



November 30, 2021

## Shareholder Update

### Dear Shareholders

Bitcoin Suisse has continued to generate good growth and achieved another strong financial performance in 2021. In the first nine months of the year, brokerage commissions more than trebled compared to the same period of 2020. Revenues from services (excluding brokerage) grew at an even faster pace than brokerage commission, driven primarily by staking commissions and the strong performance of the custody business – resulting in a more broadly diversified revenue base.

### «Think beyond»

Our success reflects our ambition to think beyond: At Bitcoin Suisse, we continue to innovate and to provide access to crypto-financial services and decentralized digital assets for our clients and partners – enabling them to benefit from the potential of this dynamic sector. We are committed to delivering on the promise of a Swiss and global crypto financial future – a future characterized by more openness, transparency, fairness and efficiency.

This is why Bitcoin Suisse is at the forefront of many of today's major developments and has been driving the crypto-financial revolution since the very beginning.

*We «think beyond» in terms of ecosystem enablement, product development and the broad adoption of decentralized digital assets and blockchain technology.*

*Trading & Brokerage* – After two exceptionally strong quarters in terms of crypto markets and client activity, the third quarter 2021 has seen a slight consolidation. Still, Bitcoin Suisse was able to triple our revenues from brokerage commissions of the first three quarters compared to the same period in 2020. We continue to see increasing adoption from institutional clients, supported by the Defi-boom and its strong demand in related crypto currencies early in the year and the following hype for NFTs.

*Custody* – The Bitcoin Suisse Vault is one of the first institutional-grade custody solutions in Europe to have successfully completed an independent audit each year since its inception in 2018. By the end of the third quarter, custody commissions had already exceeded the figure for the full year 2020.

*Staking* – Our staking product is continuing to grow strongly and has become an important revenue stream. In the third quarter, we reached a milestone with CHF 2 billion of assets in staking. Bitcoin Suisse anticipated the demand for staking at an early stage and we launched our first staking product back in August 2018 with Tezos Baking. This was followed by Ethereum staking for our clients – already before the first ETH2 block in 2020. Ultimately, clients of Bitcoin Suisse provided 17% of the ETH required for the launch of ETH2. Since then, we have become the third-largest global custodial staking service provider worldwide.

*Bitcoin Suisse Pay* – Bitcoin Suisse is the first crypto payment processor in Switzerland and one of the first to globally [integrate Bitcoin Lightning transactions](#) into our “BTCS Pay” solution, enabling instant transactions at much lower blockchain fees. This new technology was launched together with our partner Worldline and was presented by our Founder and Chairman Niklas Nikolajsen at Swiss Digital Day in Lucerne in November. To enable lightning services for merchants, Bitcoin Suisse runs its own Lightning node [infrastructure](#).



**«Second layer solutions like Bitcoin Lightning add important use cases to on-chain transactions [...]. We expect that other crypto financial institutions will offer this innovative technology to drive crypto adoption further.»**

*Niklas Nikolajsen, Founder and Chairman*

*Regulation* – Regulatory oversight of the crypto world has picked up significantly in recent times. Policymakers and regulators have also gained a more holistic understanding of the industry. Bitcoin Suisse has invested significant resources in further strengthening its anti-money laundering (AML) framework and named Sven Ramspott as the new Chief Risk Officer, overseeing Risk & Compliance, effective September 1.

As a pioneer and the oldest crypto financial services provider in Switzerland, Bitcoin Suisse is a key enabler of the Swiss crypto ecosystem. Building on our mission to become the leading financial service provider for decentralized digital assets, we “think beyond” in terms of ecosystem enablement, product development and the broad adoption of digital assets and blockchain technology. To reflect this ambition in our brand, we have [entered into a new partnership](#) with the Swiss non-profit organization SolarStratos. We will support the eco-venture in pursuing its historic project to reach the stratosphere with an aircraft powered exclusively by solar energy.

