

KoalaSwap

Risk Disclosure Statement

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This Risk Disclosure Statement forms an integral part of KoalaSwap Terms of Service (the “**Terms**”), which are incorporated by reference herein. Unless otherwise provided in this Risk Disclosure Statement, capitalised terms used in this Risk Disclosure Statement have the meaning determined in the Terms.

By using the Platform, you acknowledge and accept in full the risks set out below. These risks are not exhaustive nor presented in any specific order of priority. You understand that any of these risks may result in damages or complete loss of your assets, and you are solely responsible for that. You must not use the Platform or carry out any transactions if you do not accept these risks.

1. General Blockchain Risks

a. Irreversibility

Blockchain transactions, carried out through the Platform or otherwise, take place on the underlying blockchain network, and are often irreversible and immediate. We do not guarantee that any transaction you initiate will be executed with the gas fees you expect, completed, processed on time, or processed at all. You must independently assess risks and make informed decisions before carrying out any transactions.

b. Autonomy of Infrastructure

Smart-Contracts operate autonomously and are typically beyond anyone's control. Any malfunction, breakdown, or abandonment of the underlying blockchain could significantly impact the Platform, Virtual Assets or any transactions involving them.

c. Privacy and Data Risks

Blockchain data is publicly accessible and traceable by third parties, meaning transactions in Virtual Assets may expose certain information about you, though it is unlikely to directly reveal your identity. However, when combined with other personal information, it may allow third parties to infer your financial standing. Once recorded, blockchain data cannot be altered or deleted, making the decision to transact entirely your responsibility.

d. Risk Associated with Hard Fork

A hard fork in the underlying blockchain network of the Smart-Contracts, their components or any Virtual Assets, could require major changes. These changes might make the Smart-Contracts incompatible, dysfunctional, impractical, or more expensive to use. This could disrupt the execution and interaction of

the Smart-Contracts critical to the Platform. Adapting to a hard fork or changes in consensus rules may require significant time and resources, which might not be available or cost-effective. Consequently, the continued operation of the Platform cannot be guaranteed.

e. Risk Associated with Cryptography Development

Advances in cryptography and technology, particularly quantum computing, could threaten blockchain systems by weakening or breaking the cryptographic consensus mechanisms that underpin them. As quantum computing evolves, algorithms once considered secure may become obsolete, leaving systems that rely on traditional cryptographic methods vulnerable. This could allow intruders to bypass existing security measures, compromise data integrity, as well as disrupt consensus mechanisms on blockchain networks.

f. Bridge and Cross-Chain Risks

If you use bridges or cross-chain protocols to interact with Virtual Assets across different blockchain networks, you understand these mechanisms are highly susceptible to exploits and bugs. We do not control or audit such Third-Party Services and systems, and you bear full responsibility for any loss arising therefrom.

g. Gas Fee Volatility

Gas fees necessary for executing transactions on blockchain networks are variable and may rise sharply during periods of high demand or congestion. There is no guarantee that transactions will be executed even if submitted, and failed transactions may still incur gas costs.

h. Slippage and Execution Risks

Due to the nature of decentralised order matching and liquidity provisioning, transactions may experience slippage, price impact, or delayed execution. You may receive less favourable rates or outcomes than anticipated.

2. Financial and Market Risks

a. Risk of Loss

Transacting with Virtual Assets involves the risk of monetary or other losses. These risks can arise from various factors, including market volatility, vulnerabilities in Smart-Contracts, cybersecurity threats such as hacking or phishing attacks, technical failures, regulatory changes, etc. Unforeseen events, including economic downturns, changes in market sentiment, etc, could also have a material adverse effect on your assets.

b. Virtual Assets' Value Risks

There are no representations or warranties, express or implied, regarding the Virtual Assets, including implied warranties of merchantability, fitness for a particular purpose, or non-infringement, all of which are expressly disclaimed. You acknowledge and agree that Virtual Assets may not: (i) meet your expectations

or function as intended, (ii) possess the intended functionality, (iii) have a market, or (iv) have any specific price or hold any particular value, or have any value at all. Receiving, storing, using, or disposing of Virtual Assets is entirely at your own risk.

c. Volatility Risks

Purchasing, using, or holding Virtual Assets involves significant risks. The crypto market is highly volatile, and prices can change drastically in short periods, potentially leading to substantial or total loss of your funds. Due to the nature and operation of blockchain Smart-Contracts, the total amount of Virtual Assets in circulation could increase through, inter alia, the adoption of a new patch, upgrade of the source code, or additional mint. You bear a sole responsibility for any damages or losses that you may incur as a result of or in connection with the change in the composition, supply, value or price of any Virtual Assets. Only allocate funds to Virtual Assets that you can afford to lose.

d. Liquidity and Market Risks

There is no assurance that an active market will exist now or in the future for buying or selling Virtual Assets. Their price and liquidity cannot be assured, and it is possible that there may be no market or liquidity for Virtual Assets at all. In some cases, they may become useless or abandoned entirely.

