

Management report

1. Fundamentals of Company

a. Business model of the Company

From 7 December 2016, the business model changed to become the monetization of media rights acquired from the Dutch Stichting (foundation), Stichting Mars One (“Stichting”) and relating to the Stichting’s project to establish a colony on the planet Mars. Accordingly, the name changed on 7 December 2016 to Mars One Ventures AG.

b. The Company’s Investments

A list of the Company’s investments at 30 June 2017 is set out in the table below. It is intended to dispose of or close Cashcloud Romania and Cashcloud Germany as these businesses are deemed to have no residual value. The media rights are held by Mars One Media BV a 100% owned subsidiary of Mars One Ventures plc. As at 30 June 2017, there were no permanent offices of the Company. The Company acquired the 97% of the share capital of Mars One Ventures plc it did not already own at the start of the period on 8 March 2017 through a merger.

| | % held at 30 June 2017 |
|--|---------------------------|
| Mars One Ventures AG, Basel, Switzerland | 100% |
| Cash Cloud Deutschland GmbH, Darmstadt, Germany | 100% |
| Cash Cloud Technology Services S.R.L, Sibiu, Romania | 100% |
| Mars One Ventures plc, England | 100% |
| Mars One Media B.V., Netherlands (held indirectly) | 100% |

2. Objectives and strategies

- a. The on-going strategy of the Company is to develop a variety of media related materials such as sponsorships, memorabilia and other similar media rights that can be sold through the web site of the Company (mars-one.com) as well as directly to interested commercial partners under the license held by its Dutch subsidiary, Mars One Media B.V.. The materials will be developed to monetize the interest generated by the progress of the Stichting’s Mars project. Over the next few years the key phases of this are expected to be:
 - i. Astronaut selection
 - ii. Completion of technical designs
 - iii. Launch of first unmanned mission.

The Company believes that the unique nature of the project will create significant value over an extended period for its media related rights as indicated by the fact that the Company’s web site has been visited by 20 million unique users as well as the significant amounts of private and public

investment in space and Mars related projects that are now being made. These include the launch of the SpaceX-Falcon heavy rocket in February 2018 which has been specifically designed to support missions to Mars.

The Company is currently seeking a general sponsor for the astronaut selection process.

The Company commissioned a third-party report to look at the potential value in 2016 which confirmed the significant value related to media that could be created as the Stichting's project develops

3. Management and Control

Reflecting the change in the business during 2017, there were a number of changes in the composition of the Board of Directors of Mars One Ventures AG.

The members of the Board of Directors during the first half of 2017 were

- Bas Lansdorp, Chairman, (appointed 10 March 2017)
- Moritz Hunzinger
- Suzanne Flinkenflogel (appointed 10 March 2017, resigned 27 June 2017)

Moritz Hunzinger also acted as the Chief Executive Officer of the Company. He resigned on 3 July 2017 and was replaced on interim base by Bas Lansdorp who is also the Chairman of Board of the Stichting Mars One.

It is intended to strengthen the Board and management teams of the Company by increasing the number of Board members to three and recruiting a CFO to manage the day to day affairs of the business. An interim CFO was appointed in January 2018.

4. Outlook for the business

The Company sees the Stichting's project as a series of increasingly high-profile media events providing commercial opportunities for sponsorships, memorabilia and other related ways of monetising the media rights the Company has acquired.

The potential value of the Company can be seen by the fact that the web site has now been visited by 20 million unique users, as well as the active development of the technology required to reach the planet Mars such as the SpaceX-Falcon heavy rocket associated with Elon Musk the entrepreneur behind Tesla.

The first half of 2017 was a transitional period for the Company. As such management does not believe that any financial indicators are at this stage of its development are relevant. The focus of the Company was ensuring the liquidity of both the Company and the Group and working with the Stichting to understand how the development of the Mars project is expected to evolve so that the Company can maximise the value of the media rights it has acquired.

As noted above the current focus of the Company is on selecting a general sponsor for the astronaut selection process.

5. Operating results.

The financial results for the business are summarised in the table below.

| Period ended 30 June | 2017 CHF 000 | 2016 CHF 000 |
|-------------------------|-----------------|-----------------|
| Revenues | 0.0 | 27.0 |
| Operating loss | -675.0 | -607.3 |
| Net loss for the period | <u>-706.1</u> | <u>-9,058.5</u> |

The results for the first half of 2017 reflect the preparatory nature of the Company's activities at this point. The 2016 results reflected the performance of the then Cashcloud business.

6. Net assets and financial position.

The net assets and financial position are summarised in the table below.

| CHF 000 | 30/6/17 | 31/12/16 |
|------------------------------|----------|----------|
| Assets | | |
| Non-current assets | 97,354.5 | 1,597.5 |
| Current assets | 39.2 | 65.8 |
| | ----- | ----- |
| Total assets | 97,393.7 | 1,663.3 |
| | ===== | ===== |
| Equity | 95,027.3 | -44.2 |
| Liabilities | | |
| Non-current liabilities | 1,318.8 | 1,318.8 |
| Current liabilities | 1,047.6 | 388.7 |
| | ----- | ----- |
| Total liabilities | 2,366.4 | 1,707.5 |
| | ===== | ===== |
| Total liabilities and equity | 95,027.3 | -44.2 |
| | ===== | ===== |

The increase in non-current assets reflects the impact of the merger with Mars One Ventures plc on 8 March 2017. Based on a third-party valuation report, the value of the media rights acquired was valued at CHF103.5 million and non-current assets therefore largely reflect the resultant goodwill arising.

