

ATLAS AI LABS FZE

E

Risk Disclosure Statement

TO VIRTUAL ASSETS REGULATORY AUTHORITY

Versions tracking

Version	Date
Initial version (V1)	June 2026

Table of Contents

1. Important Notice4

2. General Warning and Nature of Virtual Assets4

3. Nature and Limitations of Atlas Services4

4. Risk of Total Loss.....5

5. Issuance and Redemption Risks5

 5.1 Issuance (Minting) Risk5

 5.2 Redemption Risk5

 5.3 Liquidity and Exit Risk.....6

6. Asset-Referenced Virtual Asset (ARVA) Risks6

7. Reserve and Counterparty Risk6

8. Technology and Cybersecurity Risks.....7

9. Third-Party Dependency Risk7

10. Market and Liquidity Risks9

11. Legal and Regulatory Risks 10

12. Operational and Platform Risks..... 10

13. Irreversibility of Transactions 11

14. No Guarantee or Protection 11

15. No Advice 11

16. User Responsibility 12

17. Acknowledgement 12

1. Important Notice

This Risk Disclosure Statement is provided by ATLAS AI LABS FZE (“Atlas” or the “Firm”) to inform Users, investors, and counterparties of the material risks associated with participating in activities involving virtual assets, including the issuance, holding, transfer, and redemption of asset-referenced virtual assets (“ARVAs”).

This Risk Disclosure Statement does not disclose all risks associated with virtual assets or issuance activities, and additional risks may arise at any time. Additional risks may arise due to changes in market conditions, technological developments, regulatory requirements, or operational factors.

You should not participate in any activity involving virtual assets unless you fully understand the risks involved and are capable of bearing a total loss of your investment.

2. General Warning and Nature of Virtual Assets

Virtual assets are digital representations of value that rely on distributed ledger technology. They differ significantly from traditional financial instruments.

By engaging with Atlas, you acknowledge and accept that:

- Virtual assets are not legal tender and are not issued, guaranteed, or backed by any government or central authority;
- Virtual assets are not deposits and are not protected by any deposit protection scheme or insurance mechanism;
- The value of virtual assets may be highly volatile and unpredictable;
- The market for virtual assets may be illiquid, fragmented, and subject to rapid changes;
- Participation in virtual asset activities involves a high degree of risk and may result in financial loss.

3. Nature and Limitations of Atlas Services

Atlas provides services relating to the issuance and lifecycle administration of asset-referenced virtual assets in accordance with applicable laws and regulatory requirements, including those of VARA.

These services are limited to:

- Facilitating the issuance (minting) of virtual assets;
- Processing redemption (burning) requests;
- Providing operational and administrative support in relation to the lifecycle of issued assets.

Atlas does not:

- Provide investment, financial, legal, or tax advice;
- Guarantee returns, value stability, or liquidity;

- Operate a trading platform or secondary market unless explicitly stated.

Users remain solely responsible for their decisions and participation.

4. Risk of Total Loss

Participation in virtual asset activities involves significant financial risk.

You may lose the entire value of your investment. This may occur as a result of:

- i. Market volatility affecting the value of the virtual asset or underlying assets;
- ii. Operational failures or disruptions;
- iii. Regulatory changes;
- iv. Technological vulnerabilities;
- v. Third-party failures or insolvency.

There is no guarantee that any value will be recoverable.

5. Issuance and Redemption Risks

5.1 Issuance (Minting) Risk

The issuance of virtual assets is not instantaneous and depends on multiple operational and external factors.

There may be delays between:

- The receipt of funds or assets from the User; and
- The minting and allocation of the corresponding virtual asset.

Such delays may arise due to:

- i. Banking or blockchain settlement processes;
- ii. Market operating hours (including closure of underlying financial markets);
- iii. Internal validation and compliance procedures;
- iv. Third-party processing requirements.

During the period between receipt of funds and minting of the virtual asset, Users do not hold ownership rights over the virtual asset and may be exposed to interim risks.

5.2 Redemption Risk

Redemption of virtual assets is subject to:

- Validation and compliance checks;
- Liquidity availability;
- Third-party settlement processes;

- Market conditions affecting underlying assets.

