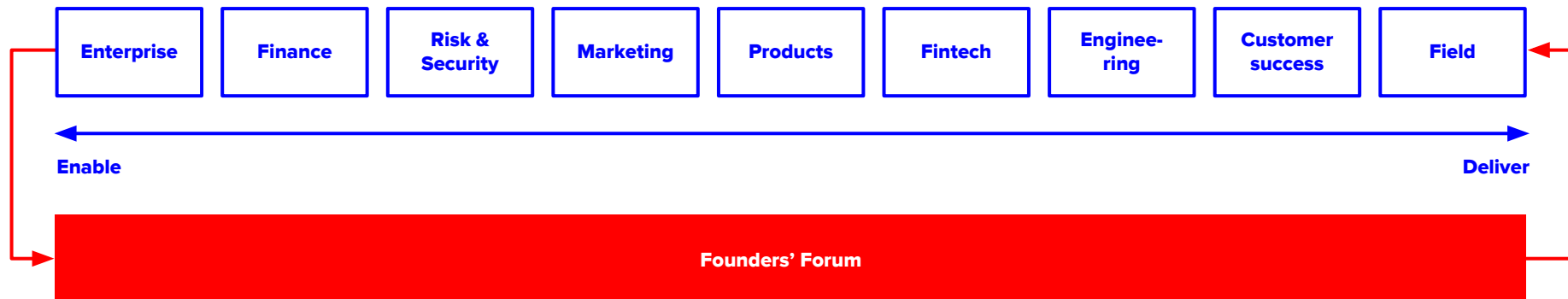


Lykke 2.0 — June 2018, Forward in Partnership



**Aim: a new
organizational
design built around
lean principles and
accountability**

1. Most leadership positions have been filled, with two in progress.
2. Continued engagement of the Lykke founders embedded through the creation of the Founders Forum.
3. Success Metrics have been defined for the company overall and all teams.
4. Meaningful progress on regulatory strategy.
5. Further strengthening of strategic alliances with key partners to ensure that Lykke is able to deliver a leading edge digital financial service offering.



Lykke 2.0 — Blockchain Valley Ventures



- Spin-off of Lykke
- Lykke important shareholder
- Accelerator and venture capital firm offering investment, financing, and advisory services for blockchain-enabled businesses.



Financials



Financials 2017



- Lykke Corp 2017 Financials (audited)
- Lykke Group Consolidated 2017 Financials (audit commences soon)
- Outlook 2018

Lykke Corp* 2017 Financials (audited)



- Crypto and token values increase
- Financial assets represent the share- and regulatory capital of subsidiaries

	Assets	CHF 1'000	CHF 1'000
		31.12.2017	31.12.2016
Balance sheet	Cash and cash equivalents	3'846.3	548.1
	Trade accounts receivable	330.8	843.9
	Other short-term receivables	1'664.9	1'256.4
	Prepaid expenses and accrued income	–	8.5
	Total current assets	5'842.0	2'656.9
	Financial assets	733.8	0.1
	Total fixed assets	823.6	0.1
	Total assets	6'575.9	2'657.0

* Represents Lykke Corp — Swiss entity on a stand alone basis

Lykke Corp* 2017 Financials (audited)



- Short-term liabilities increase due to several intercompany transactions. Deferred taxes also contribute
- No change to Share Capital
- Profit for 2017 of CHF 2.2 million

	Balance sheet	
	CHF 1'000 31.12.2017	CHF 1'000 31.12.2016
Liabilities and Shareholder's equity		
Trade accounts payable	–	209.1
Other short-term liabilities	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	2'862.2	2'862.2
Accumulated losses/gains	(920.7)	(175.0)
Profit/Loss for the year	2'206.2	(745.8)
Treasury shares	(1'978.4)	(184.0)
Total shareholder's equity	2'297.9	1'886.0
Total liabilities and shareholder's equity	6'575.9	2'657.0

* Represents Lykke Corp — Swiss entity on a stand alone basis

Lykke Corp* 2017 Financials (audited)



- Operating income increase driven by both operational activities and intercompany relationships
- Operating costs increase to support the activity in the Swiss entity and subsidiaries
- Growth in financial income offsets operating loss, delivering a net gain for the year

	Income statement	
	CHF 1'000 2017	CHF 1'000 2016
Income		
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
Operating expenses	(7'348.2)	(2'199.8)
Personnel expenses	(1'439.2)	(98.3)
Business expenses	(73.4)	(20.9)
Administration expenses	(955.1)	(272.1)
Advertising expenditures	(363.1)	(101.5)
Depreciation and impairment losses on non-current assets	(1'108.4)	0
Operating expenses	(11'287.6)	(2'692.6)
Operating result	(5'281.3)	(1'844.1)
Financial result	7'890.4	1'099.9
Non-operational costs/income	0.0	0.1
Extraordinary, non-recurring costs/income	(11.4)	2.1
Gain/(Loss) for the year before taxes	2'597.7	(741.9)
Direct taxes	(391.4)	(3.9)
Gain/(Loss) for the year	2'206.2	(745.8)

* Represents Lykke Corp — Swiss entity on a stand alone basis

Lykke Group* Consolidated 2017 Financials



- Consolidated results demonstrate materiality of the UK exchange
- Client accounts drive both the increase in assets and in liabilities
- All client assets in colored coins are backed by assets in crypto, accounts receivable from credit card providers, and cash on bank accounts
- Consolidated profit for 2017 of CHF 4.6 million

	CHF 1'000 31.12.2017	CHF 1'000 31.12.2016
Assets		
Cash and cash equivalents	12'570.7	733.2
Trade accounts receivable	5'566.7	161.4
Other short-term receivables	18.3	137.5
Inventory	5'984.5	895.6
Prepaid expenses and accrued income	29.1	8.5
Total current assets	24'169.3	1'936.3
Total assets	24'169.3	1'936.3
Liabilities and Shareholder's equity		
Trade accounts payable	13.4	209.1
Other short-term liabilities	20'267.3	659.7
Total short term liabilities	20'280.7	868.8
Long-term liabilities	–	9.00
Total long term liabilities	–	9.00
Total liabilities	20'280.7	877.8
Share capital	128.6	128.6
Legal capital reserves	–	–
Reserves from capital contribution	2'862.2	2'862.2
Accumulated losses	–	–
Loss carried forward	(1'812.7)	(175.0)
Gain / (Loss) for the year	4'644.1	(1'617.7)
Treasury shares	(1'978.4)	(184.0)
Translation reserve	44.8	44.4
Total shareholder's equity	3'888.6	1'058.5
Total liabilities and Shareholder's equity	24'169.3	1'936.3

* Grant Thornton review of consolidation commencing soon

Lykke Group* Consolidated 2017 Financials



- Operating income increase driven by both the UK exchange and the Swiss projects / advisory activity
- Operating costs increase to support the activity across the group
- Growth in financial income offsets operating loss, delivering a net gain for the year

	Income statement	
	CHF 1'000 2017	CHF 1'000 2016
Income		
Operating income	11'865.3	163.9
Total operating income	11'865.3	163.9
Operating expenses	(10'330.1)	(2'246.8)
Personnel expenses	(2'125.4)	(98.3)
Business expenses	(87.7)	(20.9)
Administration expenses	(1'235.0)	(272.1)
Advertising expenditures	(363.1)	(101.5)
Operating expenses	(14'141.3)	(2'739.6)
Operating result	(2'276.0)	(2'575.7)
Financial result	7'322.9	959.6
Non-operational costs/income	(11.4)	2.3
Profit / (Loss) for the year before taxes	5'035.5	1'613.8
Direct taxes	(391.4)	(3.9)
Gain / (Loss) for the year	4'644.1	(1'617.7)

