Talus Foundation MiCAR White Paper

IN ACCORDANCE WITH

TITLE II OF REGULATION (EU) 2023/1114

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01. Date of Notification: 2025-10-17

Regulatory Disclosures

02. Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114:

This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

03. Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114

This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body of Talus Foundation, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

04. Statement in accordance with Article 6(5), points (a), (b), (c):

The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.

05. Statement in accordance with Article 6(5), point (d):

The utility token referred to in this white paper may not be exchangeable against the good or service promised in the crypto-asset white paper, especially in the case of a failure or discontinuation of the crypto-asset project.

06. Statement in accordance with Article 6(5), points (e) and (f):

The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

Summary

07. Warning:

This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

08. Characteristics of the Crypto-Asset Purchasers of the US token acquire governance and utility rights within the Talus ecosystem. Holders can vote on key protocol decisions through the Talus DAO and use the token for payments or for staking to participate in network operations, such as running coordination nodes, in order to share in rewards. The token does not grant any ownership, equity, or rights to profits. There are no obligations for holders, although participants who stake tokens can have them penalised ('slashed') for malicious behaviour. Rights are exercised on-chain by voting on DAO proposals or by staking tokens to engage with the protocol. While the Talus Foundation's governing rules allow for the modification of these rights and obligations, any change that could materially and adversely affect token holders requires their prior approval via a vote of the DAO.

09. Utility Token Summary The $US token provides access to goods and services within the Talus Network, a decentralized AI platform for creating and coordinating agentic workflows. The token, which has a total supply of 10 billion, serves several key functions: it is the primary medium to pay for AI workflow execution and on-chain computation via the network's Nexus protocol; it can be staked by holders to operate coordination nodes or register AI tools, thereby securing the network and earning protocol rewards; and it grants holders the right to participate in governance through the Talus DAO and access premium AI tools and services. Transferability of the $US token is temporarily restricted for tokens committed to staking for network participation, as these are subject to slashing conditions. Additionally, certain token allocations may be subject to vesting or lock-up schedules, and transfer is prohibited for residents of sanctioned or otherwise restricted jurisdictions.

10. Key Information About the Admission to Trading No public offer of Talus (US) tokens is being made in connection with this disclosure. This is an admission to trading and not a fundraising event. Consequently, there is no subscription period, issue price, fundraising target, or subscription fee. The purpose of seeking admission to trading is to facilitate participation, governance, and usage within the Talus ecosystem, while ensuring liquidity and accessibility for users. No crypto-asset service provider has been appointed to place

the token. Admission to trading is being sought for the Talus (US) token on the Kraken and Bitvavo trading platforms.

A. Information about the Person Seeking Admission to Trading

A.1 Name: Talus Foundation

A.2 Legal Form: K575

A.3 Registered address: c/o Paget-Brown & Co. Ltd. 1st Floor, Leeward One Building Regatta Office Park, West Bay Road P.O. Box 10146, Grand Cayman KY1-1002 KY

A.4 Head office: 6000 Island Blvd. Aventura, FL 33160 US

A.5 Registration Date: 2025-01-23

A.6 Legal entity identifier: N/A

A.7 Another identifier required pursuant to applicable national law: 417923

A.8 Contact telephone number: +(786)760-1845

A.9 E-mail address: mike@talus.foundation

A.10 Response Time (Days): 030

A.11 Parent Company: N/A

A.12 Members of the Management body:

Name	Business Function	Business Address
Michael Hanono	Director	6000 Island Blvd. Aventura, FL 33160
GTCS Secretaries Limited	Member	C/- Highvern Cayman Limited, Elgin Court, Elgin Avenue, George Town, Grand Cayman KY1-1106, Cayman Islands

A.13 Business Activity: The Talus Foundation was formed for the promotion of social objects associated with blockchain-related technology and software. The objects for which the Foundation Company is established are:

(a) to act as a holding company;
(b) to facilitate, support, promote, operate, represent and advance the open-source development and adoption of blockchain-related technology and software (including the native digital token of the ecosystem, US, issued by a subsidiary of the Foundation Company and the associated decentralized non-custodial liquidity market protocol, decentralized network and ecosystem);
(c) to facilitate, support, promote, operate, represent and advance each DAO Resolution;
(d) to facilitate the funding of the Foundation Company, any of its subsidiaries and any project related thereto; and
(e) to do all such things as in the opinion of the Directors are or may be incidental or

conducive to the above objects or any of them.

A.14 Parent Company Business Activity: N/A

A.15 Newly Established: false

A.17 Financial condition since registration:

Below is a summary of the financial position of the Talus Foundation:

2025 September Financial Statements (January 23 – September 30, 2025):
Total assets: USD 8,898.16
Liabilities: USD 8,898.16 (loan from Talus Labs, Inc.)
Total liabilities and equity: USD 8,898.16
Total revenue: USD 0
Total expenses: USD 8,898.16
Net result: USD 0

The Foundation's initial financial position reflects its early stage of incorporation and setup. Its total assets and liabilities correspond to the short-term intercompany loan provided by Talus Labs, Inc., used to fund incorporation, legal, and administrative setup expenses.

Financial Performance
The financial performance of the Talus Foundation reflects its early-stage focus on establishing its legal, operational, and governance structure in accordance with Cayman Islands law and MiCA compliance standards.

Since its incorporation, the Foundation has incurred expenses totaling approximately USD 8,898.16, which primarily covered:
- Legal and regulatory advisory services
- Registration and secretarial fees
- Foundation management and compliance setup

The Foundation did not generate revenue during this period and has not engaged in commercial activities. Its operations were financed through a short-term intercompany loan from Talus Labs, Inc. The Foundation maintains sufficient liquidity to meet its current obligations and operates on a conservative financial model to ensure long-term sustainability.

Talus Labs, Inc. has been financially stable since its incorporation, supported by a total funding of US$10million. Since its incorporation, the company has expanded its operations, and established itself as a key player in the AI and blockchain industry. Talus Labs, Inc. is in the growth phase, focusing on establishing a market presence. Looking ahead, the company anticipates continued financial growth, driven by market uptrends, increased adoption of digital assets, and expanding business activities.

Business Development and Financial Model
The Talus Foundation serves as the non-profit governance and coordination entity of the Talus ecosystem, overseeing the administration of the Talus Network and ensuring compliance with its mission to promote transparent and verifiable AI infrastructure on blockchain technology.

Under a Master Services Agreement (MSA) between the Talus Foundation, Talus Labs, Inc. (the "Maintenance Company"), and Talus Token Issuer Ltd. (the "Minting Company"), financial arrangements are designed to ensure compliance with the Foundation's non-profit purpose and operational sustainability:

- **Maintenance Fees:** Payable to Talus Labs, Inc. for technical and administrative services. Such fees are capped at the Foundation's total profit for the period, ensuring that the Foundation's operations remain revenue-neutral.

- **IP License Fees:** The Foundation, together with the Minting Company, pays a variable IP license fee to Talus Labs, Inc. This fee is structured to maintain a fixed annual profit margin of 0.25%, ensuring compliance with the Foundation's non-profit status.

All income or profit generated by the Foundation must be applied exclusively toward achieving its stated social and technological objectives and cannot be distributed to its directors, members, or affiliates.

Assets and Financial Condition
The Talus Foundation holds crypto-asset wallets on both the Ethereum and Sui networks to facilitate ecosystem-related activities. As of the reporting date, no digital assets had been issued or distributed from these wallets.

The Foundation's financial condition remains stable, with adequate support provided by Talus Labs, Inc. and no outstanding debts beyond the initial incorporation loan. The Foundation expects its financial position to strengthen over the coming fiscal year as ecosystem operations expand under the Talus Network governance framework.

