



May 6, 2021

Shareholder Update

Dear Shareholder

We are pleased to provide you with a business update for the first quarter of 2021. Crypto markets continued to thrive during this period, as demand accelerated further, and institutional adoption progressed rapidly. It was a quarter with major activity and progress of new technologies in the area of non-fungible tokens (NFTs¹) and Decentralized Finance (DeFi), which continued to rise in value. Bitcoin Suisse was able to capitalize on the surge in market activity and delivered a record result in the first three months of 2021.

Looking back at the full year 2020, we achieved strong revenue growth and profitability – especially in the second half – further validating our strategy and business model. Bitcoin Suisse expects to generate revenues for the full year 2020 of around CHF 60 million and a net profit of CHF 22 million². Audited results for the full year 2020 will be published ahead of our Annual General Meeting on June 25, 2021.

While our positioning and platform allowed us to capitalize on strong growth opportunities last year, we took measures required to take additional steps to further leverage the potential of our company. To allow us to respond even more effectively to the rapid increase in demand, we invested in our people and infrastructure and we introduced higher limits for client onboarding.

A step that we did not take lightly was the withdrawal of our application for a Swiss banking license. While we have achieved outstanding financial results over the last few months, we

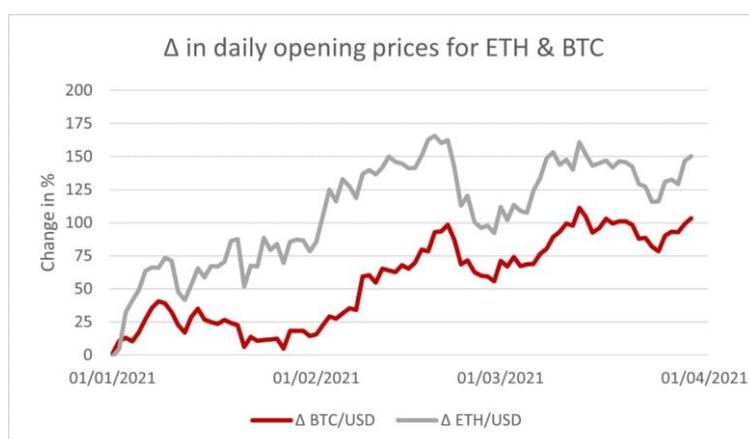
¹ NFTs are blockchain-based records that uniquely represent individual media that can be anything digital, including art, videos, music, gifs, games, text, memes, or code. NFTs cannot be copied, only exchanged – meaning they are each one of a kind.

² Unaudited figures.

are aware that further investments in our organization, business framework and processes are necessary so we can take the next step forward in the development of Bitcoin Suisse.

Q1 2021: A record quarter for our industry and for Bitcoin Suisse

The first quarter of 2021 was the strongest ever for crypto currencies and digital assets in terms of value creation and market activity. The price of Bitcoin soared from USD 29k to over USD 60k between January 1 and March 31, 2021, while the price of Ether almost tripled from around USD 700 to more than USD 1'900 over the same period. The combined market capitalization of crypto assets reached almost USD 2 trillion by the end of the quarter.



Buoyant markets resulted in one of the best quarterly performances since the founding of our company in 2013. Revenues were up by 130% to CHF 25 million compared to the previous quarter.

In comparison to the fourth quarter of 2020, we were able to double our brokerage revenues. We also achieved a more than 350% increase in revenues derived from staking compared to the final quarter of 2020. At the end of March 2021, our equity was in the triple-digit million range. As a result, Bitcoin Suisse now ranks among the best capitalized crypto financial services providers in Switzerland.

In the meantime, the onboarding and response times of our client support fell short of our targets. To ensure continuous high-quality service for our clients, we responded by increasing the initial deposit amount for new clients and by taking other temporary measures, which were warranted by this unparalleled growth in client demand.

In our previous shareholder letter, we stated that obtaining a Swiss banking license was of the highest priority for Bitcoin Suisse. Despite this, we announced the withdrawal of our application on March 17, 2021.