Redemption:

- i. Is not guaranteed to occur immediately;
- ii. May be delayed;
- iii. May be suspended under certain circumstances.

There is no guarantee that redemption will occur at a specific time or at a value expected by the User.

In respect of the USAF+ token specifically, redemptions are ordinarily processed on a **T+2 to T+5 business day** basis, subject to successful completion of compliance checks and the availability of underlying liquidity. In stressed market conditions or where third-party settlement processes are delayed, redemption timelines may be extended beyond this period.

5.3 Liquidity and Exit Risk

Virtual assets issued by Atlas:

- May not have an active or liquid secondary market;
- May not be transferable in all circumstances;
- May be subject to restrictions or limitations.

Users may be unable to:

- Sell their assets;
- Transfer them to third parties;
- Exit their position at the desired time or value.

6. Asset-Referenced Virtual Asset (ARVA) Risks

ARVAs derive their value from underlying or reference assets. Risks include:

- i. **Dependence on Underlying Assets:** The value of the virtual asset depends on the performance of underlying assets, which may fluctuate due to market conditions.
- ii. **Valuation Risk:** Valuation methodologies may vary or change over time, potentially impacting the perceived or realized value.
- iii. **No Stability Guarantee:** There is no guarantee that the value of the virtual asset will remain stable or aligned with the underlying assets.
- iv. **Tracking Error:** The virtual asset may not perfectly reflect the value of the underlying assets due to operational, timing, or structural factors.

7. Reserve and Counterparty Risk

Where issuance is supported by underlying assets or reserves:

- Such assets may be held with third-party custodians or financial institutions;
- Atlas relies on these parties for safekeeping and operational processes;
- These parties may be subject to:
 - Insolvency;
 - Operational failures;
 - Regulatory action;
 - Cybersecurity incidents.

Users are exposed to counterparty risk and may suffer losses if such parties fail. There is no guarantee that reserve or underlying assets will be sufficient to meet all redemption requests at all times.

8. Technology and Cybersecurity Risks

Virtual asset services depend on complex technological systems. Risks include:

- i. Cyberattacks, including hacking, phishing, and malware;
- ii. Unauthorized access to wallets or systems;
- iii. Smart contract vulnerabilities or coding errors;
- iv. System failures, bugs, or outages;
- v. Loss or compromise of private keys.

While Atlas implements security measures, no system is immune to failure or attack.

9. Third-Party Dependency Risk

Atlas relies on a range of third-party service providers to deliver its services effectively. These may include, but are not limited to:

- i. Custodians responsible for holding underlying or reserve assets;
- ii. Financial institutions and payment service providers facilitating fiat or digital asset transfers;
- iii. Technology providers supporting infrastructure, smart contracts, and platform functionality;
- iv. Compliance and identity verification providers;
- v. Data providers and valuation agents.

The use of third parties introduces risks that are outside the direct control of Atlas, including:

- i. Service interruptions, outages, or degradation in performance;
- ii. Errors in processing transactions or maintaining records;
- iii. Cybersecurity incidents affecting third-party systems;
- iv. Insolvency, financial distress, or operational failure of a service provider;
- v. Breaches of contractual obligations or service level agreements.

Failures or disruptions affecting third parties may result in:

- Delays in issuance or redemption processes;

- Temporary or permanent loss of access to assets;
- Inaccurate valuation or reporting;
- Suspension or limitation of services.

While Atlas conducts due diligence and ongoing monitoring of its service providers, it does not control their operations and cannot guarantee their performance. Users acknowledge that reliance on third parties is an inherent aspect of the services.

10. USAF+ Token-Specific Risk Disclosure

In addition to the general risk disclosures set out in this statement, the following risks are specific to the USAF+ token issued by Atlas AI Labs FZE and are disclosed in accordance with VARA Issuance Rulebook Rule III.B. These risks arise from the particular structure, backing assets, infrastructure, and distribution arrangements of the USAF+ token.