B. Information about the issuer, if different from the offeror or person seeking admission to trading

B.1 Issuer different from offeror or person seeking admission to trading: true

B.2 Name: Talus Token Issuer LTD

B.3 Legal Form: 6EH6

B.4 Registered address: c/o Harneys Corporate Services Limited, Craigmuir Chambers, Road Town, Tortola, VG 1110, VG

B.5 Head office: c/o Harneys Corporate Services Limited, Craigmuir Chambers, Road Town, Tortola, VG 1110, VG

B.6 Registration Date: 2025-01-13

B.7 Legal entity identifier: N/A

B.8 Another identifier required pursuant to applicable national law: 2149329

B.9 Parent Company: Talus Foundation (Cayman Islands Foundation Company, Co. No. GC-417923)

B.10 Members of the Management Body:

Name	Business Function	Business Address
Michael Hanono	Director	6000 Island Blvd, Aventura, FL 33160

B.11 Business Activity: Talus Token Issuer Ltd acts as the designated token-issuing subsidiary of the Talus Foundation.

Its activities include:
• Issuance and initial allocation of the native Talus Network token (“US”);
• Supporting liquidity, listing, and distribution of the token in compliance with MiCA and BVI law;
• Maintaining relationships with service providers (custodians, exchanges, and validators) under the Master Services Agreement with Talus Labs Inc. and the Talus Foundation;
• Holding assets and rights related to the Talus Network protocol solely for the benefit of the Foundation’s ecosystem.

B.12 Parent Company Business Activity: The Talus Foundation is a not-for-profit Cayman foundation company established to oversee, govern, and fund the Talus Network and its open-source ecosystem, including protocol maintenance, token-governance frameworks, and community initiatives.

It holds full ownership of Talus Token Issuer Ltd and directs its activities in accordance with its Amended and Restated Memorandum and Articles of Association.

C. Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

C.1 Name: N/A, This section is not applicable, as neither the operator of a trading platform nor any other person, apart from the issuer, has drawn up or contributed to the preparation of the crypto-asset white paper.

C.2 Legal Form: N/A

C.3 Registered address: N/A

C.4 Head office: N/A

C.5 Registration Date: N/A

C.6 Legal entity identifier of the operator of the trading platform: N/A

C.7 Another identifier required pursuant to applicable national law: N/A

C.8 Parent Company: N/A

C.9 Reason for Crypto-Asset White Paper Preparation: N/A

C.10 Members of the Management body: N/A

C.11 Operator Business Activity: N/A

C.12 Parent Company Business Activity: N/A

C.13 Other persons drawing up the crypto- asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114: N/A

C.14 Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114: N/A

D. Information about the Crypto-Asset Project

D.1 Crypto-asset project name: Talus Network

D.2 Crypto-assets name: Talus token

D.3 Abbreviation: US

D.4 Crypto-asset project description: Talus Network is a decentralized infrastructure platform that enables the creation, coordination, and monetization of autonomous AI agents on-chain. Built on the Sui Move stack, it introduces the Talus Agentic Framework (TAF), allowing developers to design asynchronous workflows that connect on-chain logic with off-chain computation securely. Its execution layer, Nexus, provides verifiable AI automation through a decentralized leader network. The Talus ecosystem features marketplaces for tools and agents, powering real applications across DeFi, gaming, and consumer AI. Its native token, $US, underpins payments, staking, and governance across the network.

D.5 Details of all natural or legal persons involved in the implementation of the crypto-asset project:

Name	Business Function	Business Address
Mike Hanono	CEO	6000 Island Blvd. Aventura, FL 33160

D.6 Utility Token Classification: true

D.7 Key Features of Goods/Services for Utility Token Projects: The Talus Network is a decentralized platform designed to integrate autonomous systems and artificial intelligence into the digital economy. The core of this platform is the Talus Agentic Framework (TAF), a standardized protocol for creating and coordinating onchain and offchain AI services, implemented through the Nexus protocol on the Sui network. The native utility token of the ecosystem, US, is integral to the functioning, security, and governance of the network. Key features of the goods and services offered within the Talus ecosystem include:

1. Nexus Protocol: An agentic automation protocol that serves as the execution layer for verifiable AI workflows. It enables developers to build and utilize onchain AI services with composability and secure financial capabilities through 'Talus Tools' (modular onchain services) and 'Talus Workflows' (execution flows for compound services).

2. Agent as a Service (AaaS): Developers can compose various onchain 'Talus Tools' into workflows and offer them as 'Talus Agents'—autonomous services that enhance existing Web3 applications such as DeFi, oracles, and onchain gaming.

3. Agent Marketplace: An ecosystem where AI agents and offchain service providers can monetize their offerings. Developers can create and list autonomous agents that perform

specific tasks (e.g., investment strategies, scientific outsourcing), which users can then utilize through the onchain infrastructure.

The US token has several key functionalities within this ecosystem:

- Payment: The US token serves as the primary medium of exchange within the Nexus protocol. Users can spend US to prioritize workflow execution or to pay for trusted execution services. Protocol revenue generated from these fees is used to manage the token supply through mechanisms like buybacks or burns, reinforcing token value.

- Participation and Staking: To ensure network security and reliability, participants such as coordination node operators ('Nexus Leaders') and service providers who register new 'Talus Tools' are required to stake US tokens. This stake functions as an economic bond, which can be slashed in cases of malicious behavior, and allows stakers to share in the revenue generated from network payments.

- Governance and Privilege: US token holders are entitled to participate in the governance of the Talus ecosystem through the Talus DAO, voting on proposals and influencing the future development of the protocol. Long-term holding of the token also grants access to exclusive privileges within the Talus community.

D.8 Plans for the token: Milestones:
• In January 2025, the Talus Foundation was incorporated in the Cayman Islands to support the development of the Talus ecosystem.
• In June 2025, the Foundation entered into a Master Services Agreement with Talus Labs, Inc. and Talus Token Issuer Ltd to formalize the development and issuance of the native digital token and its associated platform.
• In September 2025, the project's updated whitepaper was released, and the native token for the ecosystem was officially designated as US.

Future Plans:
• Token Launch and Ecosystem Integration: The project plans to design and execute the US token launch, including exchange listings, liquidity provisioning, and airdrops. The US token is intended to serve three primary functions: payment for prioritizing workflow execution, participation via staking for running coordination nodes or registering tools, and privilege for governance access.
• Phased Network Decentralization: The Talus Network will be implemented through the Nexus protocol on the Sui network. Its development will follow a phased approach, starting with an initial leader setup, progressing to a distributed leader network using Trusted Execution Environments (TEEs), and ultimately evolving into a fully decentralized, permissionless network.
• Application and Marketplace Launch: To bootstrap the ecosystem, the project will launch flagship applications, including 'Talus Vision', a no-code visual workflow builder, and 'IDOL.fun', a consumer-facing agent marketplace and Agent-vs-Agent (AvA) gaming

platform.
• Incentive Mechanisms: A 'Nexus Subsidy' program is planned to reward early adoption by rebating a portion of gas fees in US tokens. Additionally, a 'Loyalty Reward Program' will be introduced to reward token holders who lock their US tokens before the network is fully decentralized.

D.9 Resource Allocation:

The development and implementation of the Talus project are financially supported by Talus Labs, Inc., which has secured approximately US$10 million in venture capital funding. The Talus Foundation is funded through a short-term loan from Talus Labs, Inc., ensuring that the project is adequately capitalised to achieve its objectives. Initial resources have been allocated to cover essential incorporation and operational costs, with an anticipated budget of approximately US$150,000 for these preliminary expenses. This includes engaging with professional service providers for legal counsel, company registration, and secretarial services, with initial invoices for these services amounting to approximately US$8,900.