## Our next growth phase

In August, in preparation for the next phase in our growth, we announced the appointment of Peter Camenzind as Chief Operating Officer (COO) and Ricardo Schlatter as Chief Legal Officer, effective November 1. These two experienced executives have now taken up their new roles at Bitcoin Suisse and we are delighted to have them onboard.



*«I try not only to think beyond, but above all to go beyond. [...] We need to be leaders in innovation. We are in the Crypto Valley ecosystem! And Bitcoin Suisse is the leading enterprise in this valley.» Peter Camenzind, COO*

In addition to securing this exceptional leadership talent from outside the company, we have strengthened the structure of our Management Committee by extending the responsibilities of proven existing leaders within Bitcoin Suisse. On November 8, Philipp Vonmoos assumed the role of Chief Financial Officer, while Lothar Cerjak was appointed Head of Trading & Brokerage, and Markus Perdrizat was named Head of Product Management & Custody. [With these appointments](#), Bitcoin Suisse completed the transition to a more focused senior leadership team.



*«We want to continue to expand our business and to increase the breadth of our activities. Our new organization will help us achieve that, while capturing the rapidly evolving opportunities that lie ahead.»* Dr. Arthur Vayloyan, CEO

#### **What about the markets?**

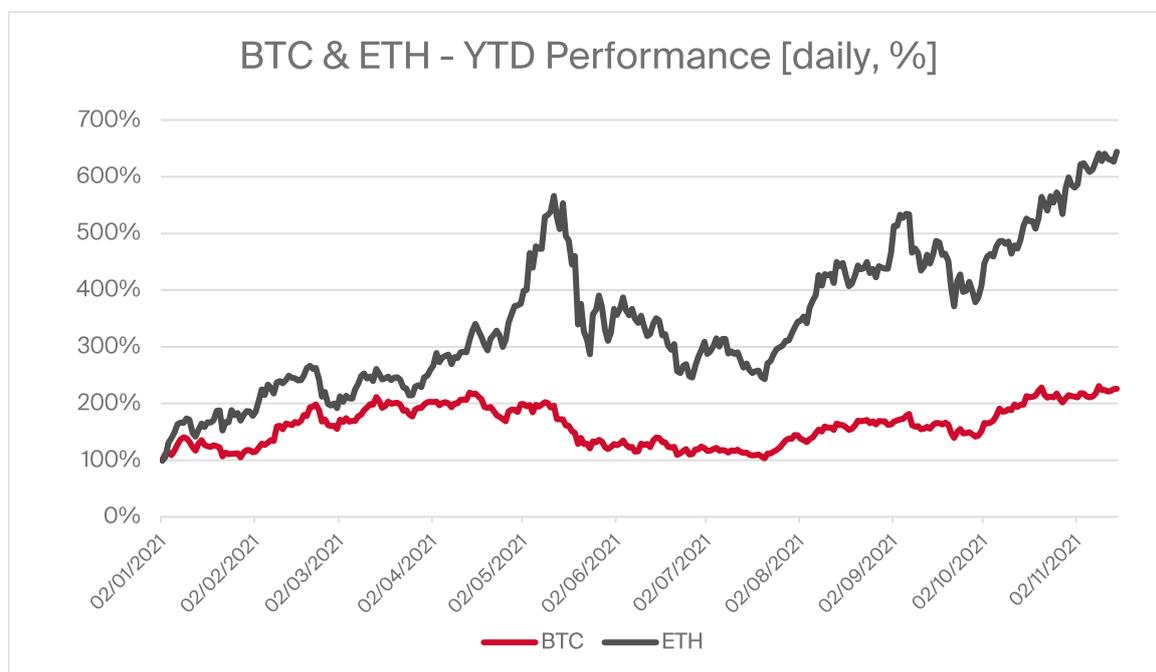
Institutional adoption of crypto currencies received a strong boost with the first Bitcoin exchange-traded fund (ETF) approvals in October in the US. According to Bloomberg, ProShares Bitcoin ETF (BITO) reached the USD 1 billion mark faster than any other ETF – with trading volumes of over USD 1.2 billion on just the second trading day.<sup>1</sup> Bitcoin (BTC) climbed to a new all-time high of almost USD 69,000 on November 10. It also proved to be a cryptocurrency with a low correlation to the largest indexes such as the US dollar, gold, bonds and the S&P 500 – reinforcing its position as a valuable source of diversification within portfolios.

