

Teroxx digital Asset Boutique: Quarterly Report Q3 2023

Cyprus, 29.09.2023: In order to provide an appropriate 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 representative of the performance of the dollar values in the digital asset market.

Dear Teroxx Community,

The third quarter of 2023, and thus much of the year, is now over. The global financial markets were unable to make any significant moves this quarter and experienced "stagnation". Digital assets were also unable to show any positivity in terms of price development. In this quarter, the central banks (FED, ECB, SNB, etc.) continued to increase their key interest rates, but the difficult fight against inflation seems to remain a driving topic. The general optimism, which was present in almost all markets in the first half of the year, could not be sustained in the "summer quarter" and ended in a tense and mostly slightly negative market situation.

Fundamentally, there were a number of encouraging developments in the digital asset market this quarter. We at Teroxx had to adapt this market situation of "stagnation", as there was a rapid decline in volatility and thus smaller market movements were often the order of the day. The incipient "neutrality" of the market, with occasional negative tendency on some trading days, ensured that suitable entries became rarer and the analysis of daily events was of the highest priority for trading in a narrow price range of the assets. 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 implies that a certain vision and expertise must be available. Without risk hedging, no trading takes place!

Bitcoin was unable to defend the zones at ~\$30,000 at the start of the quarter and experienced a small downturn to ~\$29,000, followed by a month and a half of no significant price movement and low volatility uncharacteristic of the market. In the second half of the quarter, selling set in, bringing Bitcoin down to ~\$25,000. At these levels, strong support zones were subsequently established, from which smaller upswings followed. The reason for the neutrality of the digital asset market, which was characterized by relatively low trading volumes over long periods, is multi-factorial. On the one hand, the third quarter of the year is often characterized by negativity in the digital asset market, and on the other hand, the SEC continued its policy of restrictions, causing a temporary investment backlog to build up in the US. This was supported by the filing of spot Bitcoin ETF applications, as institutional investors are now waiting for confirmation to invest in the market with the targeted positivity. In addition, investment firms, institutional investors and other market participants are calling for swift and meaningful regulation, and the U.S. Congress has also turned to the SEC for quick relief. Digital assets were not able to confirm the levels on a price level and experienced minor setbacks. The fundamental data provided a general strengthening of the market and illustrate that this asset class is not only for short-term, but tends to be for long-term investments.

Overall, this quarter must be portrayed as one of stagnation and "preparation" for the near future with temporary sell-offs.

The prevailing market situation allows for a realistic representation of the market, through which new cycles may emerge with increased volatility and building buying pressure.

Market review 3rd quarter 2023

We at Teroxx also used this quarter to align the company innovatively and future-oriented on the most diverse 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 was characterized by a long-lasting consolidation with slight negativity and low volatility and only caused slight changes in market capitalization.

At the start of the quarter, the resistance zones of ~\$30,000 per bitcoin could be confirmed. Market participants, due to the restrictive action of the U.S. Securities

and Exchange Commission (SEC) and the quite high price levels seen over the year, subsequently caused minor profit-taking and, above all, passivity through a wait-and-see attitude and thus temporary refraining from new investments. Subsequently, until mid-August, digital assets saw a consolidation with steadily decreasing volatility. Further profit-taking, various support formations and establishments followed. These continued to hold the markets at high price levels for the year, which however weakened due to the lack of buying pressure in the second half of the quarter, forming strong support zones at ~\$25,000 - ~\$27,000. Bitcoin has now been holding around these levels since mid-August, thus fundamentally strengthening this price zone, although larger upswings have failed to materialize.

This quarter was characterized by conflicting news and actions by market participants. The global financial markets were unable to radiate any positivity despite an overriding decline in inflation figures and interest rate hikes by the U.S. Federal Reserve. Over the past three months, share price performance has been correspondingly "neutral", as fears of recession, gloomy prospects for the future and the risk of overvalued share prices have led to a cautious stance on the markets. Finally, burgeoning negative news from China with regard to economic development ensured that the markets were unable to break out of the consolidation. The digital assets sector was characterized by opposites in the past quarter. Measured by the price development of most digital assets, a slight negativity is visible, whereas measured by the fundamental development, a strong positivity became visible. After the SEC sought a large number of court cases against major companies in the digital assets sector in the past quarters, the first rulings followed in this quarter. For example, the U.S. agency lost the court cases against Ripple (sale of XRP to private customers is not trading in securities) and Grayscale (ban on Bitcoin Spot ETF application), while the lawsuits against Coinbase and Kraken ended in settlements that were positive for the SEC. The reopening of the case against Ripple, by granting the appeal, provided another chapter in this years-long dispute and will continue to occupy market participants in the future. Institutional investors see themselves disadvantaged by the restrictive policy of the SEC in the USA. As a result, in the midst of this "wave of litigation", Black-Rock, Fidelity, Ark Invest and other asset managers, among others, filed coordinated and near-simultaneous applications with the SEC for listings of Bitcoin Spot ETFs (funds where Bitcoins must be physically deposited). This illustrates that the U.S. Securities and Exchange Commission's go-it-alone approach is being viewed critically by many key institutional investors and is putting the agency under intense pressure, as a consistent rejection of these applications would represent a first.