D.10 Planned Use of Collected Funds or Crypto-Assets: N/A

E. Information about the Admission to Trading

E.1 Public Offering or Admission to trading: ATTR

E.2 Reasons for Public Offer or Admission to trading: The admission to trading of the Talus Network's native utility token ("US") are intended to facilitate participation, governance, and usage of the Talus ecosystem. The token is required to pay for on-chain computation, staking, and coordination between decentralized AI agents operating within the Talus Network. Admission to trading ensures liquidity, accessibility, and transparent price discovery for participants while allowing developers and users to obtain the token to interact with the protocol. No proceeds from token sales are distributed as profit; they are used exclusively to support the Talus Network and its open-source development.

E.3 Fundraising Target: N/A

E.4 Minimum Subscription Goals: N/A

E.5 Maximum Subscription Goal: N/A

E.6 Oversubscription Acceptance: N/A

E.7 Oversubscription Allocation: N/A

E.8 Issue Price: N/A

E.9 Official currency or any other crypto- assets determining the issue price: N/A

E.10 Subscription fee: N/A

E.11 Offer Price Determination Method: N/A

E.12 Total Number of Offered/Traded Crypto- Assets: 10000000000

E.13 Targeted Holders: ALL

E.14 Holder restrictions: Yes, holders must comply with applicable jurisdictional, AML/CFT, and sanctions regulations. Tokens will not be offered to, or transferable by, residents of jurisdictions where such offerings are restricted or prohibited (including sanctioned or embargoed countries). Additional lock-ups or vesting restrictions may apply to certain ecosystem allocations, team wallets, or investor tranches.

E.16 Refund Mechanism: N/A

E.17 Refund Timeline: N/A

E.18 Offer Phases: N/A

E.19 Early Purchase Discount: N/A

E.20 Time-limited offer: N/A

E.21 Subscription period beginning: N/A

E.22 Subscription period end: N/A

E.23 Safeguarding Arrangements for Offered Funds/Crypto-Assets: N/A

E.24 Payment Methods for Crypto-Asset Purchase: Purchases may be settled in USD-denominated stablecoins (e.g., USDC) or major crypto-assets (e.g., SUI or ETH), depending on the platform or campaign through which the purchase is made.

E.25 Value Transfer Methods for Reimbursement: Reimbursements, if applicable, will be made on-chain to the originating wallet address in the same asset used for purchase, unless otherwise specified in the purchase agreement or exchange terms.

E.26 Right of Withdrawal: N/A

E.27 Transfer of Purchased Crypto-Assets: Tokens are delivered directly to the purchaser's on-chain wallet address after confirmation of payment and completion of any required KYC/AML procedures. Transfers occur via the Sui Network, the native blockchain on which the Talus token smart contract resides.

E.28 Transfer Time Schedule: N/A

E.29 Purchaser's Technical Requirements: Holders must possess a compatible crypto wallet integrated with the Sui Network (e.g., Sui Wallet, Ethos Wallet, or Suiet), maintain a stable internet connection, and have the technical ability to manage private keys securely.

E.30 Crypto-asset service provider (CASP) name: N/A

E.31 CASP identifier: N/A

E.32 Placement form: N/A

E.33 Trading Platforms name: Kraken, Bitvavo

E.34 Trading Platforms Market Identifier Code (MIC): Kraken – PGSL, Bitvavo – VAVO

E.35 Trading Platforms Access: Through the platforms' official web interfaces and mobile applications, accessible after completing standard KYC registration and verification processes.

E.36 Involved costs: Investors bear the cost of the tokens purchased, plus platform trading fees, network gas fees, and withdrawal costs, as determined by each exchange's published schedule.

E.37 Offer Expenses: N/A

E.38 Conflicts of Interest: No material conflicts of interest exist. Talus Token Issuer Ltd operates under the exclusive ownership of the Talus Foundation, which is a not-for-profit entity. Governance ensures segregation between issuance, ecosystem development, and

trading activities. Any potential related-party engagements (e.g., with Talus Labs Inc. for technical maintenance) are performed under arm's-length contractual terms approved by the Foundation's directors.

E.39 Applicable law: Laws of the British Virgin Islands govern the offering and operation of Talus Token Issuer Ltd, supplemented by applicable EU MiCA Regulation (2023/1114) requirements for admission to trading.

E.40 Competent court: The Courts of the British Virgin Islands shall have exclusive jurisdiction for any disputes arising from or in connection with the offering, subject to any mandatory provisions of EU law applicable to investors within the EEA.

F. Information about the Crypto-Assets

F.1 Crypto-Asset Type: US tokens are considered as crypto-assets other than EMTs and ARTs under Regulation (EU) 2023/1114. US tokens are fungible utility tokens.

F.2 Crypto-Asset Functionality: The US token serves three primary functions within the Talus ecosystem:

a) Payment: Nexus users can spend US to prioritize workflow execution or pay for trusted execution. Other currencies used for payment will be converted to US, and future features of Nexus will also charge in US to increase demand.

b) Participation: Holders can stake US to run coordination nodes and join the Nexus Leader network, sharing in the revenue generated from payments. Staking is also required to register a new Talus tool and provide secure services. The staked tokens of leader operators and tool operators can be slashed in case of malicious behavior, providing economic security to the network.

c) Privilege and Governance: Long-term US holders gain access to governance rights and exclusive privileges offered to the Talus community. As defined in the Foundation's articles, US Holders are entitled to vote on DAO Resolutions, which can include proposals for certain company decisions and amendments to the articles that materially affect them.

Additionally, the token is designed for multiple purposes within the Talus Network, an AI-native protocol. These purposes include enabling interactions between AI agents, digitally representing AI agents, and facilitating the games and competitions they participate in.

F.3 Planned Application of Functionalities: The functionalities of US are planned to apply progressively as the Talus Network and its core Nexus protocol are developed and launched. Key functionalities are scheduled as follows:

Ongoing Development and Implementation:
Management, research, and development of the US token and the broader Talus ecosystem, including the associated decentralized non-custodial liquidity market protocol and decentralized network as outlined in the Master Services Agreement for maintenance and minting support services. Defining and evolving the utility of the US token across the network and ecosystem. Developing, monitoring, and optimizing the token's economic model and supply schedule. Structuring and managing incentive programs for partners and ecosystem participants.

Planned for Token Launch and Initial Protocol Deployment:
Issuance and minting of the US token by Talus Token Issuer Ltd. Holding, allocation, and distribution of token liquidity. Services for airdropping tokens at and after the launch. Designing and executing the token launch plan, including exchange listings and liquidity provisioning. Nexus users will be able to spend US tokens to prioritize workflow execution

or pay for trusted execution, with an option to use SUI which will be converted to US via public market purchases. A Nexus Subsidy program will reward early adopters with US tokens for gas fees incurred. The Loyalty Reward Program is active as a temporary measure to reward token holders locking their US in the Leader network before the official staking feature is launched.

Long-Term Functionalities:
As the Nexus Leader network transitions to a fully decentralized system, participation functionality will enable users to stake US tokens to run coordination nodes and register new Talus tools. Long-term US holders will gain access to governance and exclusive privileges within the Talus community, as the ecosystem evolves into foundational infrastructure for decentralized AI execution. New features of Nexus will also charge in US tokens to increase demand.

F.4 Type of white paper: OTHR

F.5 The type of submission: NEWT

F.6 Crypto-Asset Characteristics: US is the native utility and governance token of the Talus Network, classified as a 'crypto-asset other than asset-referenced tokens or e-money tokens' under MiCAR. The token is designed for the Talus ecosystem, an AI-native protocol built on the Sui Move stack and deployed on the Sui network.

The US token has a total supply of 10 billion and serves three primary functions within the Talus Agentic Framework:

1. Payment: Users can spend US tokens to pay for services within the ecosystem, such as prioritising the execution of AI-driven workflows on the Nexus protocol or paying for trusted execution.

2. Participation (Staking): Holders can stake US tokens to operate coordination nodes within the Nexus Leader network, thereby sharing in the revenue generated from network payments. Staking is also required to register new 'Talus Tools' that provide services to the network. Stakes are subject to slashing in the event of malicious behaviour.