Ether (ETH) prices have soared to new heights in recent weeks and it reached a new all-time high of USD 4,860 on November 10. In total, 8.22 million of ETH has been deployed to ETH 2.0 staking, corresponding to almost 7% of the total ETH supply.

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<sup>1</sup> Source [Bloomberg](#)

Meanwhile, the shift from proof of work (PoW) to proof of stake (PoS) – which is expected in 2022 – is highly anticipated by the Ethereum community. The “merge” of the Ethereum 1 blockchain with the Ethereum 2 Beacon Chain is a complex undertaking and is not expected to immediately solve the issue of high gas fees. This may result in other up-and-coming smart contract platforms gaining market share versus Ethereum.<sup>2</sup>



Market demand and interest in the crypto space remain at very high levels. Total private and public fundraising activities are increasing significantly, with approximately USD 19 billion invested in crypto-related companies in the first nine months of 2021. That compares to investments of USD 3.8 billion for the full year 2020.

The popularity of non-fungible tokens has continued to grow exponentially. With a sharp rise in transactions on Ethereum mostly driven by NFT markets, other more scalable layer 1 and layer 2 smart contract blockchains emerged and performed well. The dollar value of all crypto assets under management by DeFi applications increased to around USD 175 billion from around USD 100 billion in August.

Beyond the current market dynamics, demand for layer 2 solutions is growing steadily. The integration of Lightning Network technology into our Bitcoin Suisse Pay solution comes at an opportune time, as activity on the Lightning Network continues to increase. Reserve currency adoption of BTC has begun earlier than many expected – with El Salvador rolling out the cryptocurrency as legal tender in September.

<sup>2</sup> C.f. Decrypt on [Ethereum competition](#).

At the same time, institutional adoption is advancing rapidly – driven in part by gaming platforms like AXIE Infinity or global social media companies – with Twitter building its own dedicated crypto team. The recent Taproot soft fork will have a direct impact on the future potential of “Bitcoin DeFi”.<sup>3</sup> Taproot enables developers to build more complex applications and protocols on Bitcoin, in addition to increasing the network’s privacy.

### **Next steps – thinking beyond**

We have taken great strides in creating more value for our clients and for you, our shareholders. In the past few quarters, we have placed a strong focus on consolidating and scaling our business, formalizing processes, and strengthening our AML framework. At the same time, we are writing a unique growth story that we are proud of – with record assets under custody and an expanding team of exceptional talents. Our growth has also posed challenges, which we have addressed very effectively – embracing regulatory changes and launching innovative new products while preserving the unique culture and pioneering spirit of Bitcoin Suisse.

For the next phase in our growth story, we will focus on the main pillars of our business. We will also continue to improve our operational set-up and processes. And we want to lead the way in terms of innovation and technology, as we did with our staking product and the integration of Bitcoin Lightning. As part of our role as an enabler of the Swiss crypto-financial ecosystem, Bitcoin Suisse will also focus more actively on shaping the policy debate about cryptocurrencies in Switzerland. We believe that the crypto-financial industry will be crucial for the future prosperity of the Swiss financial center and for Switzerland as a center of global trade.

Thank you for your continued 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 [invest@bitcoinsuisse.com](mailto:invest@bitcoinsuisse.com) or your trusted partner at Bitcoin Suisse.

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<sup>3</sup> C.f. Decrypt on [Taproot](#).