This advance paired with a renewed reaching of an all-time high of the Bitcoin hash rate (computing power of the Bitcoin network) and the rapidly progressing conversion to renewable energies (already almost 60%) illustrate the fundamental growth as well as the penetration of digital assets into the center of the financial world! The market often reacted to this contrary news only slightly and tended to be slightly negative, as no clear trend was discernible. This made for a quarter that provides good fundamentals for the coming one, but could not make a big appearance itself.

A look at the development of the total market capitalization of digital assets illustrates exactly the market movements presented. In the last quarter, market capitalization fell ~-9.2%.

Appropriate asset selection, with a focus on high-caps, was again the most important factor to ensure capital preservation. The aforementioned developments effectively mean that the regulatory issue in the US will be settled in the near future. Either the SEC yields to the great political and economic pressure, moves away from the restrictive handling and approves the Bitcoin Spot ETFs, which is classified as one of the most important events for a large part of the market participants, or the largest asset managers in the world experience a setback, which would make the U.S. as a location significantly less attractive for digital asset companies. The upcoming quarter offers great excitement in this matter, as a permanent rejection of bitcoin spot ETFs seems almost impossible. This also explains the low volume in the market, as many investments are being held back until a final decision is brought about, as a positive outcome of these applications would be very lucrative for entries. In the long run, adaptations by institutional investors provide clear guidelines and requirements. The efforts of those very investors make clear that digital assets belong to the future of the global financial markets! Bitcoin and a multitude of other digital assets show how diverse the asset class is and how fundamental developments can also take place without correlation to price developments!

Handling of the trading strategies

In this quarter, appropriate capital hedging and temporary long, as well as short positions, depending on the market situation, were the key to success. In the rare days of rising markets, quick entries into the assets had to be chosen and careful risk management of these positions with tight stop-losses had to follow. Building position increases, stop-loss trade-offs, quick profit-taking and new entries (long and short) after sell-offs were the most important factors in day-to-day management. During the negative phases, in combination with low buying volume, where either profit-taking or general uncertainty prevailed, short-term smaller short positions and in the overall sense capital hedging were the most sensible means.

Teroxx Quarterly Update Q3/2023

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

Digital assets showed fundamental growth again and continue to push into the center of the financial world day by day! This is not only evident by the entry of institutional investors, sensible global regulations and adaptations, but also the resilience of the market in turbulent times. This ensures progressive fundamental recognition and long-term growth of the industry. Market movements are often the result of various factors influencing the market. Triggers that cause movements in both directions (we also saw them this quarter) are more or less frequent depending on the prevailing market situation, which is why a quick adaptation of market conditions is of utmost importance - only those who can implement suitable strategic actions for all market phases and analyze them meaningfully as well as make adjustments in order to be able to react to these prevailing 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 in the market, as especially altcoins with lower market capitalization experienced a difficult quarter. The development around the regulatory topic in the USA should be closely observed in order to take appropriate measures in these assets in the coming quarter. Almost all market situations offer opportunities for success with an investment and optimized risk management strategy. In every market phase,

active management is the long-term catalyst for sustainable success, ensuring capital protection in negative phases and maximum returns with simultaneous risk optimization in positive phases.

Due to the constant challenges in the past quarter, it became evident that our asset management represents the optimized approach to almost every market movement.

In the other divisions of Teroxx, too, we were able to achieve the goals we had set ourselves this quarter, thus achieving further ambitious milestones and advancements. With a steadily growing infrastructure and number of employees, the development of the company is also accelerating. In addition to the opening and establishment of the new office locations in Germany and Austria, new positions and departments had to be created at the management level of the company. As a result, these positions were installed faster than planned, from which a clearly positive development of the company can be derived. We are very pleased about this, as it shows that the company is not only growing organically, but is also being actively sought out as an employer. We are pleased to welcome Maximilian Göth as our COO and Jakob Just Lundqvist as our CTO to the Teroxx management team. As announced, the further development of the company was accompanied by the media in the third quarter and the presence was steadily expanded. In addition to further coverage in various media, Jannick Bröring, our Head of Trading, also made physical appearances at the EuroMinds Business Summit in Hamburg, as well as the BTC-Echo Experts Podcast, which was very successful in German-speaking countries. In addition, one of our CEOs, Christoph Pliessnig, was a guest on one of the largest German radio stations to present the unique advantages of the Teroxx digital Asset Boutique. With these actions we were able to present our new Teroxx digital Asset Boutique concept to the public. In the coming quarter, we will expand this presence. In addition to these new basics, we worked actively and with great effort on an expansion of the Teroxx Wallet App services in order to always be able to guarantee the highest possible user-friendliness.

These innovations, updates and services will be completed in the coming months and then communicated to you via our established communication channels, as well as in the app.

In the coming quarter, we will once again ensure the expansion and further development of the company at the media, infrastructure, and service levels.

The past quarter showed that the global markets continue to be characterized by unrest and uncertainty, although the future prospects, especially for digital assets, appear positive. The markets are robust, but not every quarter can hold

encouraging price developments. Rather, it is important that the fundamental basis is strengthened - this has happened in the past quarter and makes us optimistic about the coming quarter.

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

For more information: <https://teroxx.com>