3. Risks Associated with the Platform

a. Decentralised Governance and Protocol Risks

The Platform may be subject to decentralised governance decisions or depend on third-party Smart-Contracts and protocols, which may implement changes, upgrades, or alterations to logic, fee structures, or transaction rules without prior notice. These changes may impact your use or ability to use the Platform or interact with your Virtual Assets.

b. Oracle Risks

Certain Platform components may rely on external oracles for data feeds (e.g., price or time information). Oracles can be manipulated, malfunction, or fail to deliver accurate data, potentially resulting in incorrect transaction execution or loss of Virtual Assets.

c. Public Interest Uncertainty

Public interest in the Platform is not warranted, and low user engagement may negatively impact its development and associated business activities.

d. Risk of Confusing Interface

The user interface, design of the Platform or associated infrastructure may sometimes cause confusion, leading to unintended actions or transactions, such as selecting the wrong Virtual Asset, transaction type, blockchain network, or account.

e. Risk of Unofficial Projects

There is always a risk of alternative projects or competing teams, including those creating similar products or cloning the Platform and its components, which could negatively affect the Platform and us. Additionally, you may be targeted by fraudulent activities, including fake websites, emails, text messages, or social media accounts impersonating us or the Platform. They may aim to deceive you, steal your Virtual Assets, or otherwise profit unlawfully. Exercise extreme caution when interacting with websites, emails, text messages, and social media accounts, directing you to sources other than the official Platform-associated websites or applications, or those asking you to connect your Wallet. Always verify the authenticity of any communication claiming to represent us or the Platform.

4. Technological Risks

a. Functionality and Flawed Logic of Software

The Platform and associated technical infrastructure are provided “as is” and may experience system failures, downtimes, unplanned interruptions in their underlying network or functionality, hardware or software defects, security breaches, or other causes that could adversely affect the Platform, its components or your access to them. We are not obligated to address these issues and do not warrant that any updates will resolve existing bugs or vulnerabilities, or avoid creating new, unanticipated issues.

b. Software Weaknesses, Bugs and Vulnerabilities

The Smart-Contracts, as well as underlying logic of blockchain networks of the Smart-Contracts or Virtual Assets, may contain weaknesses, flaws, bugs, vulnerabilities, defects, or impairments. This can cause the software or Smart-Contracts to operate incorrectly or not as expected, potentially resulting in transactions being executed contrary to their intended logic or your intents. Such issues can lead to the partial or complete loss of Virtual Assets involved in a transaction or other adverse outcomes.

c. Lack of Remediation

The Smart-Contracts, Platform and their underlying software may have errors or vulnerabilities that are not immediately apparent. Fixing these issues can be difficult and may not always work. Many Smart-Contracts are also immutable, meaning they cannot be changed once deployed. Attempts to fix flaws or vulnerabilities in blockchain software can be complex, risky, expensive, and time-consuming. There is no guarantee that these efforts will prevent negative outcomes, such as the complete or significant loss of your Virtual Assets.

d. Downtime and Maintenance

The Platform-related services, products, or their components may occasionally become inaccessible or inoperable for various reasons, including maintenance, updates, technical disruptions, or third-party interference. Such occurrences may lead to downtime or a lack of access to them.

e. Delayed Updates

There is no warranty that the software the Platform relies on will be updated quickly enough to address new threats, vulnerabilities, or required changes, or can be updated at all. Delays in updates can leave

you exposed to risks such as errors, failed transactions, inability to execute time-sensitive operations, or the loss of Virtual Assets.

f. Use of Experimental Features or Beta Releases

Certain features or functionalities may be released on an experimental or beta basis. These may contain bugs, errors, or unexpected behaviours and should be used cautiously. Your use of experimental features is entirely at your own risk.

