Bitvavo Risk Disclosure Statement

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Introduction

Bitvavo B.V. ("*Bitvavo*") is a private limited liability company, incorporated in the Netherlands (registration number chamber of commerce 68743424), whose registered office is Keizersgracht 281, 1013ED Amsterdam, the Netherlands.

Bitvavo is licensed by the Dutch Authority for Financial Markets (Autoriteit Financiële Markten-AFM) as a crypto asset service provider under Regulation (EU) 2023/1114 on markets in crypto-assets, as amended or supplemented from time to time (MiCA) and is, among others, permitted to provide the service of 'operation of a trading platform for crypto assets.

Bitvavo Custody B.V. ("*Bitvavo Custody*"), is a private limited liability company, incorporated in the Netherlands (registration number chamber of commerce 80118844), whose registered office is Keizersgracht 281, 1013ED Amsterdam, the Netherlands.

The services provided by Bitvavo and Bitvavo Custody are governed under the user agreement (the User Agreement). Bitvavo Custody is a party to the User Agreement only in relation to the Lending Service, if any.

The use of the Bitvavo Services and Bitvavo Trading Platform, and trading Digital Assets may carry risks that are beyond Bitvavo's control, and Bitvavo and Bitvavo Custody are not liable for such risks.This Risk Disclosure Statement sets out a non-exhaustive list of these risks. Other risks that are not mentioned herein and that are specific to a particular Digital Asset may also apply. Those will be set out in the respective white paper associated with the relevant Digital Asset, if available. For Digital Assets that are available for trading on the Bitvavo Trading Platform from time to time, these white papers are referenced on the Bitvavo Trading Platform and/or Bitvavo Environment.

This Annex should not be regarded as a comprehensive disclosure of all risks related to trading or investment in Digital Assets.

It is important for the User to carefully evaluate whether investing in Digital Assets and using any Services is suitable for their tolerance, investment goals, financial and tax circumstances, personal and legal conditions, and any other relevant factors.

This risk disclosure statement, which includes some of the most principal risks of using the Services, may be helpful for that assessment.

Capitalized terms used and not otherwise defined are defined in the User Agreement. This Risk Disclosure Statement is drawn up in English as well as other language versions. In case of any discrepancy the English language version prevails.

1. Market Risk
Every investment involves opportunities and risks. The value of Digital Assets may fluctuate significantly. There is an inherent risk that a User will incur material losses if a User trades Digital Assets and Bitvavo provides related Services to the User. Past performance of certain Digital Assets does not indicate future results. Such investment is only suitable for Users, who can bear a loss of the entire invested capital and should not be considered as or entered into with the expectation of a stable source of income. This means that the User should assess, for each and any of the Services they consider, whether the related risk is appropriate for their financial situation, risk appetite and other personal circumstances.

1.1. Liquidity Risk
Some Digital Assets may have low liquidity and this may effect timely execution of Orders at desired prices or lead to partial execution. Illiquid markets can result in wider spreads and higher trading costs.Volatility in illiquid markets tend to be higher due to less liquid order books.

1.2. De-pegging Risk
Certain Digital Assets refer to other fiat currencies and asset types and intend to maintain a stable

value (generally referred to as stablecoins). The value of such Digital Assets may, however, decrease when the Digital Assets lose their 1-1 peg due to market conditions, failures or insolvency of the Issuers or loss of reserve assets, regulatory actions, and the User may incur partial or material losses.

1.3. Slippage Risk
Market Orders may execute at a price different from the price that is indicated due to high volatility, limited liquidity, or execution delays.

1.4 Currency Risk
USD coins are also offered on Bitvavo Trading Platform and this may lead to a currency conversion risk for the Users where base currency is EUR.

1.5. Concentration Risk
Events that could have an impact on a Digital Asset may have a substantial impact on portfolio concentrated on that Digital Asset.

2. Risks inherent to crypto technology and design
Digital Assets are not backed by governments, or by commodities such as gold. There is no central bank that can take corrective measures to protect the value of Digital Assets in a crisis, such as issuing more Digital Assets. Instead, Digital Assets are autonomous and largely unregulated on blockchain networks. This means that the User should be prepared to trust in a digital, decentralized and partially anonymous system that relies on peer-to-peer networking and cryptography to maintain its integrity. User must be aware of the risks associated with technology, including (but not limited to) failures in hardware, software, and internet connectivity, malicious software or cyber-attacks, third parties gaining unauthorised access to information and/or assets (including their Digital Assets), failures or outages in blockchain networks, and other forms of attacks.

