

Teroxx digital Asset Boutique: Quarterly report Q4 2024

Cyprus, 30.12.2024: 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 representative of the development of the dollar values in the digital asset market.

Dear Teroxx Community,

The fourth quarter of 2024 and thus a special year is now successfully behind us. The global financial markets once again recorded gains, a large part of which can be attributed to the election of Donald Trump as the next American president, as he announced his intention to promote liberal and loose monetary regulation of the markets. At the same time, inflation could not be lowered completely to the desired level of 2% and the Fed was cautious in its assessment of further interest rate hikes in 2025. The markets therefore experienced temporary positivity, although the medium-term outlook is clouded by many uncertainties. However, the past quarter was one of remarkable progress for digital assets in particular. Bitcoin broke through the \$100,000 mark for the first time in history!

The outcome of the US presidential election led to the global financial markets reaching new all-time highs. This trend is based on the hope that the election campaign promises will be kept and thus create an investment-friendly environment. With market levels at all-time highs, the potential drop for the near future is quite high, which means that many investments have already been made in order to capitalise on the 'hype' and anticipate the possible pricing in of some future market-relevant actions.

Digital assets in particular emphasise the fundamental growth of recent months and years and have experienced enormous growth.

While the third quarter of the year already achieved a number of milestones, the past quarter once again set new records and will go down in history as the most

important. Not only were further framework conditions for MiCA licensing published, but also a pro-digital assets position within the future US government and an SEC chairman running his own digital asset company provide a positive outlook for the near future. Inflows into Bitcoin spot ETFs in the US, which are considered a strong market indicator, also saw record inflows. The weeks following the US election in particular were characterised by high volumes, with inflows surpassing the USD 1 billion mark on some days, which illustrates the level of interest in this market on the part of institutional investors.

As a result of these developments, positive sentiment in the market for digital assets continues to be noticeable, with the result that more retail investors are investing in altcoins in particular, which has also led to increased volatility and overall positivity. The Bitcoin Spot ETFs now hold more than one million Bitcoins allocated, making them the largest Bitcoin holders worldwide after less than a year. Digital assets have fundamentally changed the portfolios of the most important asset managers in recent months. The fundamental importance of considering digital assets for future-proof investment decisions has gone from an option to a must within a few months!

We at Teroxx were able to profitably exploit this positive (upward) market situation with some volatile trend breakouts through our highly professionalised trading strategies. Appropriate analyses, which carried out early positioning and buybacks after temporary setbacks, ensured success this quarter, as adaptable and dynamic trading strategies can adjust to changing circumstances.

This requires a certain degree of foresight and expertise. Without risk hedging, there is no trading, regardless of the positivity or negativity!

The reasons for the upswing in the digital asset market, which was characterised by comparatively high trading volumes, is clearly a combination of the aforementioned possible future regulations and the cyclical strength of digital assets.

The fundamental adaptation of digital assets is now also being finalised within the US government. Above all, the regulatory progress in combination with a digital asset-friendly mood is paving the way for further institutional products / investments in the digital asset market!

Market review 4th quarter 2024

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 early on for the coming months. In view of the performance of most digital assets measured in US dollars, we can look back on a positive quarter. Market phases in which the price trend is positive and most assets establish strong support zones and resistance after upswings are often harbingers of upcoming market movements. Price developments that are not followed by any major setbacks ensure a temporary above-average positive development of the market, followed by a long period of consolidation. The overriding tenor of most market participants continues to be: the upward trend, which has currently been halted somewhat but was clearly noticeable throughout the quarter, remains intact and the coming months will show whether the fundamental data is sufficient to extend or confirm these price levels.

