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**PRICEDETERMINATION
METHODOLOGY**

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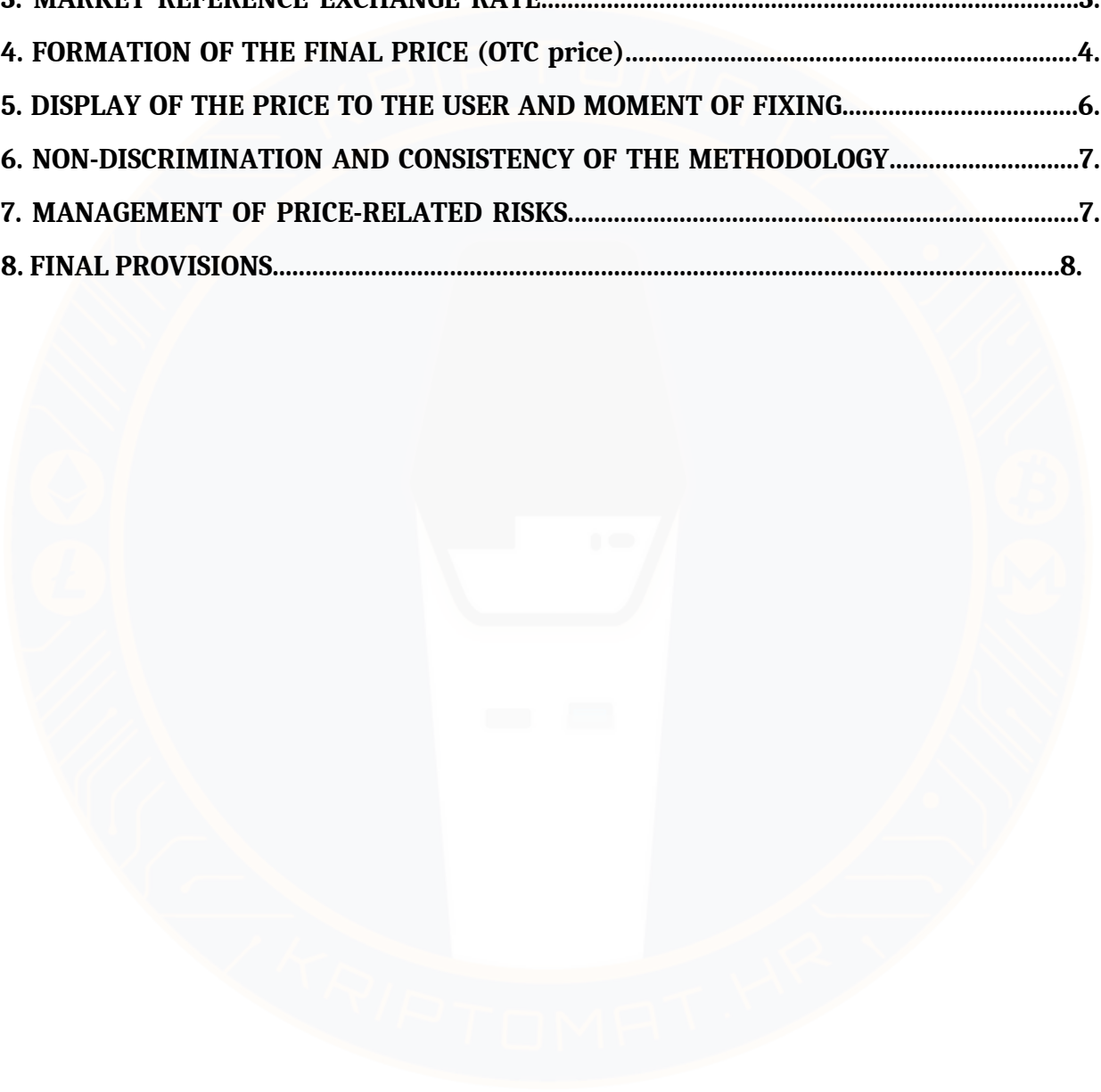
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ANNEX 3 – PRICE DETERMINATION METHODOLOGY

1. Purpose and regulatory framework

This Annex describes the methodology for determining the price of crypto-assets which the Company applies when exchanging crypto-assets for funds, in accordance with Article 77(2) of Regulation (EU) 2023/1114 (MiCA).

