

Teroxx digital Asset Boutique: Quarterly Report Q4 2023

Cyprus, 29.12.2023: In order to create a suitable picture of the past quarter, we refer in this report to the total market capitalisation of the digital asset market, as well as to the Bitcoin price development as a representative of the development of the dollar values in the digital asset market.

Dear Teroxx Community,

The fourth quarter of 2023 and thus an eventful year is now behind us. The global financial markets recorded gains this quarter, as did digital assets. From a price perspective, the past quarter was therefore a positive one.

The central banks (FED, ECB) did not raise key interest rates this quarter and the first interest rate cuts were announced for the second half of 2024 as inflation fell to reasonably satisfactory levels. This led to general optimism, which fuelled the markets. At the same time, the outlook for 2024 is slightly gloomy. As a result, market participants are positioning themselves early in order to take advantage of short-term volatility, resulting in high investment volumes. The markets were thus able to break out of the consolidation of the third quarter and reach new highs for the year.

Fundamentally, there were once again a number of noteworthy and pleasing developments in the digital assets market this quarter. Above all, the "bitcoin spot ETFs" in the US remained the driving topic in the media. The SEC showed itself willing to talk and negotiate, the applicants (including BlackRock and Fidelity) accepted some demands and ultimately it appears that authorisations will be granted as early as the beginning of 2024. This would mean that the entire digital asset industry would complete a huge adaptation step and usher in a new era!

At Teroxx, we were able to profitably exploit this market situation with our highly professional trading strategies and use suitable analyses to identify trends and develop possible future scenarios in detail.

A serious approach means that in every market phase, whether positive or negative, optimised risk and decision management are the cornerstones of successful asset management. This requires a certain degree of foresight and expertise. There is no trading without risk hedging!

Bitcoin reached new annual highs for the quarter (~\$44,500) and a number of other digital assets also followed this trend.

The reason for the positivity of the digital asset market, which was characterised by relatively high trading volumes for long periods, is, as always in emerging industries / market segments, multi-factorial. On the one hand, the fourth quarter of the year is often a "bullish" quarter. Colloquially, this is also referred to as a "year-end rally". In the market for digital assets, on the other hand, the aforementioned topic of ETFs was a driving theme, as this led to new highs in investments by institutional investors. This fundamental adaptation of digital assets by large investment firms, increased demand coupled with falling supply and the resulting final push into the centre of the global financial world were the main reasons for the positive price trend in recent months.

The prevailing market situation makes it impressively clear that appropriate anticipation is necessary in order to take early positions. We have already reported on this topic in previous quarterly reports, but now this "catalyst" is no longer of great interest, as the ETFs are (very probably) about to be authorised.

Market review 4th quarter 2023

At Teroxx, we also used this quarter to align the company in an innovative and forward-looking manner at various levels and to position ourselves for the future at an early stage. In view of the price developments of most digital assets measured in US dollars, we can look back on a quarter that was characterised by a positive basic direction of the markets and caused changes in the market capitalisation of most digital assets, although there were also longer phases of "bullish consolidation".

At the start of the quarter, the support zones of ~\$26,000 per Bitcoin were confirmed. This consolidation and support stabilisation lasted until mid-October. This was followed by two major upswings, enabling new annual highs to be reached. Bitcoin's current resistance zone formed in the past quarter is ~\$44,500.

Market participants, driven by the SEC's open stance and price levels that declined slightly in the third quarter of the year, invested capital into the digital asset markets week after week as the Bitcoin spot ETF theme became more concrete. While the SEC did not fundamentally change its stance (there is still some litigation against digital asset related companies), it was recognised that regulated products would be the logical next step for institutional investors due to the building pressure.

As a result, digital assets repeatedly saw small consolidations with constantly high trading volumes, which led to increased volatility when positive news was released. We only saw limited classic profit-taking, various support formations and stabilisations in the past quarter. When these did occur, the markets continued to be held at high price levels over the year, which were always bought quickly and purposefully.

Bitcoin has been hovering around the trend channel between ~\$40,000 and ~\$44,000 for over a month now. This results in a fundamental strengthening of the market, emphasises the long-term nature of the invested funds and serves as a "springboard" for altcoins as capital shifts take place.

This quarter was one that was not characterised by conflicting news and actions by market participants. The global financial markets were finally able to radiate positivity thanks to falling inflation figures and foreseeable interest rate cuts by the US Federal Reserve. The price trend over the past three months has been correspondingly bullish. As fears of recession, gloomy future prospects and the possibility of overvalued share prices for 2024 are seen and communicated as a "threat" to the market, these did not yet play a role in 2023. Upcoming negative news of all kinds relating to economic development in the near future was always played down, so that a "soft landing" is expected. In the end, this ensured that the markets were able to break out of the consolidation and once again perform strongly ahead of a potentially difficult year ahead.

The digital assets sector was also characterised by effectiveness in the past quarter. Measured by the price development of most digital assets, positivity is visible, whereas measured by the fundamental development, there was an unprecedented level of positivity. After the SEC had repeatedly pursued a large number of legal proceedings against major companies in the digital assets sector in previous quarters, this quarter saw a sensible rapprochement between all parties. As a result of the entry of some of the world's largest asset managers (BlackRock, Fidelity, ARK Invest, etc.), there were purposeful discussions with the SEC, which will apparently end in realisable solutions. As a result, the "terror" that the SEC

spread in the market environment last year gave way to a spirit of optimism and the balance of power increasingly shifted in favour of the innovators.

This shows once again that the US Securities and Exchange Commission's unilateral approach has been stopped. After all, a consistent rejection of regulated digital asset products is not tenable, as there would be no legal basis and the push by investment firms is in line with high customer demand. This anticipated the fundamental growth and penetration of digital assets into the centre of the financial world!