3. Governance and Privilege: US holders are entitled to participate in the governance of the Talus DAO by voting on DAO Resolutions. Long-term holders may also gain access to exclusive community privileges.

F.7 Commercial name or trading name: Talus Network

F.8 Website of the issuer: https://talus.foundation/

F.9 Starting date of offer to the public or admission to trading: 2025-11-15

F.10 Publication date: 2025-11-15

F.11 Any other services provided by the issuer:

Talus Token Issuer Ltd does not engage in any commercial activities beyond those directly related to the issuance, management, and administration of the Talus Network's native token.

Specifically, it:

• Coordinates token generation events and manages allocations in accordance with the Foundation's resolutions;

• Maintains technical and legal compliance for listing and custody arrangements;

• Engages service providers (e.g., Talus Labs Inc.) for ongoing protocol maintenance, token distribution infrastructure, and analytics;

• Supports ecosystem transparency by publishing reports and on-chain data related to token supply and usage; and

• Holds digital assets in trust for the benefit of the Talus Foundation and its governed ecosystem.

The company does not provide financial, exchange, or investment services to the public and operates solely as a foundation-controlled utility token issuer.

F.12 Language or languages of the white paper: English

F.13 Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available: N/A

F.14 Functionally Fungible Group Digital Token Identifier, where available: n/a

F.15 Voluntary data flag: false

F.16 Personal data flag: false

F.17 LEI eligibility: true

F.18 Home Member State: NL

F.19 Host Member States: AT, BE, BG, HR, CY, CZ, DK, EE, FI, FR, DE, EL, HU, IE, IS, IT, LI, LV, LT, LU, MT, NO, PL, PT, RO, SK, SI, ES, SE

G. Information on the rights and obligations attached to the crypto-assets

G.1 Purchaser Rights and Obligations: Purchasers and holders of the US token possess governance rights within the Talus DAO, allowing them to vote on DAO Resolutions. These resolutions are integral to key protocol decisions like the adoption and amendment of protocol rules. The US token provides utility within the ecosystem. Holders can use the token for payments, such as prioritising workflow executions, and may stake US tokens to participate in network operations, such as running coordination nodes, thereby sharing in token emissions generated from those specific activities.

While US Holders are designated as beneficiaries of the Talus Foundation, this status does not confer any inherent contractual rights, claims, or powers against the Foundation, its directors, or its assets. The US token does not represent any form of ownership, equity, or debt interest in any legal entity, nor does it entitle holders to dividends, profit-sharing, or any financial return from the operations of the Talus Foundation or its affiliates. There are no obligations imposed on purchasers of the US token.

G.2 Exercise of Rights and obligations:
The rights attached to US tokens are primarily exercised through participation in the Talus decentralised autonomous organisation (the “Talus DAO”). The procedures and conditions for exercising these rights are governed by the protocols of the Talus DAO.

Governance Rights: Holders of US tokens are entitled to vote on DAO Resolutions. These resolutions allow holders to influence key decisions regarding the Talus Foundation and the ecosystem, including:
- The appointment and removal of supervisors.
- The approval of changes to the Foundation's bylaws.
- The approval of any amendments to the articles of association that may materially and adversely affect the benefits of US Holders.

Participation Rights: Token holders can exercise participation rights by staking their US tokens. Staking enables holders to run coordination nodes within the Nexus Leader network, which allows them to share in the revenue generated from payments. Additionally, staking is required to register a new Talus tool for providing services on the network. This right comes with the obligation of honest participation, as staked tokens may be slashed in cases of malicious behaviour.

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- The appointment and removal of supervisors.
- The approval of changes to the Foundation’s bylaws.
- The approval of any amendments to the articles of association that may materially and adversely affect the benefits of US Holders.

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G.3 Conditions for modifications of rights and obligations: Modifications to the rights and obligations associated with the US token are governed by the Articles of Association of the Talus Foundation. These articles may be altered by a special resolution of the Foundation Company.
However, a critical safeguard is in place for token holders: any proposed amendments that would materially and adversely affect any benefits bestowed upon the US Holders require the prior approval of a DAO Resolution.
A DAO Resolution, as defined in the Articles of Association, is a resolution validly passed by a vote of the US Holders in accordance with the governance protocols of the Talus DAO. Furthermore, the adoption, variation, or revocation of the Foundation's bylaws is also subject to approval or ratification by a DAO Resolution, ensuring that US Holders have a direct say in changes to the operational rules of the Foundation.

G.4 Future Public Offers: The issuer and the Talus Foundation may conduct limited future public offers to expand token distribution and ecosystem participation, primarily through community airdrops, staking incentives, and exchange listings.

These future distributions will comply with applicable MiCA disclosure and AML requirements and will not alter the total fixed supply of 10 billion $US tokens. No equity or profit rights will ever be offered through these sales.

G.5 Issuer Retained Crypto-Assets: 5000000000

G.6 Utility Token Classification: true

G.7 Key Features of Goods/Services of Utility Tokens: The $US token enables interaction with and coordination within the Talus decentralized AI agent network.
Specifically, it allows users to:
• Pay for AI workflow execution and computation on-chain via the Talus Nexus framework;
• Stake tokens to operate or delegate to validators and tool providers;
• Participate in on-chain governance and proposal voting;
• Access premium AI tools, workflows, and smart agent services within the Talus ecosystem;
• Earn usage-based rewards for contributing data, tools, or compute capacity.

G.8 Utility Tokens Redemption: $US tokens can be redeemed directly through the Talus Network interface and associated dApps by paying for network fees or invoking on-chain

workflows and agent tools.

Redemption occurs programmatically and automatically — users simply spend tokens through smart contracts, which verify and record the transaction on-chain. There are no off-chain redemption or buyback rights.

G.9 Non-Trading request: true

G.10 Crypto-Assets purchase or sale modalities: N/A

G.11 Crypto-Assets Transfer Restrictions:

The crypto-asset, designated as "US", is designed for use within the Talus Network, an AI-native protocol, facilitating interactions between AI agents, digitally representing AI agents, and supporting games and competitions. Its functions include payment, participation (staking), and governance privileges.

Key restrictions on transferability are primarily related to the issuer and specific functionalities:

1. Restrictions on Distribution from Issuers:
The Talus Foundation and its wholly-owned subsidiary, Talus Token Issuer Ltd, operate as not-for-profit entities. Consequently, they are explicitly prohibited from distributing "US" tokens (or any income/property derived therefrom) to their members, directors, or supervisors as dividends, bonuses, or profits, except for authorized remuneration for services rendered or to cover liabilities incurred on behalf of the entity. The assets and income are instead dedicated to promoting social objects associated with blockchain-related technology and software, benefiting the collective group of "US Holders."

2. Restrictions related to Staking:
For tokens utilized in the Nexus Leader network, tool providers are required to stake a fixed amount of tokens. These staked tokens are subject to a "slashing" mechanism, meaning they can be forfeited and distributed as compensation if the associated tool fails to meet its liveness conditions. This represents a temporary restriction on the transferability of tokens actively committed for network participation.

Beyond these specific limitations concerning the issuer's non-profit mandate and the staking requirements for network participants, the provided documentation does not indicate any explicit protocol-level restrictions on the general transferability of the "US" crypto-asset by its holders in public circulation. The token operates within a decentralized network, implying general transferability in accordance with the underlying Sui blockchain protocol.

G.12 Supply Adjustment Protocols: false

G.13 Supply Adjustment Mechanisms: N/A

G.14 Token Value Protection Schemes: false

G.15 Token Value Protection Schemes Description: N/A

G.16 Compensation Schemes: false

G.17 Compensation Schemes Description: N/A

G.18 Applicable law:

British Virgin Islands Business Companies Act, 2004 (as amended) — governing the incorporation and operation of Talus Token Issuer Ltd;

Cayman Islands Companies Act and Foundation Companies Act, 2017 — governing the Talus Foundation's structure and supervision;

EU Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCA) — applicable framework for the offering and admission to trading within the EEA;

EU AML/CTF Directives (2015/849 and 2018/843) — for KYC, anti-money laundering, and sanctions compliance;

Local securities and virtual asset regulations of host jurisdictions where trading platforms operate (e.g., Netherlands, Germany).

