In this report, we refer to the total market capitalisation of the digital asset market, as well as to the Bitcoin price development as a proxy for the development of the dollar values in the digital asset market, in order to create a suitable picture of the past quarter.

Dear Teroxx Community,
The third quarter of 2022 and thus another challenging and, for most of the time, a very difficult quarter (in terms of the price development of the world markets) is now behind us. The market correction from the first half of the year continued into this quarter in almost all areas of the financial world. Inflation that still cannot be contained, war in Europe that is becoming more unpredictable due to missed targets on the Russian side, significant and existence-threatening energy price increases, key interest rate increases by the central banks that will only be smaller if the fight against inflation is successful and a fear of recession that has set in due to all these trouble spots not only affect our everyday life, but also the long-term planning and positioning of all market participants. The current ongoing situation we live in continues to be a market correction of almost all asset classes. As a result, trading had to be carried out with minimised risk this quarter as well. Capital preservation was the most sensible approach for most of the quarter and thus fits seamlessly into the previous quarter. This illustrates that rational and risk-optimised trading of opportunities and trends can lead to sustainable success compared to highly speculative entries, which often result in greater losses in negative market structures.

We at Teroxx show once again that trading works almost regardless of the prevailing market situation.
Minimising losses precisely in such negative market phases is a remarkable success!
On the basis of many investment companies and downward trends of most global index markets, it becomes clear how sustainable and serious the path taken by Teroxx is!

A serious approach means protecting a large part of the capital in very long-lasting negative or unpredictable market structures. This cannot be guaranteed without risk hedging or through direct investments - all the more important that the approach chosen by Teroxx has now been working for almost five years!

Bitcoin was unable to confirm the strong support levels of ~$20,000 at the start of the quarter and faced further sell-offs. As a result, a consolidation followed until mid-July. During this time, a support level was formed between $18,000 and $20,000, so that a short, highly volatile rise followed until mid-August with a local high at ~$25,000. Subsequently, global markets and also digital assets faced sell-offs that pushed Bitcoin back to the price levels of the beginning of the quarter. Thus, there is little or no positive price action in most digital assets this quarter. Volatility was also quite low after the large previous sell-offs - this can be explained by the general reluctance to invest, triggered by the central banks' tight monetary policy.
Overall, this quarter can be described as a balanced one in terms of prices and a very negative one in terms of market dynamics.
In addition to digital assets, which saw hardly any price movements in the quarter, the global financial markets also experienced renewed disillusionment. Driven by the "radical" change in monetary policy, liquidity is now being withdrawn from the markets due to higher key interest rates. As a result, investments were not made or were postponed, which led to a typical bear market situation - a lack of confidence in rising markets often leads to temporary strongly negative developments. Investments also faltered, at least in the European region, due to the widening of the energy crisis, which in some cases threatened the existence of companies and private individuals. Capital expenditures are of elementary importance for every market, they will again determine the markets in the near future, but in the past quarter they were often reduced to a minimum.

Market review 3rd quarter 2022

We at Teroxx also used this quarter to align the company innovatively and future-oriented on various levels and to position ourselves for the future at an early stage. Considering the price developments of most digital assets measured in US dollars, we can look back on a quarter that showed price movements with "low" volatility, which, however, hardly brought any price changes.

At the start of the quarter, the negative fundamental direction of the markets was temporarily halted and a consolidation followed. The global financial markets also experienced a slight recovery during this phase. Fundamentally, July was a strong month, as the European Union agreed on uniform regulations in the area of digital assets, which are already regarded as global pioneers. This ensures that although there are stricter rules for licensed companies, in the long term the market gains in respectability and more investments can be made. Investments and the demand for products are cyclical. Due to the ongoing and manifold crises that currently occupy the markets and everyone's lives, no long-term positive trend could be established and thus the markets fell sharply again from mid-August onwards.

Subsequently, we saw a digital asset market that experienced sell-offs in line with the correlated financial markets and now fell back to the levels of the beginning of the quarter by the end of September.

In this phase, the "Ethereum Merge" could not trigger any positive price developments and ended in a "non-event" for the market. The merge, which has been announced for seven years, is one of the greatest achievements of the IT industry. An entire blockchain, an entire ecosystem and thousands of applications were switched from "proof-of-work" (Pow), which is the consensus mechanism of mining, to "proof-of-stake" (Pos), which is the consensus mechanism of staking. Through this renewal in the Ethereum network, Ethereum will become deflationary in the near future, among other things, and save 99.99% of energy resources. This clearly shows how advanced the digital asset industry already is.

Chart-wise, the market was in a negative structure due to the general fast-building panic of the global financial markets and especially due to the monetary policy actions in the last months (rapid increase of the key interest rate, war-like expressions, persistent fears of recession). The US Federal Reserve is forced to use all available means to reduce inflation to a level of 2-3%. Fed Chairman Powell said that this process could be very painful for companies and private households, and that a recession could follow, but that this would be accepted as the lesser evil than inflation not levelling off. With these statements, he made it clear that a quick change in policy cannot be expected and that the financial markets, which also include digital assets, would not be spared. High key interest rates make loans more expensive and thus ensure less capital in the markets, which deprives them of liquidity. On the other hand, this reduces the "balance sheet" - the amount of money in circulation and inflation declines in the long run. However, investment markets, as almost all known ones are, "live" on fresh capital that is invested in the markets. If there is a lack of investment due to temporary uncertainty, political uncertainty or because the dollar is currently at an all-time high against the euro and the British pound, the markets show negative tendencies, which often lead to selling off and lower prices.