10.1 Reference Asset and Reserve Risk

USAF+ is an Asset-Referenced Virtual Asset (ARVA) backed by the Atlas America Fund (USAF) ETF, which comprises U.S. Treasuries, gold, REITs, and commodities. The value of USAF+ is directly dependent on the performance and valuation of the underlying ETF. Users are exposed to the following risks:

- **ETF performance risk:** Fluctuations in the value of the underlying ETF, driven by movements in U.S. Treasury yields, gold prices, real estate markets, or commodity markets, will affect the value of USAF+.
- **Reserve sufficiency risk:** There is no guarantee that the reserve assets will be sufficient to satisfy all redemption requests at any given time, particularly during periods of market stress or high redemption demand.
- **Tracking error:** The value of USAF+ may not perfectly reflect the value of the underlying ETF at all times due to operational, timing, or structural factors including settlement lags and valuation timing differences.

10.2 Custody Risk – Fireblocks

USAF+ tokens are held in custody via **Fireblocks** MPC (multi-party computation) infrastructure. Risks include:

- Insolvency, operational failure, or regulatory action affecting Fireblocks may delay or prevent access to USAF+ tokens;
- MPC key compromise, access control failure, or system unavailability affecting Fireblocks infrastructure may impact the ability to mint, transfer, or redeem USAF+ tokens;
- Business continuity events affecting Fireblocks may result in temporary or permanent loss of access to USAF+ tokens.

10.3 Smart Contract and Blockchain Risk

USAF+ is issued on multiple blockchain networks: **Ethereum Mainnet (Proof-of-Stake), Solana, Aptos, and Stellar**. Risks associated with this infrastructure include:

- Smart contract vulnerabilities, coding errors, or protocol failures may result in unintended behaviour, unauthorised token minting or transfers, or loss of assets. Once deployed, smart contracts are typically immutable;
- Network congestion, protocol upgrades, or consensus failures on any of the supported blockchains may delay or prevent transactions;
- Multi-chain issuance introduces cross-chain risk, including fragmented liquidity and inconsistencies in token supply or pricing across networks.

10.4 Distribution and Intermediary Risk

USAF+ is distributed exclusively through VARA-licensed broker-dealers acting as agency intermediaries. Securitize LLC provides technology infrastructure in support of the issuance. Risks include:

- Investors are subject to the eligibility criteria, terms, and conditions of the broker-dealer through which they access USAF+, which may differ across distributors;
- Failure, suspension, or loss of VARA licence by a distributor may affect the ability to purchase, sell, or redeem USAF+ through that channel;
- Technology failures or operational disruptions affecting Securitize LLC may impact the processing of issuance, transfer, or redemption requests.

10.5 USAF+ Regulatory Risk

USAF+ is issued under a VARA Issuance (Category 1) licence in the Emirate of Dubai. In addition to the general regulatory risks described in this statement, the following specific risks apply:

- Changes to the VARA regulatory framework applicable to Asset-Referenced Virtual Assets or VA Issuance (Category 1) licensees may require material changes to the structure, terms, or availability of USAF+;
- Regulatory requirements in jurisdictions outside the UAE may restrict or prohibit access to USAF+ by investors in those jurisdictions;
- The SEC-regulated status of the underlying USAF ETF introduces an additional layer of regulatory risk, including the possibility of changes to ETF structure, eligibility, or availability imposed by US securities regulation.

11. Market and Liquidity Risks

The markets for virtual assets are relatively new, evolving, and may be subject to significant volatility and uncertainty. Risks include:

- **Price Volatility:** Virtual asset prices may fluctuate rapidly and unpredictably due to market sentiment, macroeconomic factors, technological developments, or regulatory announcements.
- **Liquidity Constraints:** There may be limited buyers or sellers in the market, which may result in difficulty executing transactions at desired prices or within expected timeframes.
- **Market Fragmentation:** Virtual asset markets may operate across multiple platforms with varying levels of liquidity, pricing, and transparency.
- **Market Manipulation and Abuse:** Markets may be susceptible to manipulation, including pump-and-dump schemes, wash trading, or other abusive practices.
- **Disconnection from Underlying Value:** Where assets are linked to underlying instruments, their market price may diverge from the value of those assets.

