In order to create an appropriate reflection of the past quarter, we refer in this report to the total market capitalization 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.

Dear Teroxx Community,

The second quarter of 2023, and thus half of the year, is now over. The global financial markets were able to make slight gains this quarter and strengthen the markets once again. The tech sector in particular experienced a considerable upswing due to AI (artificial intelligence) hype triggered by the media. Digital assets can fundamentally benefit from this positive sentiment in the long term, as the basis for AI is digitalization. In this quarter, the increases in key interest rates by the central banks (FED, ECB, SNB, etc.) continued, although the interest rate steps were smaller and even suspended in the USA, so that the global financial markets were able to move away from this topic as a driving factor. The general optimism of 2023 continued into this quarter, but the upswings and the accompanying positivity weakened noticeably compared to the first quarter of the year.

The radical policy (securing all customer deposits) to quickly resolve the burgeoning banking crisis eased the markets, although reality set in and it was not a catalyst for long-lasting upswings.

We at Teroxx had to adapt quickly to this new market situation, as there was a rapid transition between consolidation and euphoria. The neutrality of the market, with a slight negative bias on most trading days, ensured that appropriate entry and analysis of the day's action was of the highest priority for trading in the past 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, no trading takes place!

Bitcoin was able to defend the resistance zones formed at ~$28,000 at the start of the quarter and force an upswing to ~$30,000. This was followed by almost two and a half months in which no new highs could be targeted and the markets retreated slightly, but without having to accept major price losses, before the only bullish upswing occurred at the end of the quarter, driven by fundamental news.

The reason for the neutrality of the digital asset market, which was characterized by relatively low trading volume for long stretches and the dwindling correlation to the tech stocks from the USA, is due to the fact that the US Securities and Exchange Commission has been pursuing a very restrictive, perhaps too restrictive policy with regard to digital assets since the "FTX drama" last year. This ultimately leads to investment firms, institutional investors and other market participants being reluctant to invest until there is reasonable regulation or an easing of tensions at the political level.

Digital assets were not able to carry the momentum from the very positive first quarter of the year, but the consolidation provided strong support, which generally strengthens the market and makes it clear that this asset class is not only for short-term investments, but tends to be for long-term investments.

Overall, this quarter must be presented as one of consolidation with temporary stress tests.

This consolidation allows for a realistic representation of the market through which new cycles can emerge without the risk of quick emotionality or overly volatile volatility.

Market review 2nd quarter 2023

We at Teroxx also used this quarter to align the company in an innovative and forward-looking manner on a wide variety of 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 prolonged consolidation with slight negativity and a bullish upswing, which only caused slight changes in market capitalization.

At the start of the quarter, a new high for the year of ~$30,500 per bitcoin was reached in line with the global financial markets and above all the strongly rising US tech stocks.

Market participants, due to the restrictive statements of the American SEC, subsequently caused profit-taking and the first openings of larger short positions, with a simultaneous temporary refraining from new investments. Subsequently, throughout the quarter until mid-June, digital assets saw consolidation. Further profit-taking, various support formations and establishments followed. These kept markets at high price levels for the year, fundamentally strengthening digital assets and building buying pressure in the market, which was unleashed by appropriate catalysts (which we will discuss in this report) and provided a bounce to the previously established highs for the year.

After the banking crisis in the US and Europe disappeared from the media and investors' minds within a month, this triggered stronger upswings in the global financial markets, while digital assets lost the temporary upswing and failed to establish long-term trends due to recurring negative news, actions and proceedings by the SEC. The US Securities and Exchange Commission believes that almost all digital assets fall under its regulatory and supervisory purview, so the steps needed to bring about meaningful regulation in the US are thwarted by the "whimsical" opinions of senior SEC members. During the quarter, a number of US-based digital asset firms were reported and sued by the SEC, even though some of the products criticized have been freely available and usable in the market for years. In addition, the Securities and Exchange Commission published a list of digital assets that are classified as "security tokens / coins" in the eyes of the authority and thus fall under its supervision. These would thus fall under the Securities Act in the future. This would practically and factually mean that most digital assets would have to withdraw from the US and that a lively, growing and regulatory coherent as well as sensible development in the US does not seem possible in the medium term.

As a result, criticism of the SEC grew steadily louder, as the approach is not transparent, is seen as restrictive and, above all, legally questionable. BlackRock, the world's largest asset manager by volume, caused a surprise in the midst of the negativity and filed an application with the SEC for a "Bitcoin ETF". To date, the SEC has not approved a single ETF of this kind in the United States. Now, however, with BlackRock, the most important and powerful market participant is siding with digital assets and fundamentally strengthening them, as it makes clear that this market is future-oriented and represents one of the most important asset classes for a modern and successful long-term portfolio.

