



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 market.

Dear Teroxx Community,

The fourth quarter of 2020 is now successfully behind us and also in this quarter we had to deal with the Covid-19 restrictions and effects. The financial markets and also the digital assets did not let themselves be distracted by this once again growing uncertainty and ensured a positive quarter. Bitcoin as well as some indices reached new all-time highs, underlining the strength of the markets (due to the huge financial support from governments and central banks) in this pandemic. Goods that are fundamentally limited (e.g. precious metals and digital assets) were dubbed by investors as "safe havens" and experienced an increase in image and value. Thanks to digitalized work processes, Teroxx was able to work almost without restrictions on the further positive development of the company in this quarter as well.

Considering the price developments of most digital assets measured in US dollars, we can look back on a positive quarter. The impressive rally that started in the second quarter has created a bullish foundation for the start of the fourth quarter. In most areas of the global financial markets, there is no longer any sign of a Covid-19 fear and many companies have successfully adapted to the circumstances so that, despite the restrictions, the global economic system continues to function. As a result, expectations have also been high, especially in the digital asset market, with, for example, the Bitcoin halving (May 2020) now a few months behind us and mass adoption driven by major investments from institutional investors. Some large investment firms and investors (Grayscale, MicroStrategy, Paypal, etc.) are currently buying more Bitcoin than new ones are entering the market.

Due to this fact, the market is experiencing an unprecedented shortage and following the principle of the supply-demand effect (demand > supply = rising prices), prices rose on a quarterly basis.

Bitcoin was able to end the past quarter with a price above the psychologically important \$10,000 mark and thus laid the foundation for another "bull-run". The market capitalization at the start of the quarter was ~\$348 billion.

Subsequently, we saw a digital asset market that was in "bull mode" throughout the quarter. With this run and Paypal's announcement that it would soon fully open the door for its 300+ million customers to buy digital assets, the market rose without any significant setbacks until the end of November. During this time, Bitcoin broke through all resistance, some of which stemmed from the 2017/2018 bull-run, and formed a high for the year at ~\$19,500. Market sentiment was driven by greed and euphoria as bitcoin was on the verge of a new all-time high. Subsequently, a small correction set in, as there was profit-taking on the one hand and some short positions were built up in the market on the other. However, these sell-offs were short-lived. They formed higher lows than supports and by simultaneously forming higher highs, the market showed a classic positive chart pattern. These small dips were immediately bought back so that the all-time high could be retested and finally broken. We saw a double top just below the \$20,000 mark. Again, we saw smaller sell-offs, which in turn formed higher lows. After the never seen \$20,000 level was broken, it created a new hype in the market and Bitcoin climbed to ~\$28,000 without any setbacks. The market cap and most altcoins also managed to be positive this quarter, but Bitcoin outperformed them strongly. Thus, altcoins did not see much buying pressure and only rose in response to Bitcoin moves, while dips were much larger. This illustrates that the market is now dominated by institutional investors, who determine the market via OTC (over the counter) trading and accumulate large amounts of Bitcoin. It also illustrates that Bitcoin is now recognized as a store of value and is often mentioned in the same breath as gold. With the rise to the centre of the global financial markets and opportunities for large investors to enter the market, we see a rise that is based on a more serious and healthy foundation, contrary to the "bull-run" of 2017.

Altcoins are not yet seeing such mass adoption, so this quarter will definitely go down in history as one of the strongest Bitcoin quarters. Thus, it can be said that we saw a very positive market this quarter, which broke through many psychological hurdles and almost completely eliminated the "short sellers".

The media-driven topic this quarter was the digital asset connection of Paypal and the publicly communicated investments in the billions by MicroStrategy and Grayscale. If one takes a closer look at the share price

development, it becomes clear that the immense rise goes hand in hand with the Paypal announcement. The subsequent investments, which were widely publicized in the media, helped the market to maintain a constantly positive mood.

However, even in emerging market situations, "all that glitters is not gold". For example, at the end of the quarter we saw the US SEC open a court case against Ripple (XRP) -the 3rd largest cryptocurrency at the time with a market cap of ~\$28 billion. In response, many exchanges shut down trading in Ripple, the coin used and backed by over 200 international banks and designed to streamline banking processes lost more than 70% of its market value in a matter of days. This means that ~\$20 billion of market capitalization was lost from the market. Also, many DeFi projects that experienced hype in the past quarters were unable to build on it and continue to rank far below their all-time highs. We can therefore conclude that even in bullish quarters, "blind" investing without fundamental expertise and time-intensive analysis, as well as monitoring of the market, carries a great risk for investors.

We at Teroxx have been able to use this quarter to place our trading strategies profitably on the market again. In addition, we were able to add a futures strategy to our trading strategies this quarter, which means that the trading offering is growing steadily. Due to the general positive development of the market this quarter, the long-term assets were able to increase strongly in value and the upswings were also managed profitably in daily trading. We continue to adhere to our corporate philosophy. Even in markets that are apparently only rising, the following applies: capital protection before risky profit maximization in order to remain able to act at any time and realize profits. Thus, we were able to trade our portfolios without drawdown during the quarter and increase profitability.

Furthermore, there are not only positive things to report from asset management. The IT team and the legal department were also able to set new milestones. The Teroxx WalletApp shone in a completely new and modern design in the middle of the quarter. With a user-friendly interface, a wide range of applications could be better mapped, making it easier to use. A new registration in the Teroxx wallet app is now possible in less than 3 minutes, including complete verification. The sending and changing of assets has also been made more user-friendly through the implementation of a transaction pin or, if desired, Face ID or fingerprint.

We at Teroxx have also adapted to the times and were able to design an investment product designed for professional and institutional investors together with our lawyers and fund managers. According to current planning, this will be fully implemented in the course of the first quarter.

As expected, this quarter showed positive trends in most areas of the global financial markets. In addition to some indices, a large part of the digital asset market was also able to profit. We also do not expect any drastic changes in the markets for the start of the new year. Monetary policy support will be extended and, with the successful delivery of the vaccine, we will hopefully return to our usual normality bit by bit.

We wish you a good start into the new year and stay healthy!  
Your Teroxx Team