At the beginning of the quarter, Bitcoin once again hovered around the strong support zone of ~\$60,000, failing to establish a trend on the one hand but strengthening the market fundamentally at these levels on the other. This phase lasted until mid-October. When the election campaign forecasts changed in favour of Trump and an election victory was considered realistic, investments jumped and markets around the world experienced their first upswings. In addition to our already confirmed investments in the summer months (cyclically lucrative entries, independent of political factors), further investments followed to anticipate this trend. As a result of Trump's election, many investor groups are hoping for looser regulations and an expansive monetary policy, which historically has often been a positive indicator for the financial markets in the medium term. This trend continued until mid-December. Bitcoin reached a new all-time high at ~\$108,000, many altcoins also experienced a 'second spring' and were thus able to benefit from Bitcoin's cyclical strength. Due to the persistent 'overheating' of the market, these levels could not be maintained and minor setbacks followed, which, however, did not break the general trend!

The global financial markets performed in line with digital assets, albeit with less volatility. These markets were also triggered by hopes for the medium-term

future. This means that the coming months could be characterised by uncertainties and unexpected volatility, making professional approaches and expertise indispensable.

The inflows and outflows in the Bitcoin spot ETFs were also an important indicator this quarter for anticipating short-term price developments and taking appropriate action.

This quarter was one that fundamentally strengthened digital assets and built the sustainability of the industry. The global financial markets experienced upswings and showed strength, regulatory developments and adaptations continue to run at full speed and, in addition, Trump's slightly unexpected victory (regardless of the political agenda) has been a wake-up call for traditional political structures. The coming years could therefore be characterised by increased volatility. Measured against these events, digital assets have shown above-average volatility. This illustrates that the market has become more 'professional' on the one hand and that individual catalysts continue to cause large price movements (both positive and negative) on the other, which poses a risk without a professional approach. The long-term inflation forecast is more than half of the targeted 2% and key interest rates remain at fairly high levels of ~4.5% in the US and ~3% in the eurozone.

This made for a quarter that illustrates that price trends do not have to follow 'logical' paths, but are the result of volume flows. Developments can run counter to the global political situation (for example, the DAX at an all-time high while the German economy is paralysed). Measured against the smouldering global conflicts, this will continue to accompany us in the coming quarters and years - making professional trading strategies and day-to-day market assessments, which we at Teroxx have been implementing for many years, of fundamental importance for success!

The coming quarter therefore has the potential to be another positive one if the cycle does not break. The theoretically possible realisations and promises on the part of the soon-to-be new US government could show the first effects at the end of January to the beginning of March and thus pave the way for the market's price performance. However, exaggerated expectations can lead to disappointment and false conclusions, as the markets are currently already at high levels.

A look at the development of the total market capitalisation of digital assets illustrates exactly the market movements described above. Bitcoin's positivity

caused altcoins to rise. Market capitalisation reached new highs in the last quarter.

Appropriate asset selection, with a focus on high caps and early addition of altcoins, was the key to appropriate capital preservation and profitable positions. Short positions were not traded this quarter.

The aforementioned developments effectively mean that new catalysts will have to influence the market in the medium term, otherwise the market could initially move into consolidation.

The coming quarter will be exciting in terms of price developments in relation to new all-time highs or support levels and further prospects for MiCA (you will find a separate assessment of this topic later in the report), as implementation and licensing are due in 2025. Ethereum spot ETFs have still not been able to match the success of Bitcoin ETFs, making it clear that opportunities and risks are equally present here. Further institutional products could therefore emerge in the coming months, even if they do not generate the kind of hype that Bitcoin did. However, this would further strengthen diversification.

Short-term speculation is increasingly taking a back seat, while long-term investments dominate (as with Teroxx). The market is now finally preparing for MiCA implementation (in the EU) and we at Teroxx have also devoted a considerable amount of resources to this. In the course of 2025, the professionalisation of the market will progress again, which could reduce short-term volatility in the market.

Early positioning was the most important tool in the past quarter, as there were no typical short-term trends in the market environment for digital assets, but rather individual upswings that subsequently ended in consolidations. We have already taken positions in previous quarters, including in our AIF, the product for institutional investors. This action can be applied in the current situation, with the formation of strong resistance zones, whereby strategies have been adapted in such a way that, on the one hand, positioning in the market takes place at an early stage and, on the other hand, the long-term nature of this has been safeguarded through a certain degree of foresight.