At 30 June 2017, current assets primarily represent a loan (CHF 452k) payable by Cashcloud Luxembourg, a business the Company disposed of in 2016. Non-current

liabilities primarily represent a loan (CHF 1,318k) that was subordinated in 2016. The investment (CHF 96.9 million) represents the value of the investment in Mars One Media B.V., the owner of the media rights. Other current liabilities include a loan of Euro 150k that is due to be repaid by the end of March 2018. Subject to this loan being repaid, the Company has the right to settle the subordinated loan for a nominal sum and likewise Cashcloud Luxembourg has a similar right in respect of its loan from the Company.

7. Key Risk Factors

The key risk factor facing the Company is the raising of sufficient funds both by the Company and Group to develop the media rights and by the Stichting to develop its project of establishing a colony on Mars. Currently the plans of the Stichting are to raise up to Euro 30 million over the next three-five years, including funds received from the Company. While the level of interest in the project is substantial, there is no guarantee that these moneys will be raised. The Company will also require funds to both maintain its listing on the Frankfurt Stock Exchange and exploit its media rights. Again, there is no certainty that the moneys will be raised to the extent required, or that if the Company raises funds, the Stichting will raise sufficient funds to create the value the Company believes are inherent in the media rights.

8. Forecast for 2017

Given the transitional nature of the business, management does not believe a forecast for 2017 is appropriate.

9. Internal Control and Risk Management in Relation to the Consolidated Accounting Process

Legal background and definition of an internal accounting control and risk management system (ICS/RMS)

Stock corporations as defined by Section 264d of the German Commercial Code (HGB) are obliged pursuant to Section 289 No. 5 of that Code to present the salient features of the ICS/RMS in relation to the consolidated accounting process in the group management report. The ICS/RMS comprises all principles, procedures and measures to ensure effective, cost-efficient and proper consolidated accounting and compliance with the relevant financial reporting regulations.

Fundamental regulatory and control activities to ensure proper and reliable consolidated accounting

The measures in the ICS at Mars One Ventures AG and the Mars One Ventures Group are geared to proper and reliable consolidated accounting and ensure that business transactions are recorded fully, promptly and in compliance with statutory provisions. The regulatory activities also ensure that reliable and transparent

evidence relating to business transactions is available in the form of accounting documents.

In the first half of 2017, Group accounting was carried by the accounting department of Cashcloud Luxembourg. This was transitioned to a third party, suitably qualified accounting bureau in the second half of 2017 and an interim CFO was appointed in January 2018. As the media rights business develops, the Group will monitor the need to increase the level of accounting resources to ensure an appropriate control environment is maintained.

Other control bodies, such as the independent auditor, are integrated in the Group's control environment with their process-independent auditing and monitoring activities.

10. Corporate governance declaration in accordance with Section 289a HGB (German Commercial Code) for the year ended June 30, 2017

The next corporate governance declaration is due in respect of the consolidated audited financial statements for the year ended 31 December 2017 and therefore is not included in this report.

11. Compensation Report

Salient features of the compensation system for the Executive Board

The compensation system for the Board of Directors is under review. It is intended to establish a system that attracts suitably qualified board members while protecting the interests of the Company and shareholders.

Compensation of the Board of Directors

The Company does not currently maintain an insurance policy for board members of the Mars One Ventures Group, what is termed a directors' and officers' (D&O) policy.

For their work in the first half of 2017, the individual members of the Board of Directors received the following payments:

- Bas Lansdorp: CHF 24.5 thousand
- Prof. Moritz Hunzinger : CHF 183.7 thousand
- Suzanne Flinkenflogel CHF nil

The next remuneration report will be produced in respect of the results for the financial year ending 31 December 2017.

12. Disclosures in accordance with Section 289 (4) HGB (German Commercial Code) as at 30 June 2017

- a.) The subscribed capital of Mars One Ventures AG on the balance sheet date comprises 496,994,000 value registered shares of par value CHF 0.2.
- b.) The Company's Board of Directors is not aware of restrictions on voting rights or transfer of shares, even if they may be defined under agreements between shareholders.
- c.) There are no direct or indirect capital stakes exceeding 10.0% of the voting rights, where the disclosures do not have to be made in the notes on the consolidated financial statements.
- d.) There are no holders of shares with special rights that confer controlling powers.
- e.) The executives of the Company are appointed and removed by the Board of Directors in accordance Board in accordance with the Articles of Association in compliance with Swiss law. Amendments to the Articles of Association require the consent of the General Meeting.
- f.) The Board of Directors of the Company has no power to issue or buy back shares.
- g.) There are no significant agreements by the Company as defined by Section 289 (4) Nos. 8 and 9 of the German Commercial Code (HGB).

Basel, Switzerland 24 March 2018