* Grant Thornton review of consolidation commencing soon

Outlook 2018



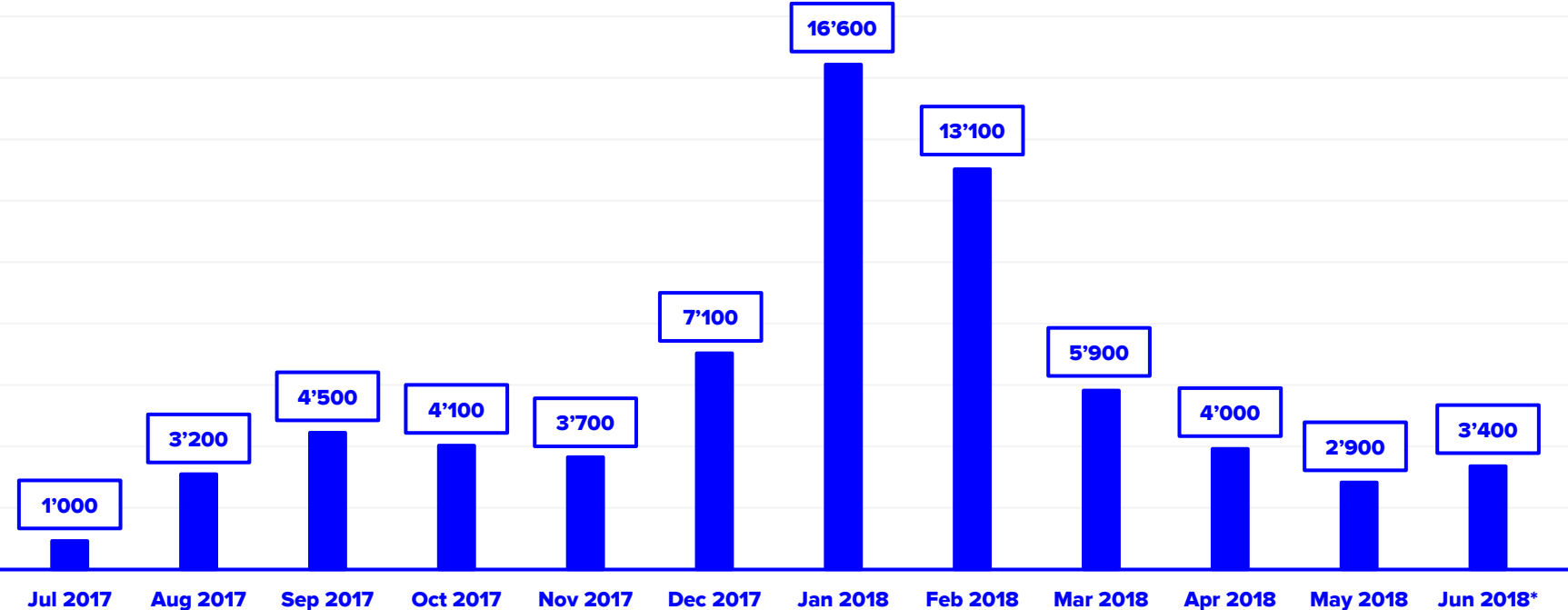
- Overall trend reversal of crypto asset values
- H1 absorbed by consolidation and transition into Lykke 2.0
- Momentum from rollout of revised strategy during H2



