



To create a suitable reflection of the past quarter, in this report we refer to the total market capitalization of the digital asset market, as well as the Bitcoin price performance as a proxy for the performance of the dollar values in the digital asset market.

Dear Teroxx Community,

The first quarter of 2023 is now over. The global financial markets were temporarily able to use the turn of the year to establish a new and more positive trend. Digital assets were also able to benefit from this sentiment, which recorded a positive quarter over two major periods of increases. Also in this quarter, the increases in key interest rates by the central banks (FED, ECB, SNB, etc.) continued, although the interest rate steps became smaller, so that a pricing in on the markets was the logical consequence. The "fear" of damage done by the central banks and a fear of recession gave way to optimism that the path taken was having an effect. As a result, inflation figures declined, the markets were able to start recovering and the deep support zones formed by the strong negativity in 2022 could be exited.

The onset of the banking crisis, which many people did not foresee, rapidly dampened sentiment in global financial markets. Most digital assets, on the other hand, were able to break free of the strong correlation and saw major upswings during this period, allowing Bitcoin to climb to a nine-month high. We will go into more detail about the impact of the banking crisis and why this could provide fundamental strength to digital assets later in our quarterly report.

We at Teroxx show once again that an appropriate view of the markets at all times is the key to long-term success! Thus, the strategies had to quickly trade a positive trend out of the negative trends, as overriding long positions were responsible for a large part of the profitable trades this quarter.

A serious approach means that in every market phase, whether positive or negative, optimized risk and decision management are cornerstones for successful asset management. This requires a certain amount of foresight and expertise. Without risk hedging, even a quarter that is turning positive cannot be traded!

Bitcoin was able to leave the formed support zones at the start of the year and recapture the psychologically important ~\$20,000 mark through a rapid rise. This was followed by a "bullish" consolidation phase with local highs at ~\$24,000 before slight profit-taking pushed the price back towards \$21,000. Throughout February, these price levels were held and thus the long-term upswing was confirmed. At the beginning of March, the "banking crises" in the USA and Europe began. First with the demise of Silvergate and Silicon Valley Bank and then this crisis spilled over into Europe and led to the collapse of Credit Suisse, one of the oldest and best known financial houses in Switzerland, and greater damage could only be prevented by a risky and state-backed takeover by UBS. In the wake of this, U.S. Treasury Secretary Yellen said that while no banks would be bailed out, the deposits of all customers would be protected, thus indirectly issuing a "free pass" for banks and their risky businesses. In the course of this, the quantitative tightening of the balance sheet was abandoned and new capital "flooded" the markets. This provided temporary calm and averted a large-scale banking crisis with worrisome domino effects. Digital assets, however, contrary to many expectations in the global financial market, experienced a renewed upswing. Bitcoin, brought to life around the 2008 / 2009 banking crisis was thus the logical response of many investors during this period, resulting in a rise to a nine-month high, with resistance building just below the \$29,000 mark.

Overall, this quarter must be presented as a positive and fundamentally important one for digital assets. Global financial markets, as well as digital assets, provided a promising start to the year, showing solidity and strength despite some challenges.

The uncertainties that put pressure on the markets in 2022 were gradually reduced, so that optimism prevailed in the markets.

Market review 1st quarter 2023

We at Teroxx also used this quarter to innovate and future-proof the company on a variety of levels and to position ourselves for the future at an early stage. Considering the price developments of most digital assets measured in U.S. dollars, we can look back on a quarter that saw two bullish phases separated by a prolonged consolidation, resulting in an increasing market capitalization.

At the start of the quarter, a trend reversal was established in line with global financial markets, led by US tech stocks. The local resistance zones were broken through playfully and local highs were the result.

Market participants, who now increasingly closed their short positions and established long positions, supported the upswing. This continued through February and a new resistance at ~\$24,000 was established. Subsequently, throughout February, digital assets saw consolidation. Slight profit taking and support settlements followed, but kept the markets at high price levels, establishing an underlying positive market outlook. The first major sell-offs in the market, with a retest of the \$20,000 level and thus a ~20% decline in the market followed in early March as the banking crisis in the U.S. brewed and Silicon Valley Bank, one of the top 15 banks by customer deposits and provider of capital to many tech startups, among others, filed for bankruptcy. Uncertainties emerged that shocked the global financial markets.

It became clear quite quickly, however, that while the government and the Treasury would not bail out the banks as they did in 2008 / 2009, they would safeguard any customer deposits. As a result, the FED's effort to tighten the money supply can now no longer be prioritized. In just one week, 50% of the tightening over the last few months was wiped out and monetary easing followed. This is known to be a bullish sign for investment markets and a rapid recovery set in which resulted in another rally. Bitcoin broke through previous resistance and formed new local highs until a new resistance was formed at ~\$29,000. This bounce was definitely a response by market participants to the banking crisis, as digital assets benefit from such issues on the one hand due to their transparency and on the other hand due to their genesis. The banking issue was resolved politically quite quickly, which caused the strong upswing to flatten out quite quickly and has kept the market at relatively high levels since then, at which a long-term support must now be found and established.

