Risk Disclosure Plusplus Frankencoin Services

This risk disclosure applies to the services offered by Plusplus AG, as made available on https://www.plusplus.swiss/, including exchange, custody, and staking services as well as any other services offered by Plusplus (collectively, the “Services”).

The Client acknowledges and understands that the Services involve a significant degree of risk. In particular and without limitation the Client agrees that
Plusplus is not, and is not required to be, regulated as a bank under the Swiss Banking Act. As such, Client Funds held with Plusplus are not covered by the Swiss depositor protection scheme (Einlagensicherung).

- Cryptocurrencies and crypto-related investments are associated with significant risks. Accordingly, there is a risk that the value of the tokens and consequently any deposits may fall below the original value or may become entirely worthless.
- There is no guarantee that tokens will generate a profit or cover the original deposit amount.
- **Total loss is possible**.

Furthermore, the Client acknowledges and understands that the Services involve, without limitation, the following risks:

1. General Risk Information

Cryptocurrencies are associated with significant risks. Cryptocurrencies are typically decentralized. Market-stabilizing interventions by central banks or regulatory authorities are generally absent. A significant or complete loss of value is possible at any time.

Furthermore, cryptocurrencies and crypto-related investments, as well as the underlying technologies, are subject to significant technological and misuse risks. There are also security risks, particularly with regard to the compromise of private keys. Furthermore, there are significant market and regulatory risks, such as market disruptions or government intervention.

The following risk disclosure highlights the principal risks associated with the Services. However, it is not exhaustive. There may be additional risks whose occurrence could have a significant adverse impact.

Plusplus does not provide financial services nor does it offer financial, tax, or legal advice. It is the sole responsibility of the Client to seek appropriate professional advice.

2. Product-specific Risks

Frankencoin (ZCHF) is an ERC-20 token on the Ethereum blockchain and, as a stablecoin, aims to be as closely tied as possible to the Swiss franc (CHF). Specific risks include the following:

2.1. **Peg Stability Risks:** The Frankencoin (ZCHF) is pegged to the Swiss Franc (CHF) via a soft peg mechanism. **The Frankencoin (ZCHF) is not and will not be deposited in Swiss francs (CHF).** ZCHF can be permanently or temporarily detached from the value of the CHF. There is no right to redemption at a particular exchange rate or at nominal value, nor is such redemption guaranteed by Plusplus, the issuer, or any other party. During periods of market stress, loss of confidence, or insufficient liquidity, the value of ZCHF may fall significantly below the value of CHF, and a prompt return to parity is not guaranteed and may not occur. Likewise, the value of the ZCHF may exceed the value of the CHF, which could lead to restricted supply liquidity and make currency exchange completely or partially impossible. Deviations affect the value of deposits and can lead to a temporary or permanent loss.

2.2. **Governance Risks:** Changes to the Frankencoin protocol can be made at any time. The protocol is subject to dynamic governance with voting rights attributed to FPS shareholders. Missing or delayed votes may result in adverse adjustments, while coordinated voting may delay necessary changes or result in unfavorable amendments to the Frankencoin protocol. Incorrect decisions regarding the inclusion of new collateral or parameter control may impair the stability of the system and lead to (total) losses. To avoid conflicts of interest, Plusplus does not hold any FPS shares and therefore no Voting rights in the Frankencoin protocol and does not participate in the Frankencoin Governance. Conversely, Plusplus cannot initiate, block, or influence decisions.

2.3. **Systemic Risks and Insufficient Loss Buffers:** ZCHF has multi-level loss buffers (individual reserve collateral, system reserves, socialization of residual losses). In extreme stress scenarios, these buffers may be insufficient. In such cases, ZCHF could permanently fall below the value of CHF, resulting in (total) losses.

2.4. **Collateral and Liquidation Risks:** There is a risk that the security through volatile crypto collateral (e.g. BTC/ETH) is insufficient, resulting in undercollateralization. Rapid or sharp price declines can lead to mass liquidations. Delays, technical glitches, insufficient bidder liquidity, or faulty auction processing can result in liquidation proceeds not covering the outstanding ZCHF. As a result, ZCHF can permanently fall below the value of CHF and (total) losses may result.

2.5. **Process Risks:** There is a risk that necessary liquidations of collateral are not triggered in a timely manner because market participants do not initiate challenges and/or these are unsuccessful. In such cases, undercollateralized positions can persist for longer and worsen the system's coverage.

2.6. **Savings Module Risks:** Deposits in the savings module are smart contract-based. Despite audits and security measures, risks remain, namely program error, cyberattacks or technical disruptions and others. These can lead to both delays and realized losses. The savings module does not lend or reuse deposits; interdependence risks are thus reduced, but not eliminated.

2.7. **Issuer Risks through Collateral:** There is a risk that if centralized tokens are admitted as collateral, their

issuer, custody, legal and/or blacklisting risks spread to the system (e.g. de-peg, freeze, insolvency, regulatory intervention).

