



February 3, 2021

Shareholder Update

Dear Shareholder,

We hope you have had a good start to 2021! We would like to share an update on recent highlights from Bitcoin Suisse and the crypto world. The fourth quarter of 2020 marked the end of a pivotal year for digital asset markets and for Bitcoin Suisse. In 2020, we saw a rapid acceleration of the institutional adoption of cryptocurrencies as well as the successful launch of Ethereum 2 – a milestone for the crypto industry. This was followed in January with a new USD 42k all-time high for Bitcoin. With institutional investors leading the way, the combined market capitalization of crypto assets has surpassed USD 1trn for the first time. This shows that digital assets now have a broader and firmer base than in previous growth cycles and demonstrates the progress being made on the way towards mass adoption.

Accelerating Momentum Towards Year-End

In the final quarter of 2020, we saw record levels of client activity across our integrated services. Trading volumes almost doubled, with a similar increase in order numbers. Almost 90% of these orders were executed via Bitcoin Suisse Online, our 24/7 online investment platform. Trading revenues rose by nearly 80%, while our staking revenues increased by almost 50% compared to the previous quarter. Assets under custody peaked at over CHF 3bn and currently stand at around CHF 2.5bn.

*2020 was a pivotal year for Bitcoin Suisse – and the industry as a whole. Our **strong performance last year** reflects the strengths of our **ever-broader integrated offering, our platform, and our talent.***

In the fourth quarter, we onboarded several banking partners who want to benefit from Bitcoin Suisse's trading and custody capabilities.

Following strong results in the last two quarters of 2020, we expect to report a full year net profit in the double-digit millions (CHF), exceeding the forecasts in the Series A investor deck.

The Year of Crypto: DeFi and the Covid-19 Monetary Revolution

Over the last decade, cryptocurrencies and digital assets have established themselves as a relevant technology and a source of robust, scalable, institutional-grade financial products and services. 2020 brought a series of new DeFi applications, offering peer-to-peer financial services that open up a whole new field of cutting-edge innovation. Total value locked in DeFi operations surged from around USD 600m to USD 20bn – that is more than a 30-fold increase. Bitcoin Suisse has positioned itself as a trusted gateway to this enormous potential.

Meanwhile, Bitcoin is being adopted as an investable store of value and digital gold. Fueled by the Covid-19 crisis and the expansive monetary policy of central banks, Bitcoin's status as a hedge against inflation has also strengthened. As Bloomberg wrote in November: "Bitcoin is Winning the Covid-19 Monetary Revolution". As a result, the adoption of digital assets among a new breed of institutional investors, hedge funds and asset managers has risen sharply. Corporates such as MicroStrategy and Square have started adding Bitcoin to their treasury portfolios. Leading into January, the market capitalization of Bitcoin even overtook the M1 money supply of Switzerland, while "[...] cryptocurrencies are becoming more integrated into the financial system", as the Financial Times observed on its front cover (4 January 2021).

*2020 can rightly be described as **breakthrough year** for digital assets markets.*

Looking at 2021, we expect a further acceleration in adoption and continued significant market growth, placing new demands on crypto-financial services providers. As in 2020,

we anticipate further breakthroughs in blockchain technology and cryptography, as outlined, among other industry trends, in our [Crypto Outlook 2021 Report](#).

Bitcoin Suisse has the necessary business model and maturity to respond to this trend – not to mention a platform with the capacity to scale and monetize on the vast potential of digital assets. The fourth quarter confirmed that we are on the right path to transform these market opportunities into integrated products and services – effectively targeting our clients' needs.

Building on Security, Stability and Trust

Going forward, we will focus even more on the cornerstones of our business: Security, stability, and trust. Growing client demand has been accompanied by strong operational pressures and increasing waiting times for client onboardings. Consequently, we had to temporarily raise the minimum deposit to CHF 15'000 for private clients and CHF 150'000 for corporate clients. Bitcoin Suisse has always been committed to making the potential of digital assets accessible to all clients. We will therefore continue to enhance our execution power and streamline operational processes to better cope with rising client demand.