The market reacted noticeably positive to this news and climbed again towards the formed resistance zones in most digital assets. This made for a conciliatory end to the quarter and feeds the positive underlying sentiment, comparable to the first quarter of the year.

A look at the development of the total market capitalization of digital assets illustrates exactly the market movements described, which almost balance each other out on a quarterly basis. In the last quarter, market capitalization increased by ~0.85%. Appropriate asset selection was again the most important factor in ensuring capital preservation. While assets classified as "securities" by the SEC suffered painful price losses and were taken off the trading platforms of American providers, high-cap coins (BTC, ETH, etc.) in particular experienced a fundamental strengthening.

The SEC continues to take almost rigorous action against companies in the digital asset sector that, in the agency's view, violate securities law. In most cases, there has not yet been a guilty verdict, it has thus not been legally clarified, but the companies concerned are bowing to the power of the SEC in order not to suffer even greater damage and possible penalties. This strongly contrarian path compared to the regulators in Europe and Asia makes it clear that the American supervisory authority is trying with all its might to conceal its own weaknesses and the vulnerability of its own banking system.

In the long run, this strengthens the market, provides clear guidelines and requirements and, last but not least, BlackRock's efforts illustrate that digital assets are part of the global financial market future! Bitcoin and a multitude of other digital assets show how dynamically the asset class can operate if the industry-related macro- and microeconomic conditions are met.

Handling the trading strategies

In this quarter, appropriate capital hedging and temporary long positions were the key to success. In the days of rising markets, quick entries into the assets 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 and sell offs were just some of the important factors in day-to-day management. During the negative phases, in combination with a lack of buying or selling volume, where either profit-taking or general uncertainty prevailed, short-term smaller short positions and, in an overarching sense, capital protection were the most sensible means.

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In summary, the following assessment and classification can be made:
Digital assets showed relative strength and continue to push into the middle of the financial world day by day! This is not only evident in the steadily growing supply (BlackRock Bitcoin ETF), the regulations (MiCA, China opens up and promotes digital assets) and adaptations, but also the independence of the market, which could easily reduce the strong correlation to the global financial markets. Thus ensure the progressive fundamental recognition and growth of the industry.
Volatile market movements are often the result of a wide variety of market-influencing factors. Triggers that ensure high trading volumes in both directions (we also saw these this quarter) occur more frequently or less frequently depending on the market situation, which is why an overview of the entire global financial market

situation is always of elementary importance for us at Teroxx - only those who can sensibly analyse all market phases and adapt their actions 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, although the AI hype from the classic stock market was also noticeable in the digital assets. The development around the "securites" issue in the US should be closely watched 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 optimised risk management strategy.

In any market phase, active management is the long-term catalyst for success and ensures capital preservation in negative phases and maximum return with simultaneous risk optimisation in positive phases.

The elementary challenges of the past quarter once again demonstrated that our asset management is the right approach to every market movement.

We were also able to achieve new milestones in the other business areas of Teroxx this quarter and implement our ambitious goals and further developments. With an ever-growing infrastructure, we also had to increase our physical presence this quarter, despite many remotely organised and optimised work processes. As a result, we opened two additional office locations in Germany and Austria in addition to our new headquarters in Cyprus.

We were also able to fill a new position at the management level of the company. We are pleased to welcome Martin Riess to the Teroxx team as our CFO. As intended, the company's further developments were accompanied by media coverage in the past second quarter. In addition to reports in media such as the Handelsblatt and the Börsenzeitung, the new internet presence was published on our social media channels as well as our new Abloxx & Teroxx homepages. With these actions we were able to lay the first fudamentally important foundations for our new Teroxx digital Asset Boutique concept. In addition to these new foundations, we were also able to expand our Teroxx Wallet App service offering. Starting with the optimisation of our tax report function, it is now possible to create "zero euro tax reports".

New services such as the Teroxx in-house buy and sell function of digital assets and the buy function of Abloxx tokens via bank transfer, as well as an expansion of the trade-only service with a stop-loss function, also ensure a

meaningful expansion of our service offerings. Along with the continuously expanded services, we were also able to optimise our user interface with so-called "homescreen widgets" and the Teroxx service area.
In the coming quarter, we will again ensure the expansion and further development of the company on a media, infrastructural and service-oriented level.
The past quarter showed that some critical factors of the past years are fading into the background (Covid-19, inflation, interest rate hikes, etc.), but new factors are filling this gap (banking crisis, recession, SEC, etc.) and it seems that this multitude of global problems will continue to be part of our life and thus trading at Teroxx in the coming quarter. However, the markets are robust, have adapted and priced in these situations and show that the fundamental strength of the markets will be maintained! This makes us optimistic about the coming quarter.

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

The Teroxx team