5. Security Risks

a. Risk of Theft

The blockchain networks can be attacked which may result in downtime, consensus split, long reorganisation of the chain, 51% attack or other adverse outcomes. There is no warranty that there will be no theft or loss of Virtual Assets due to attacks, hacks, software flaws, or blockchain vulnerabilities, which could result in partial or complete loss of the Virtual Assets. Even when using our official resources, remain vigilant for pop-ups or unusual program behaviour, as these could result from hacks or malicious code.

b. Exploitation of Vulnerabilities

Bugs, flaws in logic, and other vulnerabilities are not part of the intended operation of the Smart-Contracts, Platform and their underlying software or infrastructure. However, intruders may exploit these weaknesses or flaws, potentially causing financial losses, data breaches, or system malfunctions. The exploitation of bugs, flaws, or vulnerabilities in the Smart-Contracts or associated software is strictly prohibited, regardless of the purpose or circumstances. Such acts, especially those that harm others, may be considered criminal or other offences under applicable laws and could result in severe consequences for those involved.

c. Risk Associated with Credentials

If a third party gains access to your Wallet or associated credentials, they may control and use your Virtual Assets held in such Wallet. To reduce this risk, secure your electronic devices or systems (both hardware and software) used in relation to the Wallet, as well as associated credentials against unauthorised access. We encourage you to properly back up all credentials associated with your Wallets used in connection with the Platform.

6. Risks Related to Materials

a. Accuracy

There is no assurance that any Materials will be true, accurate, complete, timely or non-misleading, and you expressly acknowledge and agree that we will be under no obligation to update or fix them. You shall solely evaluate all information provided by us or on our behalf.

b. Risk of Impersonation

Reliance on the Materials, whether in whole or in part, and any use of them, is entirely at your own discretion and risk. Always verify that any information you believe to be from us is posted or communicated by our authorised representatives. Be cautious of impersonation risks, including fake websites, counterfeit tokens resembling legitimate Virtual Assets, and fraudulent social media accounts and communications. Always ensure you are interacting with legitimate and verified sources. Verify information independently before acting.

c. Forward-Looking Statements

The Materials may contain opinions, forecasts, projections, future plans, or other statements about the Platform and our business activities, excluding statements of historical fact. These are considered forward-looking statements based on current expectations and involve risks and uncertainties. There are no warranties that these statements will be accurate, and actual events, results, or outcomes may differ significantly. Do not place undue reliance on such statements. Risks and uncertainties may arise from economic conditions, competition, technical issues, and other factors affecting us, Affiliates, and the Platform.

d. Updates

The Materials may be updated from time to time with or without notice depending on various circumstances, including market conditions, applicable regulation, and governments' actions.

7. Third-Party Interaction Risks

a. Counterparty Risks

You should always be diligent when dealing with third parties regarding Virtual Assets. Such third parties may include, without limitation, exchanges, Wallet operators, etc. Interactions with third parties carry risks, including fraud, insolvency, contract breaches, or security failures, which could result in the loss of your Virtual Assets.

b. Inaccurate Data

The Platform may rely on and derive certain information from third-party data sources in an automated manner, such as the Smart-Contracts, third-party APIs, etc. This information is not manually verified or checked, and as a result, it may be incorrect, incomplete, outdated, inaccurate, or insufficient. In certain situations, immediate action may be required, and timely analysis of the available data is essential for making informed decisions. However, delays in the delivery of necessary information may occur, posing an inherent risk. The inability to act promptly due to such delays could result in partial or complete loss of Virtual Assets. You should always exercise caution when relying on any third-party data.

c. Delegated Transaction Risk

If you use services involving delegated transaction execution (e.g., gasless transactions), you acknowledge that the relayer or intermediary may fail to broadcast or manipulate the transaction in ways not intended. You bear the sole risk of loss or manipulation.

8. Regulatory and Compliance Risks

a. Legal Uncertainty

The Platform may be subject to various laws and regulations, including requirements to obtain licences or other permits as directed by applicable laws. Changes to these laws or evolving interpretations could lead to higher compliance costs or operational challenges, potentially impacting our operation, as well as the platform development and operation. The legal status of Virtual Assets and related transactions is uncertain, and some regions may prohibit owning or transacting with them entirely, which could affect you. The penalties for violating such laws, if any, are unclear. You are responsible for researching and understanding the legal and tax implications of interacting with Virtual Assets in your jurisdiction.

b. Taxation

Any acquisition, use, holding, or disposal of Virtual Assets, as well as related transactions, may have tax implications as imposed by state or government authorities. Tax laws for Virtual Assets may be unclear or not well-defined in your region. Additionally, these laws and their interpretations can change and may even be applied retroactively. You are solely responsible for understanding and meeting your tax obligations. Failure to properly report, collect, or pay Taxes could result in penalties, fines, or other legal consequences.

9. Unanticipated Risks

In addition to the risks set forth herein, there are unanticipated risks. Further risks may materialise as unanticipated combinations or variations of the discussed risks or the emergence of new risks.