A look at the development of the total market capitalization of digital assets illustrates that positive movements dominated last quarter due to the given circumstances. Over the last quarter, market capitalization increased by ~42%. Appropriate asset selection was important across all market phases this quarter despite this overriding positivity, as this will determine the amount of profit or loss.

The SEC is rigorously cracking down on unlicensed companies and even "punishing" licensed companies that the SEC believes offered unapproved products. It becomes clear that the USA is desperately looking for a suitable digital asset regulation and the SEC is now trying to prescribe these regulations with its own guidelines. As a result, Kraken and Coinbase, among others, had to adjust their product range and partially realign themselves. These actions of the American authority must be analyzed and evaluated at any time. In the long term, these regulations make sense and promote the market - in the short term, however, such intervention can cause negative market phases. The SEC stepped up its efforts in the first quarter of the year and will continue to follow this course.

Bitcoin and a host of other digital assets highlight how dynamic the asset class can be when industry-related macro- and micro-economic conditions are met. Digital assets saw a positive quarter 1 2023 and now need to confirm this trend in the following quarter if a make-or-break situation (further upswings or major correction in prices) is not to occur.

Handling the trading strategies

In this quarter, long positions were the key to success. In the weeks of rising markets, early entries had to be chosen and careful management of these positions had to follow. Position increases, stop-loss trade-offs, profit taking and re-entries after consolidation phases were just some of the important factors in day-to-day management. During the slightly negative phases, when either profit-taking or general uncertainty prevailed, short-term short positions and capital protection were the most sensible means, but the focus this quarter was on long positions and thus on positions in rising market phases.

Teroux Quarterly Update Q1/2023

In summary, the following assessment and classification can be made:

Digital assets continue to conquer the global financial markets! This is not only evident from the steadily growing supply (Nasdaq with its own digital asset platform still in 2023), the regulations (G7 strives for uniform guidelines for digital assets) and adaptations, but also the independence of the market, which strengthens the market in the long term, ensure progressive fundamental recognition and growth of the industry.

Volatile market movements and long-lasting uptrends are often the result of various market influencing factors. Triggers that cause trend reversals in both directions (we also saw these this quarter) are plentiful, which is why an overview of the entire global financial market situation is always of elementary importance for us at Teroux - only those who can optimally assess all market phases and adapt their actions to these changing principles will be successful in the long term!

A classic "hype", when individual sub-categories rise above average (compared to the overall market), could not take place despite the positivity in the market. Web3 and, above all, the emerging interest in AI solutions are creating new economic sectors and opportunities in the area of blockchain technology and digital assets. Here, developments should be watched very closely.

Almost all market situations offer opportunities with investment and sensible risk management strategies. In each of these phases, active management is the key to success and ensures capital protection in negative phases, as well as maximum returns in positive phases while optimizing risk.

Despite all the challenges that arose this quarter, it was once again evident that our asset management is the right approach to these market movements.

In the other business units of Teroux, we were also able to achieve new milestones this quarter and implement our ambitious goals and upgrades. Not only were groundbreaking new features and services implemented in the

Teroux Wallet app, but there were also notable positive developments in the company's employee department and infrastructure.

In addition to now being able to buy Abloxx tokens directly through the app, via credit card and other digital currencies, the quarterly update of the app launched the announced "trade only" feature. With the help of this extension, various trading pairs can now be traded independently and thus an own purchase and sale can be planned and implemented. A chart function supports the visualization of individual assets, offers users an improved trading experience and ensures independent diversification of the digital asset portfolio directly in the app.

The in-house marketing team, led by our new CMO (Lars Truhn) has already been able to successfully complete the first important steps, expand the team and prepare Teroux's future public presence as far as possible. In the near future, Teroux will be increasingly present in the media and will expand its level of awareness through public campaigns.

Furthermore, a Head of Sales could be onboarded for the professional investor product, the Teroux digital Asset Fund, who will now represent the AIF in public and thus fundamentally strengthen Teroux.

In the coming quarter 2 2023, these areas of the company will also be further expanded and new features of the Teroux Wallet App will be developed.

The past quarter showed how quickly markets can reposition and recover. The serious issues from 2022 that kept the markets in suspense no longer spread terror. This makes for good market opportunities and upside after a nearly year-long market of gloom. Nevertheless, the fragile financial system, whose weaknesses were once again exposed this quarter and whose impact could only be contained by almost "unlimited" capital provision, should not be ignored. Possible long-term effects of the high key interest rates and the tightening of the money supply, which makes capital "more expensive," cannot be presented and mitigated in a blanket manner. A certain degree of caution should always be the top priority after such upswings, so that possible negative effects can always be traded in a risk- and strategy-optimized manner. We do not expect any fundamental change in the market situation in the new quarter. A consolidation that lasts for several months would be a good and meaningful sign and would provide further fundamental strengthening of the markets.

We wish you a good start into the new quarter - stay healthy!

The Teroxx team