G.19 Competent court: The Courts of the British Virgin Islands shall have primary jurisdiction over disputes relating to the issuance and offering. For matters relating to the Foundation's governance or supervisory actions, jurisdiction shall lie with the Grand Court of the Cayman Islands. Investors within the EEA may additionally rely on mandatory jurisdictional protections under MiCA and EU consumer law.

H. Information on the Underlying Technology

H.1 Distributed ledger technology: The Talus Network is a decentralized coordination and automation platform built on the Sui Move stack and deployed on the Sui Network, a high-performance, proof-of-stake Layer 1 blockchain. The Sui Network's architecture supports parallel transaction execution and uses an object-centric programming model, which allows Talus to define digital resources, workflows, and agents as first-class, verifiable objects on-chain. This design ensures that all agent actions and workflow executions are deterministic and auditable, while inheriting the underlying security of the Sui consensus layer. Talus leverages these capabilities to bring artificial intelligence–driven computation into the blockchain environment, allowing for autonomous, verifiable, and asynchronous execution of AI workflows.All on-chain components of the ecosystem—including the Nexus protocol, Talus Tools, and Talus Agents—are implemented in Sui Move smart contracts deployed on Sui Mainnet.

H.2 Protocols and technical standards: At the core of the Talus architecture lies the Talus Agentic Framework (TAF), a proprietary protocol designed to define, standardize, and manage the coordination between on-chain logic and off-chain computation. TAF introduces a unifying model for verifiable computation, asynchronous workflow execution, and modular interoperability. It enables developers to encapsulate AI services, APIs, and smart contracts into reusable, composable units called Talus Tools, which can be integrated into multi-step Talus Workflows and triggered autonomously by Talus Agents. Each workflow is represented as a Directed Acyclic Graph (DAG), defining a clear execution sequence across multiple tools, with automated payment and verification at each step.

The Nexus Protocol serves as the first implementation of TAF and provides the operational backbone of the Talus Network. It consists of three main elements: (i) Nexus On-chain Packages (NOPs), which define the primitives, interfaces, and registry logic for tools and workflows; (ii) Tool and Agent Packages (TAPs), which allow developers to build reusable modules and register services that interact seamlessly within the framework; and (iii) the Leader Network, a decentralized off-chain coordination system that listens to workflow events, routes data and computation requests, and returns verified results on-chain.

The framework is designed to support multiple levels of verifiability depending on use case and computational cost. It accommodates on-chain computation for maximum trustlessness, verifiable computation using zero-knowledge proofs (ZKPs) to validate off-chain execution, and trusted computation within Trusted Execution Environments (TEEs) for privacy-preserving workloads. This hybrid approach provides a flexible balance between performance, cost, and security, allowing developers to define the precise trust and verification model for each workflow.

H.3 Technology Used: The $US token is issued on the Sui Network and serves as the native utility and payment token for all operations within the ecosystem. It is used to pay

for workflow execution, staking, and coordination fees, as well as to reward validators, tool developers, and Leader nodes that maintain network liveness and integrity. The underlying technology stack is composed of several integrated components. The Talus Agentic Framework (TAF) defines the fundamental structure for asynchronous, verifiable computation across on-chain and off-chain environments. The Nexus Protocol implements this framework through a dual-layer architecture consisting of Sui Move smart contracts for state and execution management, and the Leader Network for coordination and message passing. Talus Tools and Talus Agents form the core service units of the network—modular components that encapsulate functionalities such as AI inference, DeFi operations, data analytics, or API access, enabling composability across decentralized applications.

This technology stack allows Talus to deliver verifiable AI automation on-chain, transforming external reasoning and decision-making processes into transparent and auditable blockchain actions. Each step of the execution flow—input validation, computation, proof verification, and payment settlement—is handled through deterministic smart-contract logic, ensuring integrity, reproducibility, and traceability across all processes.

H.4 Consensus Mechanism: The Talus Network inherits its consensus and security model from the Sui Network, which operates on a Proof-of-Stake (PoS) mechanism designed for high throughput and Byzantine Fault Tolerance. Validators within Sui's consensus system maintain global state, order transactions, and secure finality for all operations. Every Talus contract execution, workflow state update, and payment transaction is thus subject to the same deterministic execution guarantees and validator consensus rules as any native Sui transaction. This ensures that Talus benefits from the same level of cryptographic security and finality as the base network, while adding an additional layer of verifiable coordination through Nexus.

In practice, this means that all Talus workflows—whether involving on-chain computation or off-chain AI calls—derive their ultimate integrity from Sui's consensus algorithm, with no single entity able to unilaterally alter state or manipulate results.

H.5 Incentive Mechanisms and Applicable Fees: The Talus Network integrates a layered economic model that aligns the incentives of validators, tool developers, agent builders, and users, ensuring long-term network sustainability and verifiable performance. The system rewards honest participation and penalizes misbehavior through a combination of staking, slashing, and fee-based incentives.

Validators and delegated stakers earn staking rewards in $US for securing blocks, validating workflow executions, and verifying data integrity. Developers who publish tools or agents on Nexus receive tool execution fees each time their modules are called within a workflow, providing a direct revenue mechanism tied to usage and demand. The Leader Network operators earn coordination fees for reliable off-chain execution, while any downtime or malicious behavior by validators, Leaders, or developers results in slashing

penalties, ensuring accountability across all participants. A portion of all network fees flows to the Talus Foundation Treasury, funding research, ecosystem grants, audits, and community development initiatives.

Users of the network pay gas fees in $US for transaction execution, as well as variable tool usage fees set by developers, validator commissions for block validation, and exchange or withdrawal fees where applicable. This structure guarantees a self-sustaining economic loop, directly linking network activity and adoption with rewards for those maintaining its infrastructure.

H.6 Use of Distributed Ledger Technology: false

H.7 DLT Functionality Description: N/A

H.8 Audit: false

H.9 Audit outcome: N/A

I. Information on Risks

I.1 Offer-Related Risks:

An investment in the US token could involve a high degree of risk. Prospective purchasers should carefully consider the risks described below, in addition to the other information in this white paper, before making a decision to purchase the tokens.
The following is a summary of the principal risks associated with the public offer and the planned admission to trading of the US tokens.
These risks could materially and adversely affect the trading price or liquidity of the US tokens, and purchasers could lose all or part of their investment.

Risks Related to the Absence of a Prior Market and Price Volatility

No Prior Public Market:
The US token is a newly issued crypto-asset with no established trading history. Although the Issuer intends to seek admission to trading on regulated crypto-asset platforms such as Kraken and Bitvavo, there is no assurance that an active or liquid secondary market will develop or be sustained after the offer.
The initial offer price and distribution conditions have been determined by the Issuer and may not reflect the token's future market value.
If a secondary market does not materialize, holders may be unable to sell their tokens when desired or may have to do so at substantially reduced prices.

High Price Volatility:
Crypto-assets in general exhibit high volatility and sensitivity to market sentiment, speculation, and macroeconomic conditions.
The price of the US token may fluctuate sharply based on factors including:

- Network activity and adoption of the Talus Agentic Framework;
- Broader market movements in AI, blockchain, or technology sectors;
- Changes in regulatory positions or enforcement actions;
- Token unlock schedules, vesting releases, or airdrop distributions.

Early recipients (e.g., testnet or community airdrop participants) may sell tokens rapidly upon listing, adding selling pressure and short-term price instability.
These factors may result in significant losses or total loss of value for investors.