This also means Bitvavo may not have control over, or liability for, the delivery, quality, safety, legality or any other aspect of the Digital Assets for which Bitvavo offers Services to User. In case of any systemic failure, this could result in a loss of User's Digital Assets.

3. Systemic Risk
The crypto-asset ecosystem is interconnected, with certain participants such as trading platforms, stablecoin issuers, custodians, and liquidity providers playing central roles. A failure or insolvency of one major participant—such as a widely used exchange, stablecoin issuer, or custodian—may trigger cascading failures or a broad loss of trust in the market. This could affect the liquidity, pricing, or accessibility of a wide range of Digital Assets, even those not directly linked to the failing participant.

Bitvavo cannot prevent or mitigate such ecosystem-wide risks and may also be affected through shared infrastructure, counterparties, or market dependencies. Users should be aware that systemic risks may result in disruptions to Services, temporary inaccessibility of assets, or sudden changes in asset values.

4. Regulatory and Jurisdictional Risk
It is possible that statutory or regulatory changes have material effects on the current setup of the Bitvavo Trading Platform. Statutory or regulatory changes may also result in substantial modifications to any Digital Assets. Bitvavo cannot guarantee that certain regulatory or legal changes may not result in the limitation or termination of certain Services on the Bitvavo Trading Platform.

5. Tax Risks
The purchase, sale, exchange or holding of Digital Assets available may trigger tax consequences for User. While several countries have already implemented specific tax regulations for Digital Assets, further changes and/or additional tax regulations are to be expected. Bitvavo may under certain circumstances (now and/or in the future) be required to deduct withholding tax. Withheld tax amounts are remitted to the tax authorities, and Bitvavo will be unable to refund these amounts. Bitvavo will report information with respect to transactions made by User and/or Digital Assets held by User to one or more tax authorities to the extent such reporting is required by

applicable law. Bitvavo shall deduct and withhold tax on User's transactions to the extent such withholding is required by applicable law. Bitvavo may collect tax documents or certificates regarding User's status as a taxpayer, as well as User's tax identification number or similar information, as required by applicable law. Users should conduct their own assessment of their tax situation concerning Digital Assets and consult their tax advisor before making any decisions with respect to investing in Digital Assets.

6. Risk of Software Weakness
The technology of Digital Assets and platforms such as smart contract systems and other related technologies, as well as their underlying technical concepts and theories are still in an early development stage, are unproven and beyond Bitvavo's control. There is an inherent risk that the technology could contain weaknesses, vulnerabilities or bugs. These could cause, for example, the complete loss of any Digital Assets, even if the software and systems deployed by Bitvavo are functioning as intended.

Many of these technologies and software applications required for the sale, transfer or holding of Digital Assets are neither released by a software manufacturer nor certified by a central entity such meaning no single party may be held liable for such potential defects. Bitvavo uses and displays customary security certificates issued by third parties (certificate authorities) which are widely regarded as enhancing security. Ultimately, however, Bitvavo cannot guarantee the validity or accuracy of these certificates on the Bitvavo Trading Platform.

Always keeping the Bitvavo App, internet browser and the underlying operating systems up to date can mitigate certain risks and vulnerabilities.

7. Risk of theft and internet vulnerability
The software applications and/or other technology components that support the Bitvavo Trading Platform and Services may be exposed to electronic or physical attacks that could result in the irreversible theft or loss of Digital Assets or the theft or loss of personal data.

8. Risk of eliminating the benefits of 2FA
Bitvavo strongly recommends that the User uses 2FA. Please note however, that the safety benefit of using 2FA is effectively reduced or eliminated if both factors can be accessed with the same credentials or devices.