Being a pioneer is also about being prepared to keep reviewing all options and consider taking a different route. In this respect, we believe that our decision will not significantly impact our current business, our clients, or our performance, as demonstrated by our preliminary results for the full year 2020 and for the first quarter of 2021.

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Important developments at Bitcoin Suisse

The first quarter of 2021 was characterized by strong growth across all our business activities:

- **Staking:** Our clients show a great interest in staking crypto assets in the seven staking currencies supported through Bitcoin Suisse's all-in-one custodial staking service. This achievement reflects our clients' high level of confidence and trust in our crypto technology and custody expertise.
- **Private sales:** In February 2021, Bitcoin Suisse acted as the exclusive fundraising partner to Swarm – supporting the successful completion of its USD 6 million private sale. Swarm, which originated from the Ethereum foundation and had been in development for more than four years, aims to become a worldwide distributed storage platform and content distribution service.
- **AML framework:** The end of 2020 and the first quarter of 2021 were also characterized by our strong focus on further strengthening our AML framework. We have invested significant time and resources to advance these efforts.
- **Bank guarantee:** As volumes and demand continued to grow in the first quarter of 2021, we were able to further increase our default bank guarantee from an AA-rated Swiss bank to CHF 115 million at the end of the quarter. This guarantee protects and covers client's assets that would be considered as public deposit according to Swiss Banking Law and supports our rapidly growing client business.
- **Streamlining Subsidiaries:** In just three years, the two subsidiaries Swiss Crypto Vault AG and Swiss Crypto Tokens AG have reached institutional scale. To simplify

our brand structure and consolidate all our services under one brand, both businesses will now be fully integrated into Bitcoin Suisse AG.

Building the scale needed so we can continue delivering our services to the highest standards will be a priority for the remainder of 2021.

It is paramount for our business model and vision that we hire the best talent, further develop our processes, and invest in infrastructure to support our continued growth. Building the scale needed so we can continue to deliver our services to the highest standards will be a priority for the remainder of 2021.

A look at the industry and our business going forward

2021 has seen a coming of age for the crypto markets and crypto financial services. Companies such as MicroStrategy, Tesla and Square have bought significant amounts of Bitcoin for treasury purposes. Payment providers such as Visa, Mastercard and PayPal have started to actively build on and integrate cryptocurrencies into their operations. DeFi continued its impressive rally with over USD 45 billion of Total Value Locked in DeFi protocols by the end of March 2021.

Most recently, the direct listing of Coinbase at the NASDAQ (Ticker: COIN) with a market cap of over USD 80 billion was a landmark moment for the crypto industry. For the first time since the creation of Bitcoin 12 years ago, a crypto company took a prime spot in the financial markets.

We have also witnessed the rise of NFTs, with sales soaring to more than USD 2 billion in the first quarter – more than 20 times the volume of the previous quarter. Initially popularized among digital artists to trade and collect unique artworks, NFTs hold potential for all digital creators and possibly also beyond the crypto space.

Looking at these developments, what is next for Bitcoin Suisse?

With a company built on security, stability and trust, a strong business model and a growing pool of exceptional talent, we are confident about the future of our business. A very successful

first quarter of 2021 has shown us once again the opportunities that the crypto market has to offer. Together with the Board of Directors, we are assessing these opportunities and will decide on our future strategic priorities within the next few months.

We will maintain a pioneering approach as we tackle the challenges that lie ahead in the crypto market, which is still in its infancy. Our future success will be measured based on how effectively we evolve our business model to deliver value at scale, as well as by our alertness and agility to capture opportunities as and when they arise. We have already proven that we are eager to learn and have the courage to overcome temporary setbacks and move forwards.

We would like to thank our over 240 employees and colleagues for their unwavering commitment to Bitcoin Suisse. It is thanks to the hard work, dedication, and great initiative of everyone within our company that we can deliver on our promise to clients and shareholders today and in the future.

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

Best 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 via philipp.vonmoos@bitcoinsuisse.com, to Rolf Gätzi via rolf.gaetzi@bitcoinsuisse.com or your trusted partner at Bitcoin Suisse.