Risks Associated with Liquidity and Trading

Risk of Illiquidity:
Even after admission to trading, there is no guarantee that a stable, liquid market will exist for the US token.
Limited participation, delisting from major platforms, or a lack of market makers could make it difficult to buy or sell tokens at fair value.

Liquidity may also be fragmented across trading venues, reducing depth and increasing slippage.

No Guarantee of Admission to Trading:
While Talus Token Issuer Ltd intends to seek listings on reputable exchanges, final approval lies solely with each trading platform's internal compliance and risk assessment processes.
Failure to secure admission to trading—or delays in listing—would severely constrain liquidity, reduce visibility of the project, and restrict access for users seeking to acquire tokens to participate in the Talus Network.

Risk of Delisting:
Trading platforms may delist the US token for multiple reasons, including low trading volume, internal risk controls, regulatory developments, or perceived non-compliance with listing standards.
A delisting event could make it difficult for token holders to trade or realize value, significantly impacting liquidity and price stability.

Exchange Counterparty Risk:
Because trading occurs through third-party exchanges and custodians, users rely on those entities for custody, withdrawals, and settlement.
Operational failures, hacks, insolvency, or regulatory shutdowns of these entities could result in temporary or permanent loss of access to tokens held on those platforms.

Regulatory and Legal Risks of the Offer

Evolving Regulatory Landscape:
The global regulatory environment for crypto-assets remains fluid. Future legislative or policy changes—whether under MiCA or local implementations—could alter the permissibility of trading or impose new compliance burdens on issuers, custodians, and holders.
Jurisdictions may introduce restrictions on trading, impose taxation or reporting obligations, or require re-registration of existing tokens.
Such changes could affect the value, transferability, or utility of US tokens and create uncertainty for holders.

Classification of the US Token:
The US token is designed and presented as a utility token within the meaning of MiCA, providing access to network services and governance functions rather than financial returns.
However, regulators in other jurisdictions could interpret its functionality differently—potentially classifying it as a security or financial instrument.
Any such reclassification could subject the Issuer or Foundation to additional licensing requirements, restrict secondary trading, or necessitate redemption or delisting of the token in affected regions.

Cross-Border Compliance Risk:
Given the Talus ecosystem's global footprint, the Issuer must comply with overlapping regulatory regimes (BVI, Cayman Islands, EU, and exchange jurisdictions).
Differences in interpretation or enforcement among these authorities could create compliance complexity, delay admissions, or expose the Issuer to fines or operational constraints.

Risks Inherent to the Offer Process

No Underwriting or Guaranteed Placement:
The US token offering is not underwritten by any financial institution or market-maker.
No entity has committed to purchasing unsold tokens or supporting market price stabilization.
Consequently, market formation and trading liquidity depend entirely on natural demand and adoption within the Talus Network community.

Insufficient Interest in the Offer:
The success of the offering and subsequent trading performance rely on sufficient market interest in the Talus ecosystem.
If the offer attracts limited demand, the initial market capitalization may be smaller than anticipated, affecting both price discovery and perception of legitimacy.
Weak demand may also hinder ecosystem adoption, reducing network utility and compounding downward price pressure.

Operational Risks During Distribution:
Technical issues with token distribution, exchange integration, or wallet support could delay delivery or create inconsistencies in token balances.
Any failure in these operational processes could undermine investor confidence and delay market activation.

Jurisdictional Exclusions:
Certain jurisdictions prohibit or restrict participation in crypto-asset offerings.
Residents in such jurisdictions may be barred from purchasing or trading $US tokens.
Changes in these restrictions over time may impact the token's eligible investor base and reduce potential liquidity.

I.2 Issuer-Related Risks:

The issuer of the US token is Talus Token Issuer LTD, a not-for-profit company limited by guarantee incorporated in the British Virgin Islands ("BVI"). It is a wholly-owned subsidiary of the Talus Foundation (the "Offeror"). As the Issuer is a separate legal entity from the Offeror, registered and operating in a different jurisdiction, it is subject to its own specific risks which are distinct from those of the Offeror. Potential purchasers of US tokens should consider the following risks associated with the Issuer:

Regulatory and Jurisdictional Risks

The Issuer is incorporated in the BVI, a jurisdiction outside the European Union. The legal and regulatory framework governing crypto-assets, digital token issuance, and non-profit entities in the BVI differs significantly from that of the European Union under MiCAR. This exposes the Issuer and, by extension, the US token ecosystem to specific jurisdictional risks:

Risk of Reclassification under BVI Law: The Issuer has conducted a self-assessment and determined that its activities currently fall outside the scope of the BVI's Virtual Assets Service Providers Act, 2022 ("VASPA") and do not constitute "relevant business" under the BVI's Anti-Money Laundering Regulations. This assessment hinges on its not-for-profit status and its interpretation that it does not issue tokens "as a business" with a view to a profit. There is a significant risk that the BVI Financial Services Commission or other relevant authorities could interpret the Issuer's activities differently in the future. A reclassification as a Virtual Asset Service Provider ("VASP") would subject the Issuer to a comprehensive regulatory regime, including mandatory registration or licensing, stringent AML/CFT obligations, and substantial ongoing compliance costs. Failure to comply could result in severe penalties, a forced cessation of operations, and a material adverse effect on the Issuer's ability to function and support the US token.

I.3 Crypto-Assets-related Risks:

The US token is the native utility token of the Talus Network and serves multiple functions within the ecosystem — including payment for on-chain computation, staking, validation, and governance. While it does not represent any ownership or profit-sharing rights, it is nonetheless subject to numerous risks that could materially impact its usability, value, and long-term sustainability.
Prospective holders should carefully evaluate the following crypto-asset-specific risks before acquiring or trading the US token.

Market and Valuation Risks

Price Volatility:
Crypto-assets, including utility tokens, are inherently volatile and may experience substantial price swings within short periods. The value of US may be influenced by:

- General market sentiment toward blockchain, AI, and digital assets;
- The pace of adoption of Talus agents, workflows, and consumer platforms such as idol.fun;
- Broader macroeconomic conditions, interest-rate trends, and liquidity in the crypto market;
- Token unlocks, vesting schedules, or liquidity releases from ecosystem allocations.

Such volatility may result in partial or total loss of value for token holders and complicate forecasting for developers and ecosystem participants.

Speculative Demand vs. Functional Use:
The US token's price in the secondary market may diverge from its actual utility within the network. If speculative trading outweighs real usage, the token may face inflated valuations followed by sharp corrections, undermining long-term stability and user confidence.

Inflationary and Supply Risks:
Although total token supply is fixed at 10 billion units, circulating supply will increase over time as ecosystem incentives and staking rewards are released.
If the pace of token issuance exceeds organic network growth, this could exert downward pressure on price and perceived scarcity.

Utility and Adoption Risks

Dependence on Ecosystem Usage:
The economic value of US derives from its utility — as gas for computation, as a staking asset, and as a coordination and governance medium for the Talus Network.
If adoption of Talus agents, the Nexus framework, or validator participation grows slower than anticipated, token demand may remain limited, reducing liquidity and long-term network sustainability.

Ecosystem Concentration:
Early adoption may be concentrated among a small number of validators, developers, or token holders. Concentration of holdings can result in governance imbalance, reduced decentralization, and increased market manipulation risk.

Governance Participation Risk:
While governance through the Talus Foundation and on-chain proposals is designed to be transparent, limited participation or coordination failures among token holders could result in suboptimal decisions, delayed upgrades, or contentious forks that divide the community and weaken token confidence.

Smart Contract and Protocol Risks

Software and Code Vulnerabilities:
The US token operates through smart contracts on the Sui-based environment. As with all blockchain protocols, code may contain undiscovered bugs or vulnerabilities.
Exploits could lead to unauthorized minting, loss of funds, or disruptions to staking and transaction functionality. Even after audits, unforeseen logic flaws may persist.