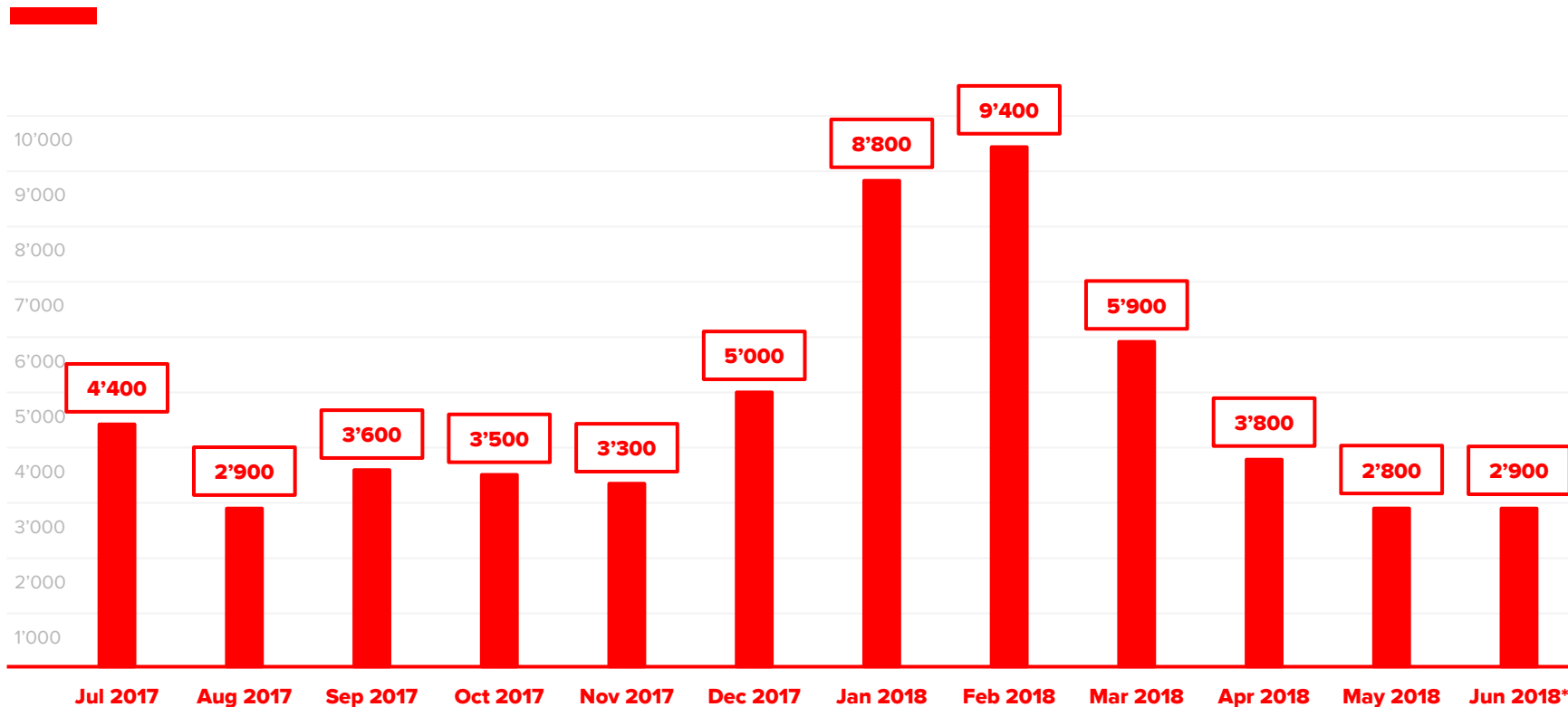
User Base



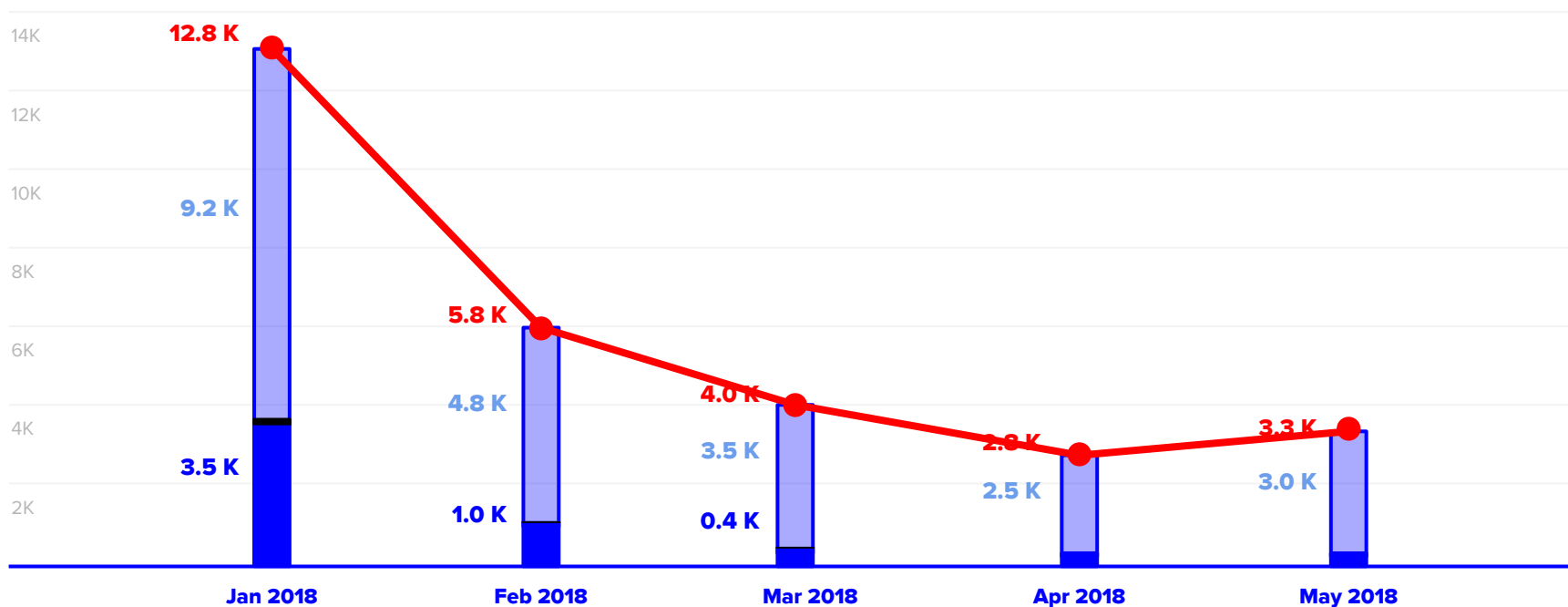
New accounts opened



Active users



Registered users vs KYC status



KYC Status: ■ Ok ■ Rejected ■ Unverified —●— Total Count of Clients



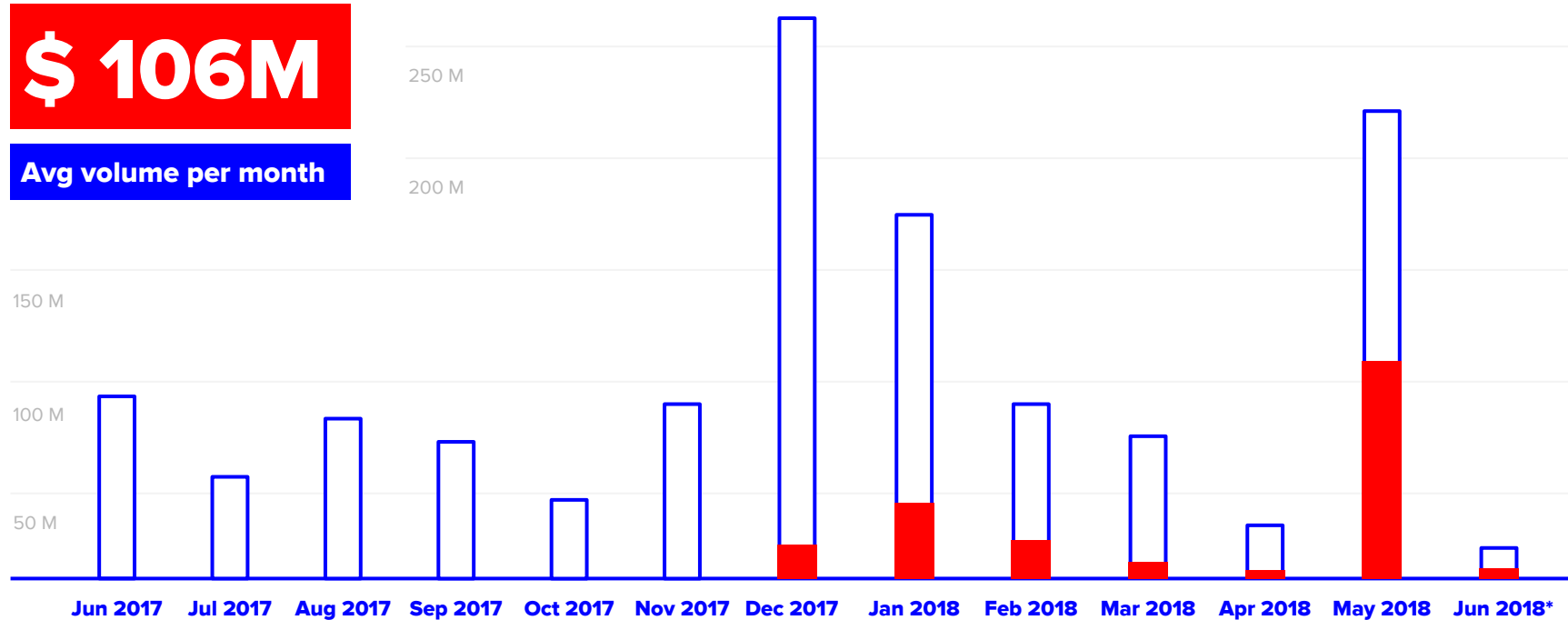
Key Metrics

Trading volume



\$ 106M

Avg volume per month



