TESSERACT

TESSERACT LENDING

(1) Service Provider

The Tesseract Lending product (the "Crypto Earn Account") is provided by Tesseract UK Access II Ltd, a company incorporated in England and Wales (company number 14113838), whose registered office is at 7a Abbey Business Park, Monks Walk, Farnham, Surrey, GU9 8HT ("Tesseract"). Technology and operational support is provided by its affiliate Tesseract Earn Oy, registered in the Trade Register maintained by the Finnish Patent and Registration Office under business ID 3478029-5 and domiciled in Helsinki.

Crypto lending of this kind does not require a licence and is not supervised as a crypto-asset service under the Markets in Crypto-Assets Regulation (MiCA).

Product Overview & Features

Tesseract Lending enables clients to earn rewards on their cryptocurrency assets through Tesseract's lending product, earning a yield on their holdings while retaining the potential upside of those assets by not selling them. Under the product, the client transfers eligible crypto-assets to Tesseract and, in return, receives a fixed rate and a contractual claim for repayment of a like amount of assets, on and subject to the Terms and Conditions. Key features:

- **Fixed rate:** Clients receive a fixed rate, agreed with Tesseract and displayed on the Platform. The rate is set by Tesseract and updated from time to time to reflect market conditions. The client's return does not depend on, and is not a share of, the performance of Tesseract's lending book.
- **Conservative risk-managed deployment:** Tesseract, as principal, deploys assets primarily by lending to reputable and creditworthy institutions, each of which undergoes credit due diligence. Further detail on Tesseract's borrower-onboarding and risk-management processes is available separately on request.
- **Delta-neutral approach**: Tesseract aims to manage its lending book on a delta-neutral basis, seeking to avoid directional exposure to crypto-asset prices.
- **Diversificatio** : Tesseract diversifies its lending across multiple counterparties, with exposure limits and collateral requirements monitored on an ongoing basis (diversification increases as the product grows in volume).
- **Collateral management:** Collateral provided by borrowers is held in loan-specific segregated wallets using Fireblocks' industry-leading MPC infrastructure.
- **Processing time**: Complete or partial withdrawals are processed within three (3) Business Days as standard. In exceptional circumstances, Tesseract may require up to seven (7) Business Days as permitted under the Terms. A Business Day is any day other than a Saturday, Sunday or a day on which commercial banks in Finland are closed.
- **Reporting**: Account statements are available to download from the Platform, and Tesseract provides a report on a quarterly basis.

(2) Performance

Where historical or simulated performance is shown, it is provided for illustrative purposes only and is not a guarantee of future results. Simulated or benchmark-based returns are clearly distinguished from, and are not, actual product performance.

(3) Fees and costs

Clients receive a fixed rate agreed between Tesseract and the client; the rates offered by Tesseract are displayed on the Platform. The fees charged are:

- Initiation fee: **None**
- Exit fee: **None**
- Management fee: **None**

- Performance fee: **None (0%)**

The client bears the cost of transferring assets to Tesseract; Tesseract bears the cost of returning them, as set out in the Terms and Conditions.

(4) Risk Disclosure

- **Counterparty (Tesseract) Credit Risk:** The client's entitlement is an unsecured contractual claim against Tesseract (Tesseract UK Access II Ltd) for repayment of the assets plus the fixed rate. The client's principal risk is Tesseract's ability to meet that obligation. Assets are held on a pooled basis rather than in a separate vehicle for each client, and a client ranks alongside Tesseract's other clients and creditors.
  - **Mitigation:** Bankruptcy-remote structure — the Product is operated through a dedicated entity (Tesseract UK Access II Ltd) that is bankruptcy-remote and separate from Tesseract's other business activities and entities. In addition, Tesseract's credit due-diligence processes have been developed and reviewed in coordination with a top-tier traditional financial services company, supported by conservative, delta-neutral and collateralised deployment, counterparty exposure limits and ongoing monitoring.
- **Borrower default risk (borne by Tesseract):** Tesseract lends to institutional borrowers as principal. If a borrower fails to meet its obligations and the loss cannot be recovered, the Client bears the resulting credit loss: Tesseract will use reasonable endeavours to recover the affected assets or value but is not obliged to replace them, and its repayment obligation to the Client is reduced by any amount that cannot be recovered (see the Terms and Conditions, clause 1.4.1).
  - **Mitigation**: Rigorous credit due diligence; credit limits and collateral requirements set by borrower credit rating; and conservative, delta-neutral and collateralised deployment to reduce the likelihood of such losses.
- **Concentration Risk:** The risk of the lending book being overly concentrated with individual borrowers
  - **Mitigation:** Strict counterparty exposure limits (diversification increases as the product grows in volume).
- **Custody Risk (collateral):** Borrower collateral is held with a third party, which could introduce risk associated with that provider:
  - **Mitigation:**
    Collateral is held in loan-specific segregated wallets using Fireblocks' MPC infrastructure. Fireblocks sets the industry standard for MPC-based key management, zero-trust architecture and multi-device approval processes.
- **Operational Risk:** The risk of human error or process failure in the day-to-day management of the product.
  - **Mitigation:** Robust, regularly reviewed processes and controls. Tesseract holds ISO 27001 and SOC 2 Type II certifications.
- **AML and KYC Compliance Risk**: The risk of lapses in anti-money-laundering (AML) and know-your-customer (KYC) compliance .
  - **Mitigation:** Tesseract applies AML, sanctions and KYC controls appropriate to the product and its obligations under applicable law, with operational verification and monitoring performed by Tesseract Earn Oy. Controls are reviewed and updated in line with regulatory developments.

(5) Notice of Potential Tax Liabilities

The ownership of crypto assets or transactions in crypto assets may have some tax consequences. Tax treatment may vary from country to country and is dependent on the Client's individual circumstances. Tesseract does not provide any tax advice nor withhold any taxes. Before making an investment decision, the Client should consult his/her tax advisor.

(6) Right to Withdrawal

This product is offered to non-retail (professional) clients. The statutory consumer right of withdrawal in distance selling applies to consumers and does not apply to non-retail clients. Where, exceptionally, the product is made available to a consumer, the distance-selling right of withdrawal would in any event not apply to products whose value varies with market movements, nor where the agreement is fully performed at the consumer's express request, nor to an existing agreement.

Disclaimer

This material is provided for information purposes only. It is not an offer, recommendation, or invitation to enter into any transaction, and no Tesseract group company accepts responsibility for any action taken on the basis of it.

The Product involves financial risk. The Client is responsible for its own decisions in relation to the Product and for the tax consequences of using it. The Client's entitlement is a contractual claim against Tesseract; there can be no assurance of return, and the Client may lose some or all of the crypto-assets transferred, including if Tesseract is unable to meet its obligations. Where any past or simulated performance is shown, it is not a reliable indicator of future results.

Before deciding to use the Product, the Client should carefully consider the crypto-asset market and the alternatives available to it and, where appropriate, take independent tax or other professional advice.
This material does not constitute advice on crypto-assets within the meaning of MiCA, investment advice, or any other regulated advice. It is intended only to provide general information about the Product to which it relates

Information on the service provider and descriptions of the risks associated with crypto-assets are available at www.tesseract.fi *.*
The Client is advised to review this information before deciding to use the Product