The market often reacted to this ever-present news with a certain positivity, although the catalyst has slowly "worn off" and for almost all market participants this chapter seems to be closed. This made for a quarter that illustrates that digital assets are the future, but these "advance praise" must first be confirmed in the coming quarter, otherwise there could be disappointment.

A look at the development of the total market capitalisation of digital assets illustrates exactly the market movements described above. In the last quarter, market capitalisation rose by over 50%.

The appropriate asset selection, with a focus on high caps and a temporary switch to altcoins, was the most important factor in enabling profitability.

These developments mean that the regulatory problems in the USA will be solved in the near future through guidelines and authorised products. The ETF issue, which has been ongoing for years now, is thus reaching its climax, setting the course for the future, ensuring the necessary adaptation so that this asset class can establish itself for decades to come and completing a long "battle" against the restrictive policies of the traditional financial world.

The coming quarter therefore offers a great deal of excitement in this matter, as an authorisation on the one hand holds out the possibility of large investments and bullish markets, while on the other hand a "sell-the-news" event could also arise if the capital that flows into the markets as a result is lower than many market participants assume.

In the long term, this adaptation by institutional investors and the resulting clear regulatory framework in the US would lead to major potential investments and innovations. The efforts of asset managers to realise Bitcoin Spot ETFs, despite all the resistance from the SEC, make it clear that digital assets are a significant part of the future of modern global financial markets!

Bitcoin and a variety of other digital assets have shown that suitable catalysts can unleash the full potential of the markets. Nevertheless, caution must always be exercised. Markets that are driven by individual indicators/catalysts, which focus entirely on individual "events", harbour the risk that an easing and thus sell-

offs/profit-taking will follow after successful implementation. A so-called "make-or-break" event harbours many risks of capital loss if no suitable capital protection measures and strategies adapted to this new situation are applied. Anti-cyclical behaviour is often the key to success. This behaviour can no longer be applied in the middle of the current situation, creating a new market situation that requires an adjustment of strategies and actions.

Handling of the trading strategies

In this quarter, the most suitable strategies were those that either provided for long-term investments (long holding periods for positions) or utilised news-based breakouts or setbacks to enable profitable entries into the individual assets.

Risk hedging adapted to the prevailing market situation is always the long-term key to success in the volatile market for digital assets. In the past quarter, the risk parameters had to be adjusted so that positions could be held for an above-average length of time without increasing the capital risk. As soon as individual positions reached the break-even point, the stop-loss functions were kept at a certain distance from the market price so as not to be exposed to the risk of positions being closed prematurely in the event of smaller movements.

Teroxx Quarterly Update Q4/2023

To summarise, the following assessment and classification can be made:

Digital assets showed once again that a modern financial world without the involvement of Bitcoin and co. is out of the question! The last important step that an industry has to go through before it is considered fully adapted was taken in the last quarter and would reach its peak with the ETF approvals.

Market movements are the result of a wide variety of market-influencing factors. Triggers that cause movements in both directions (which we also saw this quarter) occur more frequently or less frequently depending on the prevailing market situation, which is why rapid adaptation to market conditions is of the utmost importance - only those who can implement suitable strategic actions for all market phases and analyse these sensibly and 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 at an above-average rate (compared to the market as a whole), occurred indirectly in the digital assets market. Although individual "sub-categories" could not be categorised as hype this quarter, individual assets were temporarily in the spotlight again and again and experienced major rises on individual days. "Newer" assets in particular were the centre of attention.

Almost all market situations offer opportunities for success with an investment and optimised risk management strategy. In every market phase, active management is the long-term catalyst for sustainable success. This approach ensures capital protection in negative phases and maximum returns with simultaneous risk optimisation in positive phases.

The early adaptation and anticipation of possible market situations in the past quarter once again showed that our asset management represents the optimised approach to almost every market movement.

This quarter, we were also able to realise further ambitious milestones and developments in the other divisions of Teroxx. Following the successful establishment of the planned Teroxx C-Level Management Board in the past quarters, we were able to record our first successes in the fourth quarter of 2023.

At the end of 2023, together with Jannick Bröring as the main asset manager and Head of Trading, we not only managed to reach the magical financial market mark of one billion US dollars in trading volume over the past four quarters, but even significantly exceeded it with over 1.2 billion US dollars.

In addition to our trading successes, we can also look back on another operational success. By expanding our cooperation with one of our partner banks, we have succeeded in realising Teroxx Pay (www.teroxxpay.com). With this service expansion, we will be able to offer various Visa debit cards that can be topped up with digital assets in real time in the course of 2024. This will significantly expand the use of various digital assets in everyday life for all users of the Teroxx Wallet app.

There are also plans to provide a smart banking service for private individuals and companies via the "Teroxx Pay App" and / or "Teroxx Pay Online Banking". These further developments will make a significant contribution to the further expansion of our European market share in 2024.

In line with this ambition, the largest and most successful marketing campaigns in Teroxx's history were implemented in the fourth quarter under the leadership of our CMO Lars Truhn.

In the coming quarter, we will continue to expand and develop the company on a media, infrastructural and service-orientated level.

The past quarter showed that stabilisation and positivity can also be achieved in uncertain times, even if the global financial market trend in 2024 should be viewed with caution. The markets followed the logical consequences when increased attention and investment prevail, namely overriding positivity. It is of immense importance that progress is visible regardless of the market situation - this happened in the past quarter and makes us (fundamentally) optimistic about the coming quarter, in which the media could focus on the upcoming halving, which we have already commented on in detail on our corporate channels.

We wish you a good start to the new year - stay healthy!

The Teroxx Team

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