Type: □ Wallet ■ HFT-API

Trading volume structure



89%

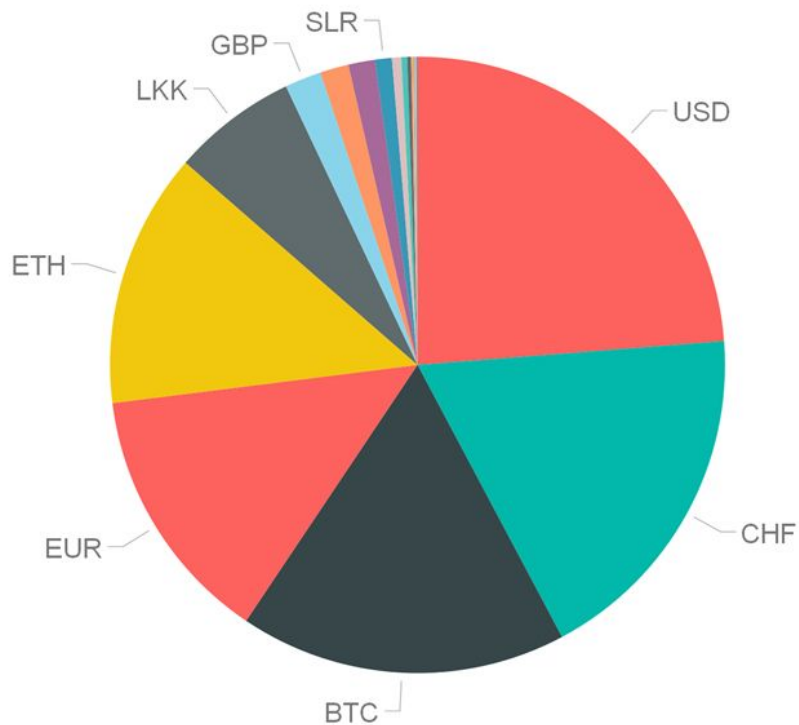
4FX, BTC, ETH

8%

LKK, LKKxY

3%

Altcoins, ERC20-tokens



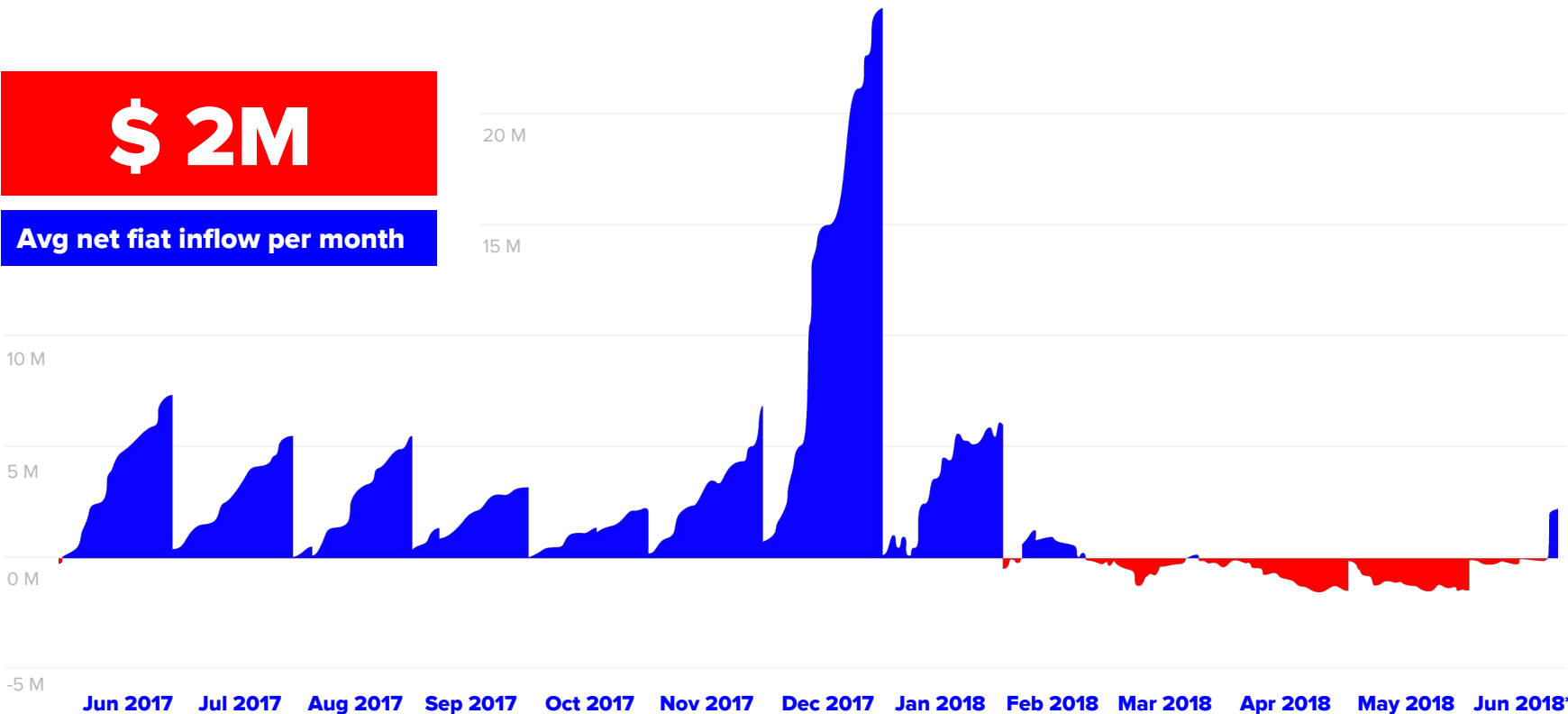
Net fiat cashins/cashouts



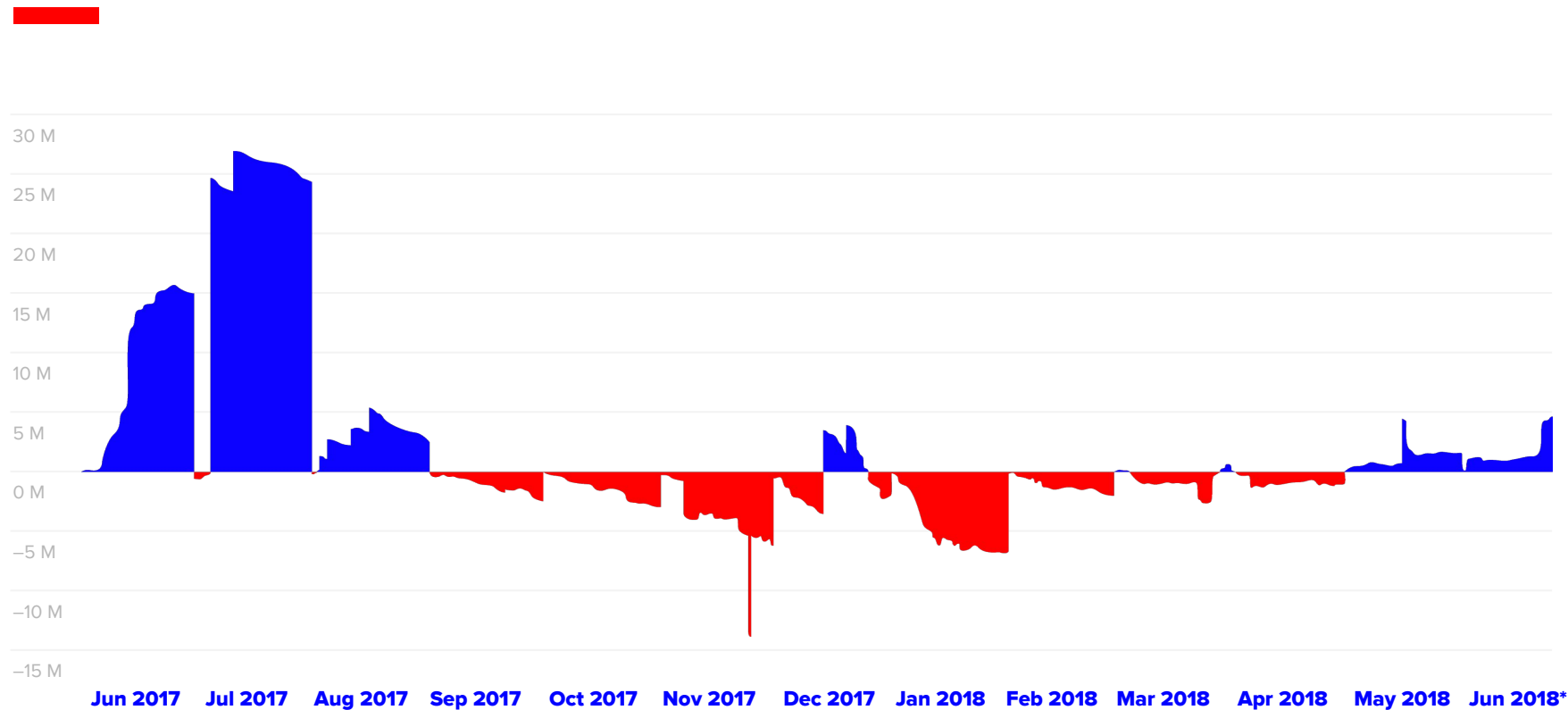
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\$ 2M