3. Technical and Operational Risks

3.1. **Smart contract Risks:** ZCHF tokens are issued via smart contracts on the Ethereum blockchain. Programming errors, cyberattacks, or changes in governance could result in a total loss.

3.2. **Infrastructure Risks:** The use of ZCHF is based on the Ethereum network. This involves risks such as fluctuating transaction fees, network congestion, technical vulnerabilities, or block reorganizations ("reorgs"). Changes to the protocol, for example by validators, miners, or developers, can lead to forks and affect the functionality or value of ZCHF.

3.3. **Technical Risks:** Cryptocurrencies are based on public, freely accessible software. There is a risk of programming errors, security vulnerabilities, misuse, and cyberattacks, which are becoming increasingly important with technological developments (e.g. quantum computing).

3.4. **Multi-chain/Bridge Risks:** Faulty, delayed, or failed cross-chain communication, as well as inconsistent blockchain parameters, may result in incorrect account balances, delays in credit or debit postings, restricted withdrawals, or temporary non-fungibility across blockchains.

4. Market Risks

4.1. **Correlation Risks:** The price of ZCHF is generally within the framework of a *Soft-Peg* bound to the price of CHF. **The ZCHF is not and will not be backed by CHF deposits.** In periods of market stress, decouplings may occur, leading to temporary or permanent price imbalances between the ZCHF and the CHF. This can lead to a temporary or permanent loss

4.2. **On-/Off-Ramp-Risks:** The exchange of ZCHF into fiat currencies such as CHF depends on external exchanges, payment service providers, Banks and other third partiesRestrictions or failures of these service providers may prevent or delay market access.

5. Regulatory and Legal Risks

5.1. **Regulatory Uncertainty:** Legal frameworks may change and may require future licenses, registrations, or restrictions. New laws may restrict or prohibit the use and trading of ZCHF. Future regulatory changes, due diligence requirements, or measures by market platforms may restrict the use of systems, require additional identification processes, or lead to temporary disruptions.

6. Technical Custody Risks

6.1. **Private Key Risks:** Access to ZCHF assets is only possible through private cryptographic keys, which are held by Plusplus. There is a risk of hacks, misuse, and compromise of private keys, which could lead to losses. Loss, compromise, or unauthorized access to these keys could permanently prevent access to the assets and result in a total loss of assets.

6.2. **Cold storage Risks:** The keys are stored in cold storage (offline). Physical damage, loss, or theft of the hardware used can irretrievably lose access to the keys stored there.

7. Operational Risks of Plusplus

7.1. **Business Risks:** Plusplus is subject to its own default risk. In the event of bankruptcy, segregated customer funds remain excluded from the bankruptcy estate in accordance with the relevant bankruptcy law provisions. Interruptions, access restrictions, and delays are nevertheless possible.

7.2. **Operational Risks:** Technical failures, human errors or system malfunctions can lead to interruptions, delays in processing or, in extreme cases, financial losses.

7.3. **Cyber and security Risks:** Plusplus's systems may be subject to cyberattacks, hacking, or unauthorized access. Such incidents may result in disruptions, data loss, or unauthorized transactions, and in extreme cases, financial losses.

7.4. **Third-party Risks:** For certain services (e.g. for services such as custody, payment processing, or technical infrastructure), we rely on external providers. Failures, breaches of duty, or security issues with these third parties may limit functionality and lead to delays or losses.

8. Important Notices

8.1. **No Guarantee of Return:** Past performance is not indicative of future results. The variable interest rate may decrease or be discontinued entirely. Returns, as well as capital preservation or gain, are not guaranteed. While product fees are limited to the actual interest earned, the net return may be zero. Neither Plusplus nor the protocol is obliged to provide supplementary payments to ensure a minimum return.

8.2. **No Investor Protection**: In contrast to traditional bank deposits, no statutory deposit insurance exists for cryptocurrencies. There is no right to compensation in the event of a loss. However, the deposits will not be sub-lent or used for other purposes, but exclusively to ensure compliance with contractual obligations.

8.3. **Tax Obligations:** The correct fulfillment of tax obligations is the responsibility of the client.

8.4. **Professional Advice:** Consult an independent financial advisor if necessary.

All information is provided for informational purposes and has been compiled with reasonable care. There is no entitlement to a specific return, to preservation of value, or to exchange for legal tender. Plusplus is not liable for losses resulting from market movements, protocol or network disruptions, regulatory actions by third parties, or the non-fulfillment of regulatory requirements. Furthermore, the General Terms and Conditions of Plusplus apply in their currently valid version. These are available at: https://plusplus.swiss/en/terms-and-conditions.

This risk disclosure cannot cover all possible risks associated with cryptocurrencies, nor can it provide an

exhaustive description of all associated risks. Please consult a professional advisor before using this solution.

By using our services, you acknowledge that you understand and accept the risks.

Plusplus AG
Poststrasse 22
6300 Zug
Last Update: March 2026