Interoperability and Bridge Risk:
Future cross-chain or inter-network functionality may rely on bridges or interoperability modules.
These components are historically high-risk targets for cyberattacks; any compromise could result in token loss or circulation of unbacked wrapped tokens, eroding trust in the asset.

Contract Upgrades and Governance Changes:
Although upgradeability allows protocol improvements, it also introduces operational risk. Misconfigured governance votes or compromised administrator keys could lead to unintended code changes affecting token balances or supply mechanics.

Custody and Key Management Risks

Loss of Private Keys:
Ownership of US tokens is proven by control of private keys. If a holder loses private keys, suffers a wallet compromise, or falls victim to phishing or malware, the corresponding tokens cannot be recovered.
There are no centralized recovery mechanisms or custodial guarantees provided by the Issuer or the Talus Foundation.

Third-Party Custody Risk:
Holders who store tokens on centralized exchanges or custodial wallets are exposed to those entities' operational soundness and regulatory compliance.
Failure, insolvency, or hacking incidents involving those custodians could result in the partial or total loss of user assets.

Network and Consensus Risks

Validator Misconduct or Concentration:
The Talus Network relies on a decentralized set of validators who stake US tokens to produce blocks and verify computation.
If validator power becomes concentrated among a small group or if collusion occurs, the network's security and neutrality could be compromised, resulting in transaction censorship or chain forks.

Protocol Failure or Fork:
Faults in the consensus mechanism, critical software errors, or governance disputes could cause network splits ("forks"), creating multiple incompatible token versions.
Holders may face uncertainty regarding which version retains market recognition or listing support, leading to confusion and loss of value.

Reliance on the Sui Technology Stack:
The Talus Network is built on top of Sui blockchain's Move-based virtual machine.
Any systemic issues, outages, or regressions in the underlying Sui infrastructure could directly impact Talus operations, transaction finality, and token usability.

Legal, Tax, and Accounting Risks

Uncertain Legal Classification Across Jurisdictions:
Although the US token is treated as a utility token under MiCA, other jurisdictions may subject it to securities, commodities, or tax laws.
Divergent interpretations may affect holders differently depending on their residence, potentially imposing reporting obligations, withholding taxes, or trading restrictions.

Taxation of Token Transactions:
Buying, selling, or staking US tokens may have tax implications. Changes in tax policy or enforcement may lead to unexpected liabilities for holders or participants.

Lack of Investor Protections:
As a utility token, US is not covered by any investor compensation or deposit-guarantee scheme. In the event of network failure, there are no mechanisms for reimbursement.

I.4 Project Implementation-Related Risks: An investment in the US token involves a high degree of risk. The successful implementation and operation of the Talus ecosystem are subject to numerous risks, any of which could have a material adverse effect on the project and the value of the US token. Prospective purchasers should carefully consider the following risks before making any decisions.

Technological and Operational Risks

The project is based on novel and complex technologies, including the Talus Agentic Framework (TAF) and the Nexus engine, which aim to integrate Artificial Intelligence (AI) services on-chain. This ambition carries inherent implementation risks:

• **Execution Risk:** The project's success depends on the successful development and deployment of a highly complex, hybrid on-chain and off-chain architecture. There is a risk that the technology may not be successfully developed or may not function as intended. Potential bugs, security vulnerabilities, or scalability issues in the smart contracts, the Nexus Leader system, or the agentic workflows could compromise the functionality, security, and usability of the entire ecosystem.

• **Centralization of Off-Chain Components:** The Nexus system relies on an off-chain "Leader system" to orchestrate workflows and act as an oracle for off-chain tools. While there are plans for future decentralization, this component initially introduces a single point of failure and trust. The liveness and safety of the entire workflow system are dependent on the reliable and honest operation of this Leader system.

• **Trade-offs Between Security and Performance:** As acknowledged in the project's whitepaper, there is a fundamental trade-off between the high cost and low scalability of on-chain computation versus the security risks of off-chain computation. An incorrect balance could render the platform either too insecure for managing valuable assets or too slow and expensive for practical use, thereby hindering adoption.

Governance and Community-Related Risks

The Talus ecosystem is designed to be governed by the Talus DAO, with US token holders participating in decision-making through DAO Resolutions. This model presents several risks:

• **Governance Gridlock or Capture:** The ability of the Foundation to adopt or amend its bylaws and make other critical decisions is subject to ratification by DAO Resolution (Articles of Association, Article 16). There is a risk of low voter turnout, leading to an inability to pass necessary proposals. Conversely, a large token holder or a coordinated group could potentially centralize control, making decisions that benefit them at the expense of the wider community.

• **Dependency on Community Adoption:** The project's stated object is to advance "open-source development and adoption" (Memorandum of Association, Clause 6(b)). The success of an open-source ecosystem is heavily reliant on attracting and retaining a vibrant community of developers, users, and tool creators. Failure to build and sustain this community could lead to project stagnation and a lack of innovation.

Legal and Regulatory Risks

The project operates within a complex and evolving legal landscape for crypto-assets, involving multiple jurisdictions (Cayman Islands, British Virgin Islands, Delaware).

• **Regulatory Uncertainty:** The Talus Token Issuer Ltd. (BVI) and Talus Foundation (Cayman) currently operate under the assumption that their activities fall outside the scope of virtual asset service provider (VASP) regulations in their respective jurisdictions. This interpretation is based on their non-profit status and the nature of the token issuance. However, regulators may take a different view in the future, which could subject the entities to unforeseen licensing requirements, regulatory scrutiny or fines.

I.5 Technology-Related Risks: The acquisition, holding, and use of US tokens, as well as interaction with the Talus Network and its associated ecosystem, involve significant technology-related risks. The underlying technologies, including blockchain, smart contracts, artificial intelligence (AI), and decentralized autonomous organizations (DAOs), are novel and subject to inherent vulnerabilities. Prospective participants should carefully consider the following risks:

1. Risks Associated with Underlying Blockchain Technology (Sui Network)
The Talus Agentic Framework and the Nexus protocol are implemented on the Sui Network. The functionality and security of US tokens are therefore dependent on the stability and continued operation of the Sui blockchain.

• **Network Performance and Scalability:** The Sui Network may experience periods of high congestion, which could lead to increased transaction fees (gas costs) and slower confirmation times. This could impact the performance and cost-effectiveness of executing Talus Workflows.

• **Protocol Vulnerabilities:** The Sui Network is a complex open-source protocol. The possibility of undiscovered bugs, vulnerabilities, or flaws in its core infrastructure,

consensus mechanism, or the Sui Move Virtual Machine (VM) exists. Any such issues could compromise the security of the entire network, potentially leading to the loss of assets, including US tokens.

• **Network Attacks:** Like any public blockchain, the Sui Network is theoretically susceptible to attacks, including but not limited to 51% attacks, which could compromise the integrity and immutability of the ledger.

2. Smart Contract and Composability Risks
The Talus ecosystem is built upon a complex interplay of smart contracts, including the core Nexus Onchain Packages (NOPs), third-party Tool Packages, and Talus Agent Packages (TAPs).

• **Irreversible Code Flaws:** Smart contracts are generally immutable once deployed. Any flaw, bug, exploit, or vulnerability in the smart contracts governing the US token, the DAO, Talus Tools, or the Nexus protocol itself could be exploited by malicious actors, potentially resulting in the irreversible loss of funds or a complete failure of the system.

• **Third-Party Tool Vulnerabilities:** The Talus Agentic Framework is designed to be extensible, allowing third-party developers to create and register their own Talus Tools. While this fosters innovation, it also introduces risk. The Talus Foundation cannot guarantee the quality, security, or integrity of every third-party tool. Users interacting with workflows that utilize malicious or poorly coded tools could be exposed to significant risks, including the loss of assets.

• **Composability and Interoperability Failures:** The framework's strength lies in its composability, allowing various onchain and offchain services to be chained together in workflows. However, these complex interactions can create unforeseen attack vectors or negative emergent behaviors that are not present when the components are analyzed in isolation.