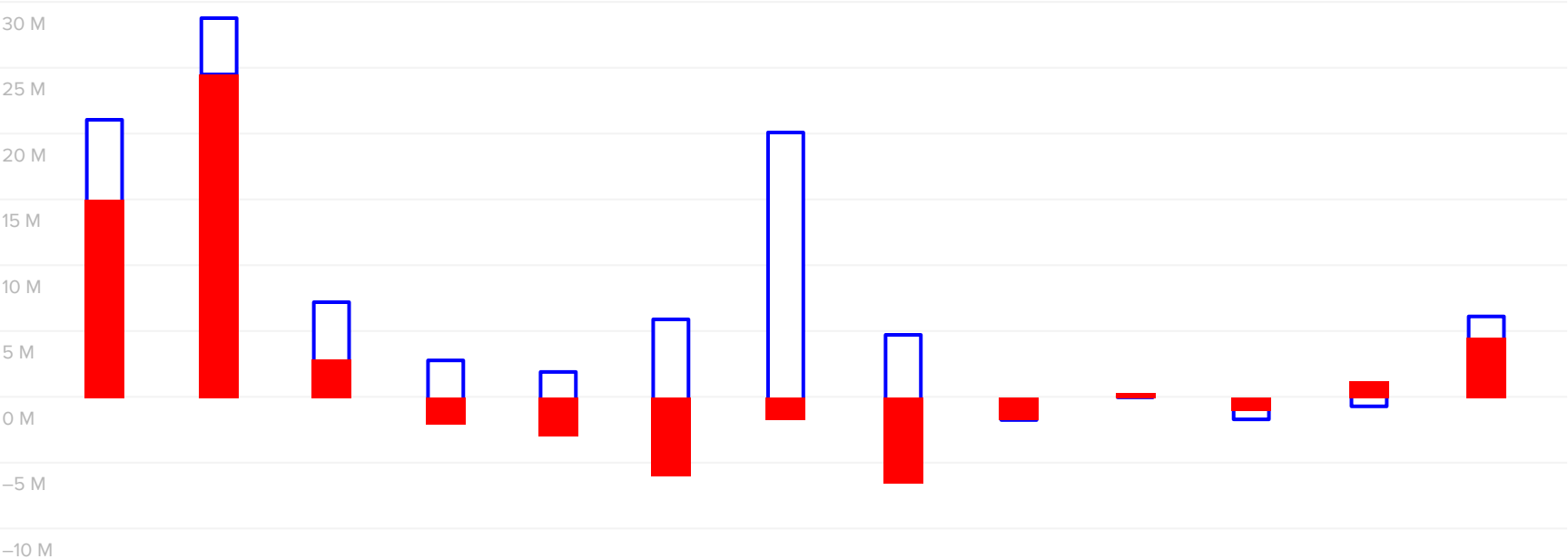
Avg net fiat inflow per month



Net crypto cashing, USD



Net cash flows, \$



Jun 2017 Jul 2017 Aug 2017 Sep 2017 Oct 2017 Nov 2017 Dec 2017 Jan 2018 Feb 2018 Mar 2018 Apr 2018 May 2018 Jun 2018*

Type:  Net crypto cash income  Net fiat cash income

Cash and ALM overview



\$ 1.3M

Net liquidity (as of 1 June)

\$ 4M

Being raised (no dilution)

Jun 2018

15.5
Cash

1.3
Cryptocurrencies

-15.5
Liabilities

1.3
Net liquidity

Jun 2017

5.4
Cash

1.0
Cryptocurrencies

-1.2
Liabilities

5.2
Net liquidity



Product



Internal processes improvements



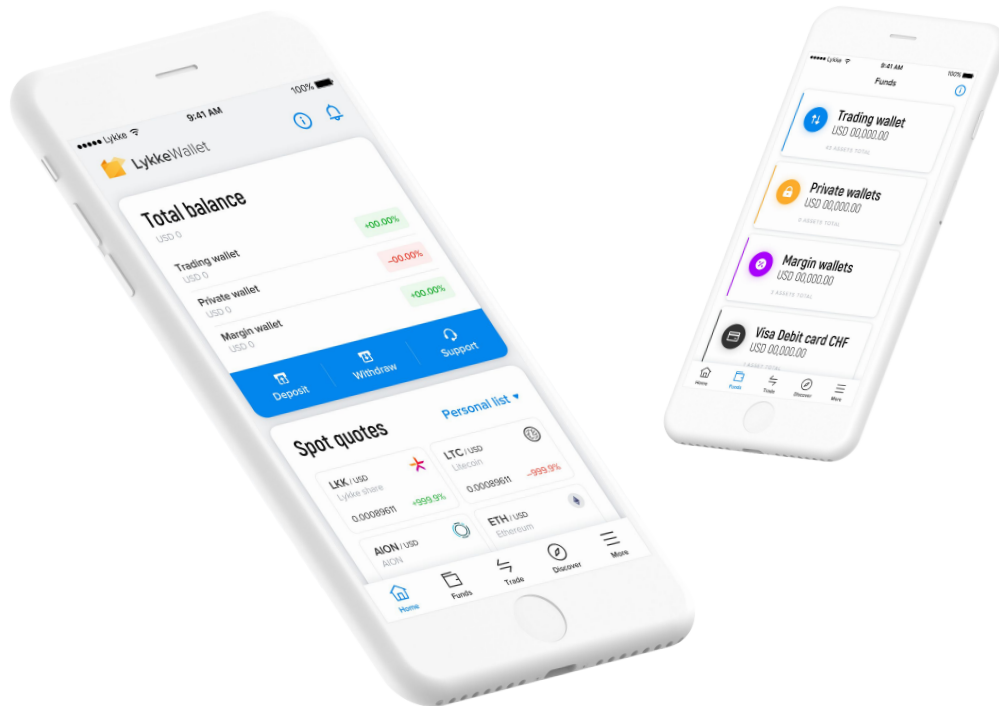
- Internal structure: from silos to cross-functional product teams
- We hired and empowered product owners for each product
- Most of the teams are now agile, adapting the scrum framework to their needs, increasing development velocity
- Noticeable improvements in communication, predictability, capacity to plan