As a result, Users may:

- i. Be unable to sell or redeem assets when desired;
- ii. Experience significant losses due to adverse price movements;
- iii. Receive a value significantly different from expectations.

12. Legal and Regulatory Risks

The legal and regulatory environment for virtual assets is rapidly evolving and may differ significantly across jurisdictions. Risks include:

- **Regulatory Changes:** New laws, regulations, or guidance may be introduced that affect the issuance, transfer, or redemption of virtual assets.
- **Licensing and Compliance Requirements:** Changes in licensing frameworks or compliance obligations may impact Atlas's ability to provide services.
- **Restrictions or Prohibitions:** Authorities may impose restrictions on certain activities, including issuance or redemption.
- **Cross-Border Uncertainty:** Users located in different jurisdictions may be subject to additional legal requirements or restrictions.
- **Enforcement Actions:** Regulatory authorities may take actions that affect the availability or structure of services.

Such changes may occur with little or no notice and may have a material adverse impact on Users.

13. Operational and Platform Risks

Atlas's services are dependent on digital systems, infrastructure, and operational processes. Risks include:

- System outages, downtime, or degraded performance;
- Failures in hardware, software, or network infrastructure;
- Data corruption, loss, or inconsistencies;
- Errors in transaction processing, reconciliation, or reporting;

- Disruptions caused by external events, including natural disasters or geopolitical developments.

Operational failures may result in:

- Delays in processing issuance or redemption requests;
- Temporary inability to access services or accounts;
- Incorrect transaction execution or reporting;
- Financial or reputational loss.
- Use of online platforms exposes Users to risks including data transmission failures, delays, interruptions, and potential loss of data.

Atlas maintains business continuity and disaster recovery frameworks; however, such measures may not prevent all disruptions.

14. Irreversibility of Transactions

Transactions involving virtual assets are typically recorded on blockchain networks and are irreversible once confirmed. This means:

- Transactions cannot be cancelled, reversed, or modified after execution;
- Errors in entering wallet addresses or transaction details may result in permanent loss of assets;
- Unauthorized transactions may not be recoverable.

Users are solely responsible for ensuring the accuracy of transaction details. Atlas does not guarantee recovery of assets in the event of error or unauthorized activity.

15. No Guarantee or Protection

Atlas does not provide any guarantee, warranty, or assurance regarding:

- The value, performance, or stability of virtual assets;
- The success, timing, or outcome of issuance or redemption processes;
- The availability of liquidity or secondary market access;
- The performance of underlying or reference assets.

Virtual assets are not insured, are not protected by any compensation scheme, and do not benefit from any government guarantee.

Atlas shall not be liable for any indirect, incidental, or consequential losses arising from participation in virtual asset activities, except where required by applicable law.

16. No Advice

Atlas does not provide investment, financial, legal, tax, or other professional advice. Any information provided by Atlas:

- Is for informational and operational purposes only;
- Should not be relied upon as a recommendation or endorsement;
- Does not take into account the individual circumstances of any User.

Users should seek independent professional advice before making any decisions involving virtual assets.

17. User Responsibility

Users are solely responsible for:

- i. Understanding the nature and risks of virtual assets;
- ii. Determining whether participation is appropriate based on their financial situation, objectives, and risk tolerance;
- iii. Conducting their own due diligence and analysis;
- iv. Ensuring compliance with applicable laws and regulations in their jurisdiction;
- v. Maintaining the security of their accounts, credentials, and private keys where applicable.

Failure to take appropriate precautions may result in loss of assets or inability to access services.

18. Acknowledgement

By accessing or using the services provided by Atlas, Users acknowledge and confirm that:

- i. They have read, understood, and accepted this Risk Disclosure Statement in full;
- ii. They are aware of the risks associated with virtual asset activities, including the possibility of total loss;
- iii. They have sufficient knowledge, experience, and resources to assess and bear such risks;
- iv. They have not relied on Atlas for investment advice or recommendations;
- v. They accept full responsibility for their decisions and actions.