The methodology ensures transparent, objective and non-discriminatory price formation, with a clear distinction between the Company as a contracting party in the OTC transaction and the service user.

2. Business model and general principle of price determination

The Company provides the service of exchanging crypto-assets for funds on the OTC principle, whereby the Company:

- ☐ acts as a contracting party in the transaction,
- ☐ acts exclusively for its own account,
- ☐ does not execute users' orders,
- ☐ does not connect third parties nor operate a market or an order book.

The exchange price offered by the Company to the user represents the final OTC price, which the user may accept or reject.

The Company determines the price of crypto-assets on the basis of market prices available on relevant global crypto-asset trading platforms. The price applied in the transaction includes the Company's margin and a fixed fee and may be adjusted depending on market liquidity and the volatility of crypto-assets.

3. Market reference exchange rate

The basis for determining the exchange price is the market reference exchange rate of the crypto-asset at the moment the transaction is initiated.

The market reference exchange rate:

- ☐ is taken from relevant and reliable market sources,
- ☐ reflects prevailing market conditions in real time,
- ☐ serves exclusively as an input parameter for forming the OTC price.

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The Company does not guarantee that the offered price is identical to the prices on other markets or platforms.

4. Formation of the final price (OTC price)

The Company applies its own margin (spread) to the market reference exchange rate, thereby forming the final exchange price.

The margin includes:

- ☐ the Company's operating costs,
- ☐ market risk,
- ☐ liquidity costs,
- ☐ a reasonable business return.

The Company does not charge users a commission, nor does it generate revenue from third parties. All of the Company's revenue derives exclusively from the difference between the market reference exchange rate and the final OTC price.

As the reference source of the market price, the Company uses the Bitfinex, Binance, Kraken platform, namely via the GENERAL BYTES CAS setting Buy Rate Source for the purchase of virtual assets by the client and Sell Rate Source for the sale of virtual assets by the client.

The price is formed as follows

Purchase:

Initial parameters

- ☐ BTC exchange rate without margin: **59910 EUR**
- ☐ Margin: **9.50%**
- ☐ Inserted cash amount: **950 EUR**
- ☐ Fixed fee: **2.99 EUR**

Procedure

1. The margin factor is calculated:
 $1 / (1 - 0.0950) = \mathbf{1.1049723757}$
2. This number is rounded to **3 decimal places**:
 $\mathbf{1.1049723757 \rightarrow 1.105}$

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3. The fixed fee is deducted from the inserted cash amount:
950 - 2.99 = 947.01
4. The correction for the fixed fee is calculated:
 $950 / 947.01 = \mathbf{1.0031573056}$
5. The final exchange rate is calculated:
 $59910 \times 1.105 \times 1.0031573056 = \mathbf{66409.5653}$
6. The final exchange rate is truncated to **2 decimal places**:
66409.5653 – 66409.56
7. The BTC the client receives is calculated and rounded to **8 decimal places**:
 $950 / 66409.56 = \mathbf{0.0143051693}$
0.0143051693 – 0.01430517 BTC

Formula:

$$\text{BTC} = \frac{\text{Inserted cash amount}}{\left(\text{exchange rate without margin} \times \left(\frac{1}{1 - \text{Margin}} \right) \times \frac{\text{Inserted cash amount} - \text{Fixed fee}}{\text{Inserted cash amount}} \right)}$$

Sale:

Initial parameters

- ☐ BTC exchange rate without margin: **60604 EUR**
- ☐ Margin: **4.50%**
- ☐ Cash for payout: **1000 EUR**
- ☐ Fixed fee: **2.99 EUR**

Procedure

1. The margin factor is calculated:
 $0.045 / (1 - 0.045) = \mathbf{0.0471204188}$
2. This number is rounded to **4 decimal places**:
0.0471204188 – 0.0471
3. The exchange rate factor is calculated:
1 - 0.0471 = 0.9529