9. Risk of weak login credentials and risk of losing login credentials.
If User does not use 2FA in cases provided for by Bitvavo, any person with knowledge of User's password and e-mail address may be able to access User's Account and User's Digital Assets held in custody by Bitvavo and may place Orders in User's name. The password User chooses when registering an Account (as amended from time to time) may be subject to attacks, even if it is unique and only known to User. The risk is greater if the password is weak (in length and/or complexity) and/or if the password contains personal details (for example User's name, date of birth or place of residence) and/or words included in a dictionary. Bitvavo recommends that User always chooses a strong and unique password (that is not used with any other service provider) and that User uses the 2FA. While stronger passwords are statistically (far) less likely to be successfully retrieved by an attacker, no password is fully safe.

The indicator for the password strength of their password is calculated from general parameters, and does not verify whether User's password may contain any of User's personal details or words included in a dictionary. This should be regarded as a guideline only.

10. Risk of phishing and/or social engineering
SMS and e-mail services are vulnerable to spoofing and phishing attacks. User should always log into User's Account to review any transactions or required actions if they have any uncertainty regarding the authenticity of any communication or notice. Phishing attacks often occur despite SMS or e-mail or equivalent services, via search engines or ads in search engines, or other fraudulent links. While Bitvavo strongly recommends participating in the 2FA, the 2FA cannot prevent successful phishing and/or social engineering attacks if User's credentials including the 2FA are disclosed in such an attack. Phishing or social engineering may result in the theft or loss of the User's Digital Assets.

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11. Trading Services
Digital Assets are volatile assets and may be susceptible to irrational and/or rational bubbles or loss of confidence, which could collapse demand relative to supply and vice versa. This means that User may incur a material and even a full loss when investing in these assets. This risk also exists when trading stablecoins.

When User trades and places a Market Order on the Bitvavo Trading Platform, the execution price may differ significantly from the price indicated to User on the Bitvavo Trading Platform. This relates to a change in price between the time of the Order from User and the actual execution of the Order, which is generally referred to as 'slippage'.

An Order from User always remains subject to sufficient liquidity on the Bitvavo Trading Platform, which means that some Orders may not be instantly executed and that the execution may take some time or not occur at all during periods of high volatility and/or low liquidity. This could result in a less favourable price than anticipated, or even a failure to execute the transaction at User's desired price.

Additionally, illiquid markets have an increased risk of loss because they can experience higher volatility. There is no guarantee that the markets for any Digital Assets allow Users to obtain or liquidate positions at prices acceptable to them or will be even active and liquid at the time they would like to execute their investment decisions.

12. Bitvavo Trading Platform and Trading Risks
During periods of high trading volume, illiquidity and/or volatility, interruptions and/or errors in trading may occur. This could result in limitations of the Services, including the inability to place or execute Orders. This may result in Orders or transactions being delayed, not executed at all, or executed at unfavorable prices. Additionally, we may correct any errors, for example by amending or cancelling executed Orders, which may be to your advantage or disadvantage. This may result in unexpected financial losses or missed trading opportunities.

13. Price Guarantee Service
If User has opted-in for Price Guarantee Service, User will be offered a guaranteed price which can be accepted before execution. However, User may not always be offered a guaranteed price for a given Digital Asset on the Bitvavo Trading Platform through the Price Guarantee Service. This is contingent on various factors, including volatility and liquidity at a given time in a given market, as a result of which Orders may take longer to execute, or not execute at all. If Bitvavo is unable to provide User with a Guaranteed Price Service, or if a Price Guarantee Order cannot be executed at the guaranteed price, Bitvavo will notify User accordingly.

When User accepts a guaranteed price offer for their Order, User does not incur any market risk on their Order for a short period of time between User's acceptance of the price and the execution of User's Order on the RfQ segment of the Bitvavo Trading Platform. However, to account for any unforeseen price fluctuations during this time period, the guaranteed price offer may contain a charge which will be included in the market price for the Digital Asset pertaining to User's Order. If, during the short period after User submitted their Order, the market price for User's Order changes in User's favour, User's Order will nevertheless be executed against the guaranteed price that User accepted. If User would not have submitted their Order under the Price Guarantee Service, the market price on the CLOB might have been better than the guaranteed price offered under the Price Guarantee Service.