Focus on core products, quality and UX

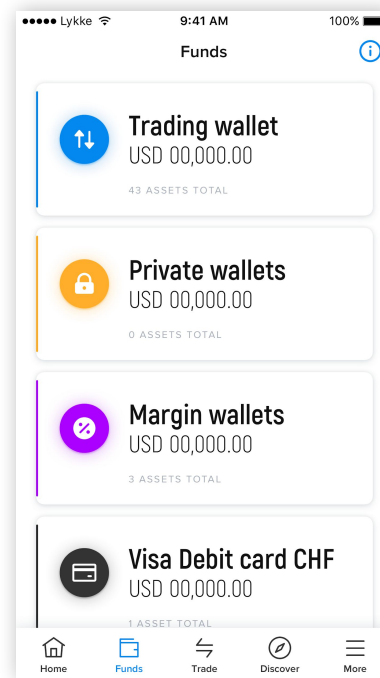
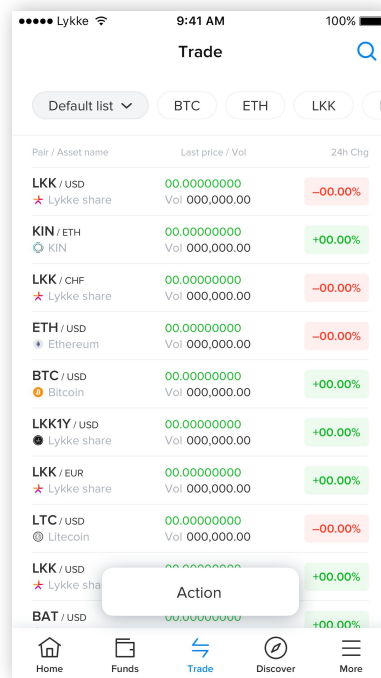
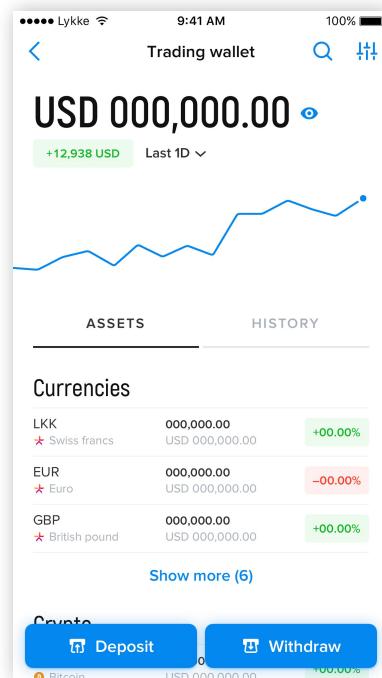
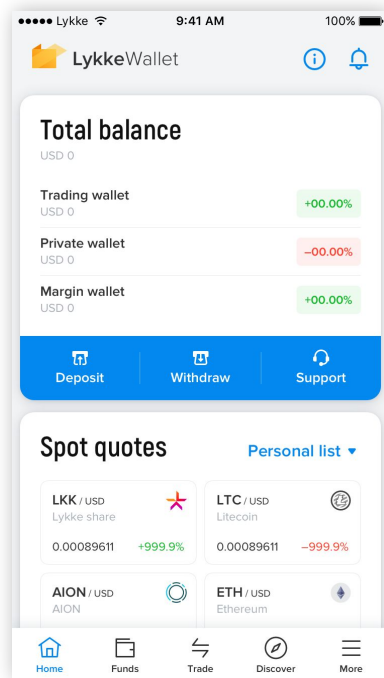


- Background work: fixing technical debts, improving security, identifying UX bottlenecks
- Prioritize the delivery of our web trading platform
- Conceptualize, design and plan our next product iterations, simplifying the UX and streamlining the user flow — according to community's feedback
- UX improvement visible in the next redesign of Lykke Wallet, and in our web trading platform (web terminal, funds management, web KYC)
- Both are expected to be delivered this summer (Q3 2018)

Next iteration: mobile redesign preview



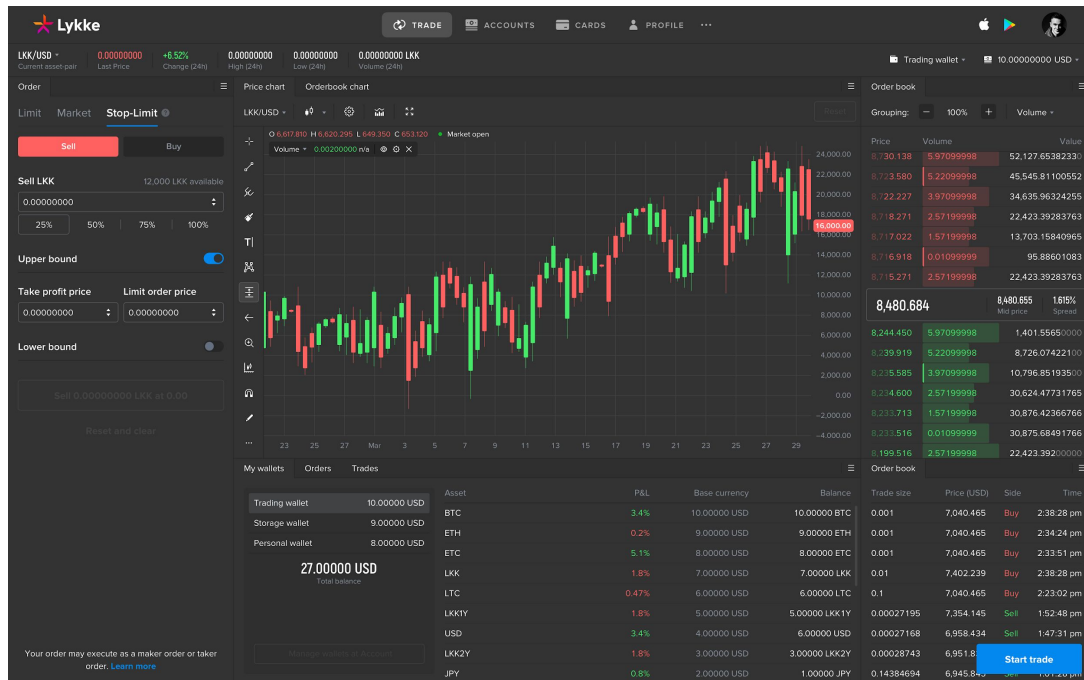
Next iteration: mobile redesign preview



Next iteration: web trading platform preview



Web terminal: continuous improvement



Asset pair	Price	24h Change	Volume
TRX/ETH	0.00005311	-20.601%	36,729.27 TRX 36,729.27 USD
VEN/ETH	0.00566085	+12.245%	21,655.91 VEN 21,655.91 USD
WTC/ETH	0.024474	-1.201%	18,533.21 WTC 18,533.21 USD
EOS/ETH	0.008719	-0.401%	16,864.34 EOS 16,864.34 USD
XRP/ETH	0.00113615	+0.547%	14,976.13 XRP 14,976.13 USD
NEO/ETH	0.134500	+3.587%	12,466.65 NEO 12,466.65 USD

SELL
Edit Limit Order

Volume: 3,000.09738923 BTC available

Price (USD): 0.00000000

Total: 0.000000000000 USD

Your order may execute as a maker order or taker order. [Learn more](#)

Modify

Confirm trade session

Please confirm your trade session with the phone

Continue in view mode

Leroy Cox
leroycox@gmail.com

General Notifications

Profile [View details](#)

You have limits, deposit and withdrawals are not available. You can trade between all currencies, but account funding is limited to digital currencies only.

☒ Registered passed

☐ You don't pass KYC [Go to KYC procedure](#)

Affiliate program [View details](#)

Referral friends: 24 up to 50%

Revenue share: up to 50%

Referral link: lykke.com/?ref=dustin34ie8

BUY
Edit Stop-Limit Order

Volume: 3,000.09738923 BTC available

Price (USD): 0.00000000

Upper bound: 0.00000000

Take profit price: 0.00000000

Limit order price: 0.00000000

Lower bound: 0.00000000

Attention!

To offer you the advanced range of services we need you to confirm your identity and pass KYC (Know Your Client) procedure. You can pass the KYC in the Lykke Wallet app.