At the same time, the high key interest rates ensure that the dollar has risen strongly compared to other currencies. So at the present time it is very lucrative, even profitable, to hold a large amount of available capital in dollars. Thus, there is a capital backlog as investments are postponed until the dollar loses strength again. This fact also ensures that the markets are currently weakening and illustrates once again how emotionally market participants are currently reacting to the circumstances.

As a result, the American indices fell by 20.5% to 31.9% this year - a historically bad year for the financial markets. A look at the development of the total market capitalisation of digital assets makes it clear that there has been no renewed market correction - this shows the relative strength of digital assets compared to the financial markets. Over the last quarter, market capitalisation fell by only a few percent. On average, we saw smaller price movements over the quarter, but these were clearly negative last month. Appropriate asset selection was again of fundamental importance this quarter across all market phases, as it determines profit and loss.

Judging by the performance of the global financial markets, we are heading into a recession. This affects not only digital assets, but almost every market that benefits from and relies on investment and global sentiment. Rising production and energy costs are creating existential challenges, while at the same time consumption is falling as households have to use their capital differently. This potentially leads to a downward spiral that ends in job losses or the insolvency of some companies. It also illustrates the dynamics this brings to structurally growing markets and how, despite all odds, markets do not experience another "crash". Bitcoin and a multitude of other

digital assets show that the worldwide interest in this market is unbroken and that digital assets do not make big price jumps temporarily due to the correlation to the world markets, but the market is fundamentally strengthened, which is important so that the market can grow for decades and continue to establish itself in the middle of the financial world.
A new all-time high in the Bitcoin hash rate (computing power of the network) shows that the market has more active market participants than ever before!

Handling of the trading strategies

Due to the period characterised by crises and monetary policy, no long-term trends could be established in this quarter.
Long positions were only sensible and successful in the first half of the quarter. In the quite negative market situation from mid-August onwards, capital protection and short-term short positions were the most sensible trading strategies. Thus, smaller positive movements had to be traded, and daily news had to be evaluated and analysed more intensively.
Due to these again not positive market circumstances, the worldwide uncertainties and faltering investments in almost all markets, triggered by the mentioned reasons, capital protection, "buy-back-the-dip" and trading smaller upswings with narrowly defined exit points were the most sensible and only handling of the trading strategies also in this quarter.

Teroxx Quarterly Update Q3/2022

Finally, the following assessment and classification can be made:
Digital assets are an instrument of the classical financial world, as shown by the strong correlation to the American markets (SP500, Nasdaq and other tech stocks). Not only adaptations triggered by regulatory

innovations and investments in the market of digital assets by large investment companies (including Alphabet, Microsoft, Mastercard), which strengthen the market in the long term, ensure progressive stabilisation, recognition and growth.

Major price corrections do not spell the end of this asset class, but are part of healthy market growth, are fundamentally important and currently even show a relative strength of digital assets. The major corrections in the financial markets are a product of the "overheated" markets triggered by the loose monetary policy of the central banks in the "Covid years". Markets cannot stringently trend upwards and market participants must have an awareness that positive and negative market phases alternate - only those who can handle and appreciate both phases will be successful in the long term.

Trends, situations and cycles in the market are always temporary. Every bear market is sooner or later followed by a bull market. Thus, in negative market phases, it is a matter of positioning oneself early, planning future investments and making appropriate adjustments to trading strategies.

A classic "hype", when individual sub-categories rise above average (compared to the overall market), did not take place this quarter either. However, many market participants interpret the emerging Web 3.0 theme as a possible catalyst for the future.

Every market situation offers opportunities with investment and sensible risk management strategies. Risk-optimised management is the key to success in every phase and more important than ever in "unclear" times.

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. Further progress was also made in many other departments of the company this quarter.

In addition, we were able to successfully implement our ambitious goals in the IT development of the Teroxx Wallet App in the third quarter. Our planned further developments, such as Crypto Grow (yield option on deposited assets with different maturities), a referral system (rewards for recommending the Teroxx Wallet App to others), as well as the Coinify implementation (deposit and withdrawal via bank, asset purchases via credit card) have now been successfully developed in the past quarter 3 2022. All new enhancements will be implemented spread over two Teroxx Wallet App updates. These updates are scheduled for 8.10.2022 and 12.11.2022. If there are no further unexpected changes at short notice, we are optimistic to implement our updates on these planned dates. We are also planning to implement new developments in the Teroxx Wallet App in the fourth quarter of 2022, which has just begun.

In addition, we are pleased to announce that we will be adding a CMO (Chief Marketing Officer) to our Teroxx leadership team this quarter. Together we will build a competent marketing team to implement a pan-European marketing strategy for all Teroxx products and services in 2023.

This quarter was essentially one of consolidation at best in view of the events. The fear of recession, high key interest rates, increased inflation and rising prices will also accompany us in the coming quarter and, in all likelihood, in the first quarter of 2023. This shows all the more clearly that the path of Teroxx - active portfolio management is the long-term success factor!

The markets will also face challenges in the next quarter. The forecasts show that the interest rate steps in October and November will again be large (50-75 basis points). Only a significant fall in inflation would ease central bank policy, allowing financial markets to breathe again and a new bullish cycle to emerge.

For the start of the new quarter, we do not expect any drastic market changes for the time being.

However, the trend can change at any time if individual aspects (war, inflation, price increases, etc.) are finally shelved. Thus, increased volatility (percentage fluctuation of the market) must still be expected.

We hope that quarter four of the year will be a positive one from a business and private point of view and that some of the crises that are currently accompanying us will slowly subside.

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

The Teroxx Team