Currently, the only market maker available on the RFQ segment of Bitvavo Trading Platform which responds to Price Guarantee Orders is Inveniam B.V.. Inveniam B.V. is a company affiliated with Bitvavo. The User should note that the nature of group company relationship could give rise to potential conflicts of interest Bitvavo endeavors to mitigate risks associated with Inveniam B.V. being the sole market maker on the RFQ segment and strives to ensure transparent, fair and competitive markets in Digital Assets.

Further details on the conflicts of interest could be found in the Conflict of Interest Disclosure Statement.

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14. No Advice
The fact that Digital Assets are available for trading on the Bitvavo Trading Platform constitutes neither a recommendation to enter into a particular transaction nor a representation that a Digital Asset is suitable or appropriate for User. Any information Bitvavo provides to User on the Website and/or the Bitvavo Environment or otherwise is not intended and should not be construed as investment, financial, trading, legal, regulatory tax or accounting advice. It is indicative only, may contain third-party content, and is subject to change without notice. While we endeavour to keep information shown on the Website and/or the Bitvavo Environment as accurate as possible, there is a risk that it may still be incomplete, outdated, or inaccurate. User is solely responsible for any investment decisions, including decisions not to trade, and for assessing the relevance, accuracy, adequacy, and reliability of any information we provide on the Bitvavo Trading Platform and/or the Bitvavo Environment or otherwise.

15. Custody Services
To improve the security of any Digital Assets that User deposits, the Foundation may store Digital Assets in cold wallets, also known as offline storage or cold storage, certain of which are offered by third-party custody providers. This complete isolation from online networks is the defining feature of cold wallets, designed to provide maximum security for storing Digital Assets. This may lead to a delay in the withdrawal of a Digital Asset by User. Additionally, Bitvavo has no influence on the functionality, security, availability, and/or continuity of third-party custody provider's services and shall not be liable for any incidents that result in loss of Digital Assets or access to Digital Assets that are not attributable to Bitvavo. User's Accounts (including any Assets from time to time), are not guaranteed or insured against losses.

16. Transfer Services
Any transfer of a Digital Asset requires factual information from the User, and may result in a loss of that asset if that information is inaccurate. This stems from the nature of the blockchain, which essentially results in the fact that transactions cannot be reverted. It is User's responsibility to verify any contemplated transfer for accuracy at the risk of loss of User's Assets.

17. Recurring Buy
Through the Recurrent Buy feature Bitvavo offers the optionality to periodically invest a fixed amount on an automated basis in selected Digital Assets. The main feature of Recurring Buy is that User invests consistently a fixed amount in Digital Assets on a monthly basis, regardless of the price of the relevant Digital Assets at the time of their monthly investment. This approach may reduce the risk of market timing which may potentially result in an average purchase price that is less sensitive to short-term volatility over the long term. However, this approach may also result in lower returns in comparison to a lump sum investment, if markets go up consistently in the middle to long term.

18. Staking Service
If User has opted-in for Staking Service, Bitvavo may stake eligible Digital Assets held with the Foundation as a validator or delegator in a third-party proof-of-stake blockchain protocol or network.

The Staking Service is dependent on the functioning of underlying decentralized blockchain protocols. These protocols are maintained and regulated by specialized third parties. This means that Bitvavo cannot retrieve, recover or salvage any lost Digital Assets if the protocols that hold these Digital Assets malfunction, are disturbed or cease to exist entirely. Any rewards for the Staking Service may differ from time to time. There is a risk that the reward will decrease after User has opted-in for the Staking Service.

Staking Digital Assets involves certain risks, including, but not limited to:
- Blockchain Protocol Risks: blockchain protocol vulnerabilities, attacks, or consensus failures could impact the security and integrity of staked assets.
- Smart Contract Risks: unsecure smart contract code, mismanagement of smart contracts or exploits of vulnerabilities in smart contracts could impact the security and integrity of staked assets.
- Liquidity Risks: locking-up assets for staking activities could lead to the temporary unavailability of staked assets.
- Slashing Risks: malicious conduct by a validator, unreliability of validators, or any other

violation of the protocol's consensus rules could lead to penalties, known as slashing, which can result in a loss of staked assets.
- Market Risks: price volatility of the staked asset could impact the value of the staking rewards which can result in lower than expected staking rewards.
- Regulatory Risks: new regulatory requirements or changes to existing regulatory requirements could impact the legality or viability of the staking service.
- User may lose all or part of it's Digital Assets as a result of a malfunction within such blockchain protocol. If such losses occur, Bitvavo or any affiliates may not be able to return Digital Assets to User.