[Download on the App Store](#) [GET IT ON Google Play](#)

Ok

View mode

You are using the terminal in a view mode

Start trade

Next iteration: web trading platform preview



Lykke

TRADEFUNDCARDSPROFILE

LIMITSAFFILIATE PROGRAMKYC

KYC procedure

Verify your account

Lykke requires additional user information before any deposits or withdrawals can be made in order to meet KYC/AML legal requirement multiple tier levels of funding limits, each with increasing amounts of deposit/withdraw limits.

1 Driver license

2 Address

3 Proof of funds

4 Selfie

Take a photo of Proof of funds.

Take photo, upload a local image (png or .jpg) or file (.pdf) limited to 3Mb.

Take a photo

Upload...

Submit

Lykke

TRADEFUNDCARDSPROFILE

TOTAL BALANCE







Accounts

36,897.32 LKK


Trading wallet is driven by LykkeWallet app. You can confirm a Trading Wallet transaction only by signing it on your mobile device. Trading Wallet is secured with 2-of-2 multisignature protection. One key is controlled by Lykke and another one is located on your mobile device. Please keep your 12 words seed private key backup safely.

DEPOSITWITHDRAW

Lykke6 assets

Asset	Base currency	Amount
 CHF	0.00 LKK	0.00 CHF
 EUR	4,842.32 LKK	26,537.25 EUR
 GBP	0.00 LKK	0.00 GBP
 LKK	—	32,045.01 LKK
 LKK1Y	0.00 LKK	0.00 LKK1Y
 USD	0.00 LKK	0.00 USD

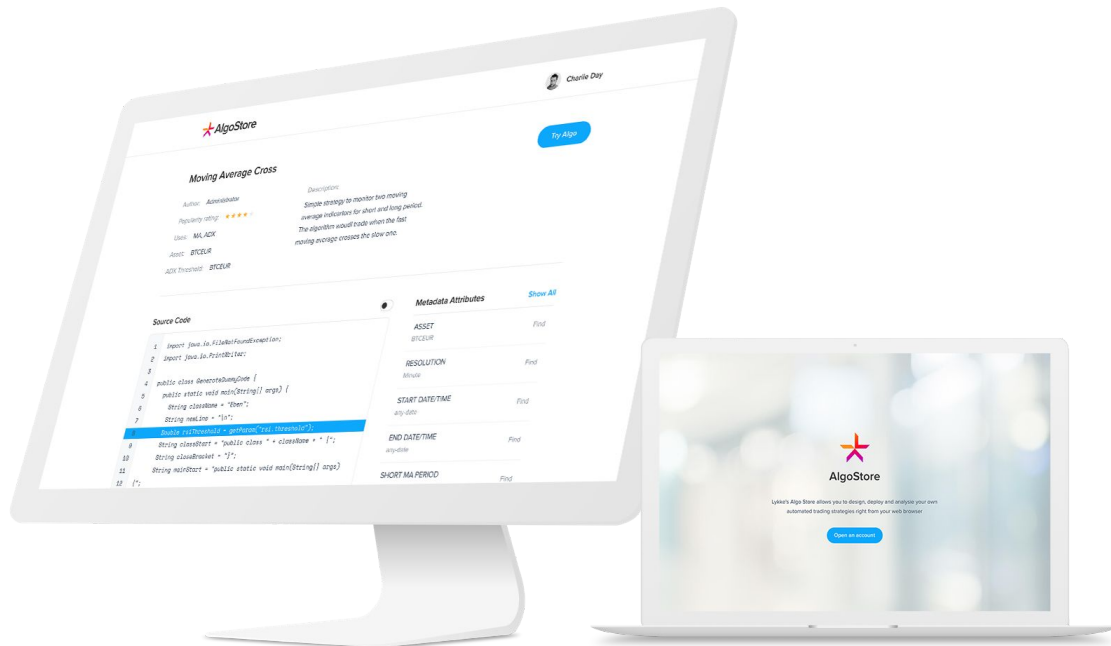
Bitcoin1 asset

Asset	Base currency	Amount
 BTC	0.00 LKK	0.00 BTC

Ethereum1 asset

Asset	Base currency	Amount
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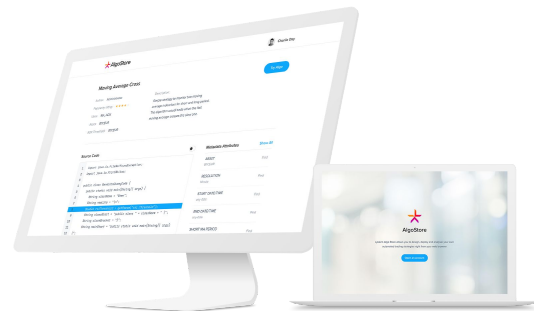
Innovation in trading: the AlgoStore



Innovation in trading: the AlgoStore



- We kept working in the background on some innovative products
- The AlgoStore allows anyone — even with low tech or financial skills — to pick and algo, tweak some parameters, try it on past data with fake wallet and finally let it run with real funds
- Making algo-trading simple
- Interesting for advanced traders: very low latency
- Status: close to MVP. First beta expected in Q3 2018



Designing the future of Lykke



- The future of Lykke is not **only** about trading
- The crypto-market is still in its infancy
- We aim to truly democratize finance through an ecosystem of apps that are accessible, reliable, easy to use
- Market research: helped refine the product vision to broaden our audience for a quick yet sustainable growth
- New products at the concept phase. More info before the end of the year



Liquidity



Liquidity



- Passport requirement
- Focus on improving liquidity
- Liquidity strategy:
 - External
 - Inhouse

Users generate liquidity



- No fee strategy for retail
- Smart fees for professionals
- Marketing push
- Algo store
- Third party market makers

Lykke liquidity



- Market making engine
- Integration with other exchanges
- Cash and risk management
- Alpha engine
- Investment products of liquidity provision



Marketing



Where do we stand today?



90'000

Registered users

Marketing goal for 2018/2019



650'000

Registered users

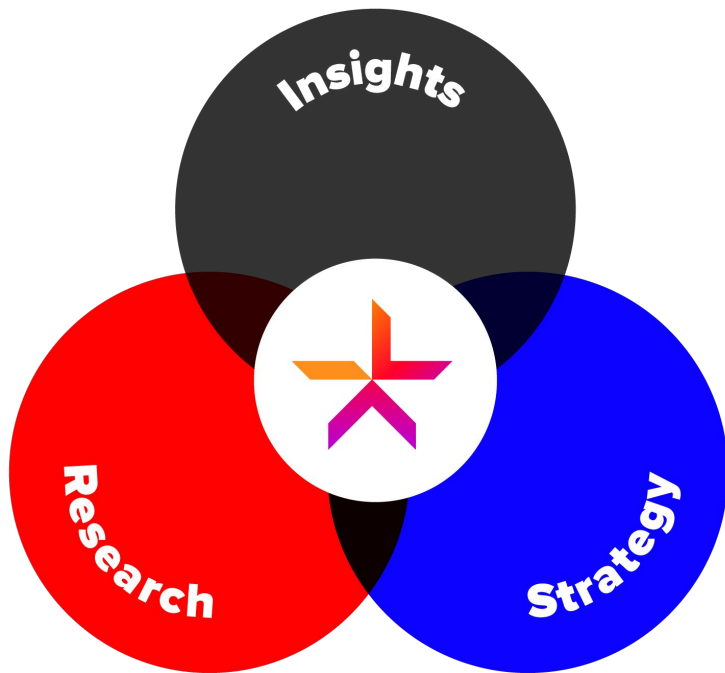


How are we going to get there?