In November, Swiss Crypto Vault AG [successfully completed](#) a further independent audit with a ISAE 3402 Type 2 Report by PricewaterhouseCoopers (PwC). This is the world's first-ever ISAE 3402 Type 2 report for the relevant digital asset custody control areas, making Swiss Crypto Vault the only crypto custody offering worldwide to have uninterrupted coverage of independent assurance reports by a Big 4 audit firm since 2018.

Bitcoin Suisse also increased its depositor bank guarantee from an AA-rated Swiss bank to CHF 80m (USD 90m) in early January 2021. This bank guarantee protects and covers on-balance sheet deposits 100%. With this larger guarantee, Bitcoin Suisse can capture more revenue potential going forward.

Spotlight on Ethereum 2: Translating Innovation into Value

The popularity of staking – the process of locking funds to support the operations of a blockchain network and earning rewards for doing so – has grown significantly in the last two years. This trend further accelerated in connection with the recent launch of Ethereum 2 in December 2020.

*Ethereum 2 staking is a prime example of how Bitcoin Suisse **capitalizes on innovation and leverages its expertise to deliver value to clients.***

In 2020, staking became an integral part of our offering. Thanks to years of preparation and our deep knowledge of the Ethereum protocol and user base, Bitcoin Suisse was one of the first partners to offer its clients seamless and secure access to participate in Ethereum 2 from day one. Through Bitcoin Suisse, clients committed 17% of all ETH needed (valued at around USD 51m) for the launch of Ethereum 2. These commitments grew to over CHF 140m in January 2021 – demonstrating both the pioneering position of Bitcoin Suisse in the market and its large and active client base. Together with the staking of Polkadot (DOT), Ethereum 2 has made a significant contribution to the growth of our staking revenues totaling over USD 6m of staking rewards paid to clients in December 2020 alone.

Clients of Bitcoin Suisse can now stake all major staking currencies with industry-leading reward rates via the Bitcoin Suisse Online Staking Dashboard easily and transparently. A detailed breakdown of our staking numbers is available [here](#).

Bank License: Taking the Next Step

Momentum in early 2021 remains strong, with a robust pipeline of potential new business requests from institutional investors and banks. In our Series A financing round in summer 2020, Bitcoin Suisse was valued at CHF 302.5m (USD 340m). Recent smaller-size transactions, allowing strategically important partners to join the group of shareholders, valued the company at around USD 400m.

We are continuing to further improve our institutional grade services and to strengthen our reputation as a market leader for financial services in digital assets. Our effort to become a licensed bank in Switzerland and Liechtenstein remain our highest priority for this year. This will allow us to provide access to a new product universe for our clients and to actively target the European market. Consequently, we have been allocating further resources and capacity to build the necessary infrastructure and processes as we work towards obtaining a license in the coming months.

Our efforts to become a licensed bank in Switzerland and Liechtenstein remain our highest priority in 2021.

We would like to thank our over 200 employees and colleagues, most of whom are also shareholders, for their commitment to Bitcoin Suisse. We have all faced a very challenging working environment due to the Covid-19 restrictions. Now more than ever, it is thanks to their hard work, support for our strategy and dedication to this unique venture that we can deliver on our promises.

We share the vision that the technology enabling cryptocurrencies is an engine driving true innovation and long-term growth. We are convinced that our passion for the crypto space and our vision for the development of digital assets will continue to create value for our shareholders and clients in the future.

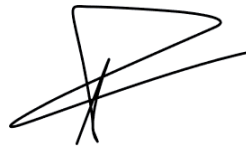
We also want to thank you, our valued shareholders, for your continuing support and your trust in Bitcoin Suisse.

With warm regards,



Niklas Nikolajsen

Founder and Chairman



Dr. Arthur Vayloyan

Chief Executive Officer

If you have any questions, please feel free to reach out to philipp.vonmoos@bitcoinsuisse.com, rolf.gaetzi@bitcoinsuisse.com or your trusted partner at Bitcoin Suisse.

A dedicated page for our shareholders is available [here](#).