Most Staking Digital Assets are staked on platforms in native Proof-of-Stake (PoS) and only a small portion of these Digital Assets are staked via smart contracts. Smart contract staking involves staking Digital Assets via smart contract directly. While this offers rewards, it also carries risks like potential bugs or vulnerabilities in the contract which would create security risks, as well as risks arising from the changes in the underlying protocol. To manage these risks we carefully assess all protocols before supporting them.

Bitvavo determines which validator to use and the Users do not participate in validator selection or governance of the Digital Assets.

For further detail on risks associated with Staking, please refer to our Staking Risk Disclosure available on our webpage and app.

19. Lending Service

If User has opted-in for the Lending Service, Bitvavo Custody may borrow eligible Digital Assets and lend them onward to parties that provide liquidity to the Bitvavo Trading Platform. Bitvavo Custody takes various risk mitigating measures, which include evaluating the creditworthiness of such borrowers, requiring them to provide sufficient collateral, continuous monitoring to detect early signs of default or insolvency, loan book diversification and establishing procedures for asset recovery in case of default or insolvency. Despite these safeguards, borrowers may still default on their loans from Bitvavo Custody. Although losses resulting from such default will not be allocated to opted-in Users, they run a residual credit risk exposure to Bitvavo Custody to whom they have lent Digital Assets. Consequently they may lose part of their Lending Digital Assets and/or Lending Rewards in case Bitvavo Custody is unable to recover these Digital Assets under the relevant loan agreement with such borrower and subsequently becomes insolvent. The above means that User is subject to a counterparty risk at the level of Bitvavo Custody.

Under the Lending Service rewards are not guaranteed and they may differ from time to time. There is a risk that the reward will decrease after User has opted in for the Lending Service. For calculation of the rewards please refer to our Pricing Policy.

For further detail on risks associated with Lending, please refer to our Lending Risk Disclosure available on our webpage and app.

20. API

By using the API, User may authorize third parties through API keys to interface with User's Account. These third parties may not be affiliated with, or approved by, Bitvavo. Before User authorizes any such third party, it is important that the User conducts adequate due diligence to verify whether this party is sufficiently trustworthy, only grant the least necessary permissions for User's API keys and always use the IP whitelist feature to restrict access. Use of the API is for User's own risk and Bitvavo shall not be liable for any financial loss, including but not limited to loss of Digital Assets, resulting from the use of the API.

If User shares their private API keys with third parties, such parties or their IT or automated trading systems (for instance where third parties offer the use of automated trading bots on the API) may interact with the Bitvavo Trading Platform on their behalf in a way that User did not agree and/or anticipate. Bitvavo may consider any instruction signed by User's private key on the API as being valid and binding until User or any party timely notifies Bitvavo of a breach or irregularity with User's private API keys.

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21. Operational Risk Bitvavo strives to ensure uptime and platform performance. However, during periods of market stress, technical issues may arise. These include downtime or service disruption, which can block deposits, withdrawals, or trading; delayed order execution, especially for Market Orders during volatility; mismatched prices due to latency or liquidity gaps. Bitvavo may cancel or adjust executed transactions as per the Trading Rules. These may result in missed trading opportunities or unexpected losses.
22. Credit Risk Users are exposed to credit risk when counterparties fail to meet their obligations. This includes other Users, Bitvavo Custody, or external institutions holding funds within the Foundation on User's behalf. **Bitvavo Custody** For services like Lending or for delayed settlement, Users bear the credit risk of Bitvavo Custody. If Bitvavo Custody defaults, Users may lose some or all assets or rewards. **Counterparty Risk** Counterparties may fail to return borrowed assets or settle obligations. Bitvavo does not guarantee third-party performance unless explicitly stated. **Credit Institutions** Fiat money held with third-party credit institutions is subject to credit risk of such parties. While these are regulated, there may still be default risk, particularly for losses especially exceeding insured limits or falling outside protection schemes. **No Guarantee Schemes** The Services provided under the User Agreement are not subject to or covered by any deposit guarantee or investor protection schemes. Users bear the full risk unless stated otherwise.