3. Risks Inherent to the Nexus Protocol Architecture
The hybrid onchain/offchain design of the Nexus protocol introduces specific architectural risks.

• **Centralization and Liveness Risk of the Leader Network:** The offchain Leader system is a critical component that functions as an oracle and messenger, orchestrating the execution of workflows. Although the long-term vision is a fully decentralized leader network, the initial implementation will have a greater degree of centralization. A technical failure, malicious attack, or shutdown of the Leader system could disrupt or halt all workflow executions across the network, posing a significant liveness and censorship risk.

• **Oracle and Offchain Data Dependency:** The system's reliance on offchain Talus Tools and the Leader network to bring external data onchain introduces oracle risk. If the

external data sources are compromised, manipulated, or become unavailable, the AI agents may make decisions based on incorrect information, leading to flawed onchain execution and potential financial loss.

4. Risks Associated with Artificial Intelligence (AI) Integration
The integration of AI and Large Language Models (LLMs) is a core feature of the Talus Network, but this technology is still nascent and carries unique risks.

• **AI Hallucination and Unpredictability:** AI models, including LLMs, are known to be prone to "hallucination," where they generate outputs that are factually incorrect, nonsensical, or entirely fabricated. If a Talus Agent relies on such a model for decision-making within a workflow (e.g., for an automated trading strategy), a hallucination could result in unintended and potentially catastrophic onchain actions and financial losses.

• **Inconsistency and Non-Determinism:** The outputs of AI services can be inconsistent and non-deterministic, even with the same inputs. This unpredictability is at odds with the deterministic nature of blockchains, making it challenging to guarantee specific outcomes for workflows that are irreversible once executed.

• **AI Model Security:** The offchain AI models used by Talus Tools may be susceptible to specific adversarial attacks, such as prompt injection or data poisoning, which could manipulate their behavior and cause them to execute malicious actions on behalf of the Talus Agent.

5. General Cybersecurity and Operational Risks

• **Hacking and Cyberattacks:** The Talus Network's infrastructure, including smart contracts, offchain components like the Leader system, and third-party tools, could be targeted by hackers. Attacks such as denial-of-service (DoS), phishing, or other malicious software attacks could disrupt services and compromise security.

• **Loss of Private Keys:** US tokens are held in users' personal wallets. The loss or theft of the private keys required to access a wallet will result in the permanent and irreversible loss of the tokens held within. Users are solely responsible for the security of their own wallets.

I.6 Mitigation measures:

Bug Bounty Program:
Talus maintains a bug bounty program that rewards security researchers and ethical hackers for identifying and responsibly disclosing vulnerabilities in the network's smart contracts and core infrastructure.
The program fosters continuous improvement of system security by incentivizing the discovery and resolution of potential weaknesses before they can be exploited.

Submissions are verified by technical reviewers, and rewards are tiered according to severity and impact.

Comprehensive Security Audits:
All smart contracts and critical protocol components undergo third-party security audits prior to deployment.
Independent blockchain security experts perform code reviews, penetration testing, and vulnerability assessments to identify issues such as reentrancy flaws, access-control weaknesses, and logic errors.
Only code that passes these independent assessments is deployed to the production network.
Subsequent audits are conducted for every major protocol upgrade to maintain ongoing assurance of security compliance.

Formal Verification and Testing:
Prior to release, protocol code is subjected to formal verification and simulation testing to validate its mathematical integrity and operational reliability.
This process ensures that transaction execution and consensus behaviors adhere to predefined safety and performance parameters.

Governance and Access Controls:
Administrative permissions, upgrade mechanisms, and treasury operations are protected by multi-signature authorization schemes and strict key-management procedures.
This ensures that no single actor can unilaterally modify core code, mint tokens, or alter governance parameters.
Key materials are securely stored in encrypted hardware devices, and all operational changes are logged and auditable.

Incident Response and Monitoring:
Talus has established a structured incident response protocol to handle security breaches or critical failures.
Continuous network monitoring detects anomalies such as unusual transaction volumes, validator downtime, or abnormal contract interactions.
In the event of a confirmed vulnerability, emergency procedures can be activated to isolate affected components, deploy fixes, and restore system integrity.

Network Redundancy and Availability:
The network's infrastructure is designed with redundancy and geographic distribution to ensure availability in case of localized failures.
Critical systems are replicated across independent nodes, and backup mechanisms allow for prompt recovery following technical interruptions.

Cybersecurity Standards and Continuous Testing:
Talus adheres to industry cybersecurity best practices, including regular penetration testing, code review cycles, and patch management.
Security policies are periodically updated in response to emerging threats and

technological developments to ensure that protective measures remain current and effective.

Transparency and Public Reporting:
To promote trust and accountability, Talus publicly discloses audit results, major bug bounty outcomes, and incident reports through its official website and repositories. This transparency allows token holders and the broader community to assess the robustness of the network's security posture.

J. Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

S.1 Name: Talus Foundation

S.2 Relevant legal entity identifier: N/A

S.3 Name of the crypto-asset: Talus token

S.4 Consensus Mechanism: The Talus Network is built on the Sui Move stack and deployed on the Sui network. Consequently, it relies on the consensus mechanism of the Sui network to ensure security and agree upon the state of the ledger and the order of transactions. The security of the Talus Network's on-chain smart contracts is inherited from the security of the Sui network's consensus algorithm and the determinism of its execution layer.

S.5 Incentive Mechanisms and Applicable Fees:

The Talus Network operates on a proof-of-stake consensus model where validators and tool providers are economically incentivized to maintain correct execution and network performance.

Incentive mechanisms include:

• Staking rewards: Validators and delegated stakers earn US tokens for block validation, computation, and data verification;

• Tool execution fees: Developers of on-chain tools and AI workflows receive micro-fees in US each time their modules are used;

• Slashing penalties: Misbehavior or downtime by validators or tools results in partial stake loss, ensuring verifiable and accountable behavior;

• Treasury funding: A portion of protocol fees flow into the Foundation’s treasury to fund grants, ecosystem growth, and audits.

Applicable fees within the network include:

• Gas fees for transaction execution and computation, denominated in US;

• Validator commissions for block production and validation services;

• Tool usage fees set by tool creators and denominated in US;

• Exchange and withdrawal fees determined by the trading platforms.

S.6 Beginning of the period to which the disclosure relates: 2025-09-01

S.7 End of the period to which the disclosure relates: 2025-09-30

S.8 Energy consumption: 18,615 kWh

S.9 Energy consumption sources and methodologies: The energy-use estimate is derived from publicly available data on Proof-of-Stake networks with comparable validator architectures, notably the Sui Network Energy Report (2024) and independent research from the Crypto Carbon Ratings Institute (CCRI) on average validator energy consumption.

Based on the methodology used in sustainability analyses for modern Proof-of-Stake (PoS) systems, the estimated annual energy consumption for the Talus Network operating at an average throughput of 100 transactions per second (TPS) is as follows:

The network assumes an average validator power draw of 85 watts per node, inclusive of server operation and cooling overhead, with 25 active validator nodes continuously online throughout the year (8,760 operating hours). This results in a total annual consumption of approximately 18,615 kilowatt-hours (kWh).

At a sustained throughput of 100 TPS, the network would process roughly 3.15 billion transactions per year (100 × 60 × 60 × 24 × 365 = 3,153,600,000 transactions). Dividing total consumption by the annual transaction count yields an estimated energy intensity of 0.0000059 kWh per transaction (0.0059 Wh), or approximately 0.0059 kWh per thousand transactions.

These results demonstrate that even at high throughput, the Talus Network maintains an exceptionally low energy footprint—over 99.9% lower than legacy Proof-of-Work systems such as pre-merge Ethereum or Bitcoin—placing it among the most energy-efficient blockchain architectures in operation today.