Handling the trading strategies

In this quarter, the most suitable strategies were those that recognised the overriding trends and took early positions.

Risk hedging was adapted to the prevailing market situations at all times, thereby securing the long-term key to success in the above-average volatility of the digital asset market. In the past quarter, the risk parameters were always selected in such a way that positions generally had a longer holding period in order to avoid being stopped out of positions too quickly. The hedging mechanisms were also adjusted. Stop-loss entries and exits were carried out in a wider range than usual. This illustrates that it is essential to always act dynamically and flexibly in this market environment.

As a result, open positions are carried into the new quarter and year and the open profit is not yet booked.

Teroxx quarterly update Q4/2024

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

Digital assets showed that the cyclical rise was triggered by individual catalysers and that there is a lot of potential in this asset class!

The Bitcoin Halving has now also been implemented by the mining industry in such a way that the hashrate is at new all-time highs and the market is stronger and more sustainable than ever before - only those who can use suitable strategic strategies for all market phases, analyse them 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), temporarily took place in the digital market this quarter. Ripple, memecoins, Link and tokens/coins in particular, which have not yet overperformed this year, recorded strong gains. As is so often the case after cyclical but unsustainable positivity, there is a risk of major setbacks if volumes fall.

The high caps around Bitcoin and Ethereum will continue to be the focus in the coming quarter, a further rotation into smaller assets could then take place in the first quarter of this year or setbacks and consolidations could set in to create a realistic market picture that will serve as strong support zones from now on. In every market phase, active management is the long-term catalyst for sustainable success. This approach ensures risk-optimised returns in positive phases and the lowest possible drawdown in negative phases.

The early adaptation and anticipation of possible market situations in the past quarter (investments already made in August and September) once again demonstrated that our asset management is the optimised approach to almost every market movement.

We were also able to achieve the targets set internally in the other divisions of Teroxx this quarter and thus realise further ambitious milestones and developments.

In view of the imminent possibility of submitting the first applications for one of the coveted MiCA licences, we were able to use the past quarter to add further important building blocks for our planned application. In addition to the challenging implementation of the so-called 'Travel Rule' at the turn of the year, all precautions were also taken to comply with the requirements of the Digital Operational Resilience Act (DORA) from 17 January 2025.

In addition to the further expansion of the Teroxx management level, the management board (which must consist in part of external members) required by the supervisory authorities was also implemented in the past quarter. We are very pleased to welcome Tomas Bolotinas as an external member and Chairman of the Management Board. In addition, we are currently in final discussions with our future CEO of Teroxx Worldwide UAB.

In addition to the structural successes, further notable progress was also made at product and service level. With the release of Teroxx Pay Banking, we have succeeded in offering EU-Iban bank accounts for our customers in cooperation with one of our partner banks. In order to further improve the user experience of Teroxx Boutique Services, we were able to publish the first browser application of our Teroxx Boutique App, which enables customers to access our services conveniently via Mac book or computer. Based on this, our Abloxx Token becomes the only and necessary entry ticket to our Teroxx Boutique service world! Opening a new account without an Abloxx Token will no longer be supported from now on.

This increases the continuous demand for Abloxx tokens organically and in the long term and supports us as a digital asset boutique in placing Abloxx, as our own digital asset, at the centre of our boutique world.

The past quarter showed that digital assets are not short-term speculation, but long-term investments. The year 2024 is all about institutional adaptation. The coming quarter and year could be one that could take the positive momentum with it on the one hand, but on the other must also confirm the advance praise - caution should always be exercised here - if the high expectations in the first few months of the year are not met, there could be medium-term setbacks in the markets and the bull cycle could end prematurely. A look at the global financial markets and political decisions will determine the expected development!

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

The Teroxx Team

Further information can be found at: <https://teroxx.com>