Getting the basics right: a new Marketing organisation



Getting the basics right: a new Brand Strategy for Lykke



Getting the basics right : Brand Strategy Development Process





Field



Role of the Lykke Field Team



Keeping up to date with the latest regulatory development in different parts of the world.

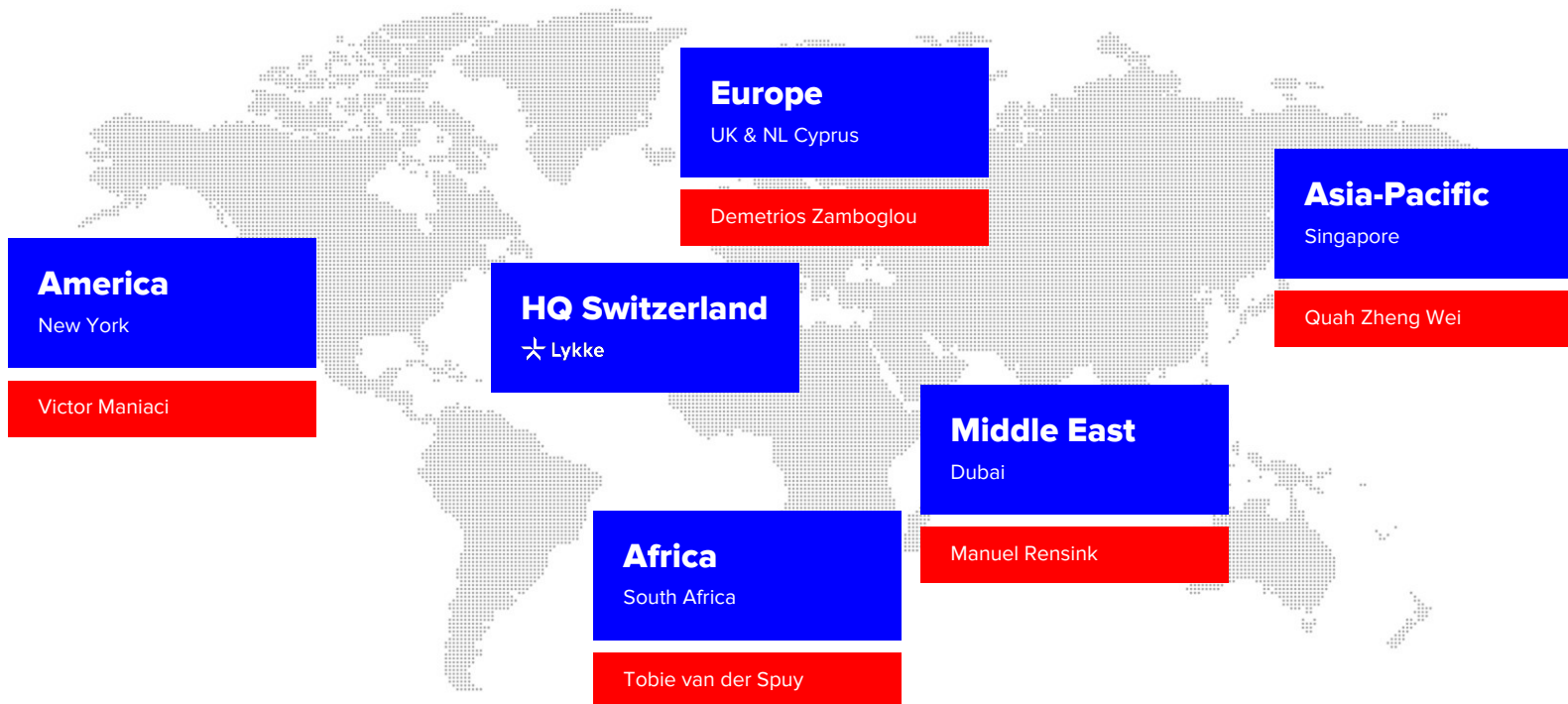


Provide localisation feedbacks on how best to enter different markets.



To be the anchoring point of contact for stakeholders in their respective region.

Where are we today?



Field Strategy



Core Characteristics

Possible use cases

Lykke Light

Fast | Scalable | Profitable

Singapore, Dubai, South Africa

Lykke Local

Regulated | Sustainable

Cyprus, Switzerland, Asian market



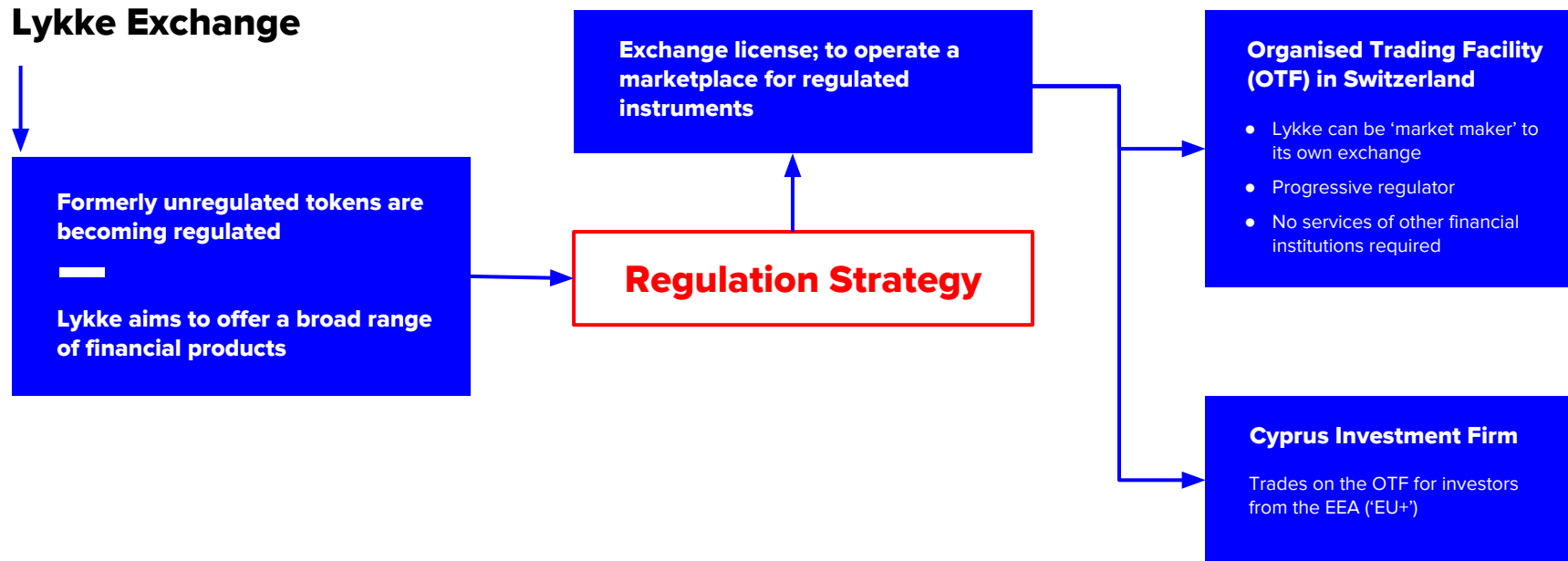
Regulation



Regulation Strategy for Lykke Exchange



Lykke Exchange



Recent Regulatory Achievements



- Cyprus — CySEC CIF License provisional approval
- Singapore — MAS registered as Stored Value Facility
- Australia — AUSTRAC registration as Digital Currency Exchange



Thank you!

Please go to coinholdermeeting2018.lykke.com

to share your questions and vote on the annual report.