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4. The correction for the fixed fee is calculated:
 $1000 / (1000 + 2.99) = \mathbf{0.9970189134}$
5. The final exchange rate is calculated:
 $60604 \times 0.9529 \times 0.9970189134 = \mathbf{57577.39515}$
It is then **truncated to 2 decimal places:**
57577.39
6. The amount of BTC the client must send is calculated:
 $1000 / 57577.39 = \mathbf{0.0173679287}$
7. The BTC is rounded to **8 decimal places:**
0.0173679287 → 0.01736793 BTC

The client must send: **0.01736793 BTC**

Formula:

BTC = Cash for payout

$$\left(\text{Exchange rate without margin} \times \left(1 - \frac{\text{Margin}}{1 - \text{Margin}} \right) \right) \frac{\text{Cash for payout}}{\text{Fixed fee}}$$

5. Display of the price to the user and moment of fixing

The price offer which the Company displays to the user is valid for a limited period of time defined by the technical settings of the Kriptomat device.

The validity period of the offer is a maximum of 20 minutes for sales and 60 seconds for purchases, during which the user may accept the offered price.

If the user does not confirm the transaction within that period, the offer in the case of a purchase is deemed to have expired and a new offer is generated in accordance with the current market reference exchange rate. In the case of a sale, after the expiry of 20 minutes the client must initiate a new transaction because the offer of the given transaction is invalid and the transaction cannot be carried out.

In this way, the Company ensures that the offered price reflects current market conditions and the volatility of the crypto-asset market.

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In the case of a sale, the client receives a confirmation and the price of the confirmed offer is guaranteed for 20 minutes. – before accepting the offer and printing the confirmation, all relevant data are visible to the client on the screen of the Kriptomat device

- ☒ *amount of the fixed fee in euros*
- ☒ *margin percentage with the displayed margin amount in euros*
- ☒ *amount of the exchange rate without commission*
- ☒ *amount of cryptocurrency the client is selling, with all fees included*

In the case of a purchase – the screen displays

- ☒ *amount of the fixed fee in euros*
- ☒ *margin percentage with the displayed margin amount in euros*
- ☒ *amount of the exchange rate without commission*
- ☒ *amount of cryptocurrency the client is buying, with all fees included*

With each inserted banknote all variable items are updated and, upon the final insertion of cash, the client has the choice of accepting or withdrawing from the last offered price displayed on the screen. If the client accepts the offer, the price is final and no subsequent change of the price can occur.

6. Non-discrimination and consistency of the methodology

The price determination methodology applies equally to all users who meet the prescribed conditions, without discrimination.

Price differences may arise exclusively from:

- ☐ changes in the market reference exchange rate over time,
- ☐ changes in market conditions and risks,
- ☐ technical or operational factors.

The Company does not adjust the price determination methodology to individual users nor does it apply individually agreed price conditions. The methodology is applied in a standardised manner, in accordance with objective market parameters and the Company's internal rules.

7. Management of price-related risks

The Company continuously monitors market conditions and the volatility of crypto-assets and, where necessary, adjusts the margin in order to ensure business stability and the protection of its own funds.

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The margin adjustment is carried out taking into account the need to preserve the Company's financial stability and the ongoing fulfilment of the prudential requirements prescribed by Regulation (EU) 2023/1114.

Price risk management is carried out in accordance with internal risk management policies.

When determining the margin, the Company also takes into account market conditions, including:

- the availability of liquidity on relevant markets,

In conditions of limited liquidity, the Company may temporarily adjust the margin in order to ensure business stability and reduce operational risk.

8. Final provisions

This price determination methodology applies to all transactions of exchanging crypto-assets for funds carried out by the Company and forms an integral part of the Company's documentation within the MiCA regulatory regime.

The application and consistency of this methodology are supervised by the compliance function and the risk management function, with periodic review in the event of changes in market conditions, the business model or regulatory requirements.