PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

TAC (TAC)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading TAC. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Summary for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is TAC and how does it work?

TAC (TON Applications Chain) is a Layer-2 (L2) network built on The Open Network (TON) blockchain. Its primary objective is to enable Ethereum Virtual Machine (EVM) compatibility within the TON ecosystem, allowing Ethereum-based decentralized applications (dApps) to operate seamlessly on TON and be accessible to Telegram users. TAC utilizes Polygon's Chain Development Kit (CDK) and AggLayer to facilitate this integration. The CDK provides a customizable framework for building EVM-compatible chains, while AggLayer addresses blockchain fragmentation by enabling interoperability between different networks.

The TAC token serves multiple functions within the TAC (TON Applications Chain) ecosystem. As a Layer-1 blockchain asset, it is used to pay for all EVM-based transaction execution, with TON user fees in $TON being routed through a network-level paymaster that converts them into $TAC, creating ongoing buy pressure. TAC also underpins the network's Delegated Proof-of-Stake consensus, requiring validators to stake $TAC to earn fees and inflationary rewards. Staked tokens confer governance rights, allowing holders to vote on incentives, grants, and protocol parameters. Additionally, TAC supports a community-focused strategy similar to that of Chainlink, aiming to align its user base around the token's utility. Through seamless integration into Telegram-based consumer apps, users may interact with DeFi mechanisms—such as liquidity provision—without direct awareness, further driving token demand and ecosystem activity.

Who is behind the project?

TAC is a facet of the TON ecosystem, designed to bring Ethereum Virtual Machine (EVM) compatibility and Layer-1 functionality to The Open Network (TON). The project is co-founded by Pavel Altukhov and led by a team that includes key figures within the TON ecosystem: Maximilian Crown serves as CEO, Manuel Stotz as President, and Steven Yun as the former President and Founde

Tokenomics of TAC

General Risks

Like all other digital assets, there are some general risks to investing in *TAC*. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Risks specific to TAC

Competition

The TAC network faces competition from other Layer-2 or Layer-1 blockchain platforms that offer Ethereum Virtual Machine (EVM) compatibility such as Arbitrum, Polygon, and others. TAC's value derives from its broader adoption in the market. If the TAC network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of TAC.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on TAC and determined that TAC is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of TAC, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created TAC;
- The supply, demand, maturity, utility and liquidity of TAC;
- Material technical risks associated with TAC, including any code defects, security breaches and other threats concerning TAC and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with TAC, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of TAC, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to TAC about whether TAC, or generally about whether the type of crypto asset, is a security and/or derivative.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. Take 2 mins to learn more.

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