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		Registration Date Legal entity identifier Another identifier required pursuant to applicable national law Parent Company Members of the Management body Business Activity Parent Company Business Activity Part 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 Name Legal form Registered address Head office Registration Date Legal entity identifier of the operator of the trading platform Another identifier required pursuant to applicable national law Parent Company Reason for Crypto-Asset White Paper Preparation Members of the Management body Operator Business Activity Parent Company Business Activity Other persons drawing up the crypto- asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114 Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114 Part D - Information about the crypto-asset project Crypto-asset project name Crypto-assets name Abbreviation Crypto-asset project description Details of all natural or legal persons involved in the implementation of the crypto-asset project Utility Token Classification Key Features of Goods/Services for Utility Token Projects Plans for the token Resource Allocation Planned Use of Collected Funds or Crypto-Assets
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		Part E - Information about the offer to the public of crypto-assets or their admission to trading Public Offering or Admission to trading Reasons for Public Offer or Admission to trading Fundraising Target Minimum Subscription Goals Maximum Subscription Goal Oversubscription Acceptance Oversubscription Allocation Issue Price Official currency or any other crypto- assets determining the issue price Subscription fee Offer Price Determination Method Total Number of Offered/Traded Crypto- Assets Targeted Holders Holder restrictions Reimbursement Notice Refund Mechanism Refund Timeline Offer Phases Early Purchase Discount Time-limited offer Subscription period beginning Subscription period end Safeguarding Arrangements for Offered Funds/Crypto-Assets Payment Methods for Crypto-Asset Purchase Value Transfer Methods for Reimbursement Right of Withdrawal Transfer of Purchased Crypto-Assets Transfer Time Schedule Purchaser's Technical Requirements Crypto-asset service provider (CASP) name CASP identifier Placement form Trading Platforms name Trading Platforms Market Identifier Code (MIC) Trading Platforms Access Involved costs Offer Expenses Conflicts of Interest Applicable law Competent court Part F - Information about the crypto-assets Crypto-Asset Type
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		Crypto-Asset Functionality Planned Application of Functionalities A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article Type of white paper The type of submission Crypto-Asset Characteristics Commercial name or trading name Website of the issuer Starting date of offer to the public or admission to trading Publication date Any other services provided by the issuer Identifier of operator of the trading platform Language or languages of the white paper 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 Functionally Fungible Group Digital Token Identifier, where available Voluntary data flag Personal data flag LEI eligibility Home Member State Host Member States Part G - Information on the rights and obligations attached to the crypto-assets Purchaser Rights and Obligations Exercise of Rights and obligations Conditions for modifications of rights and obligations Future Public Offers Issuer Retained Crypto-Assets Utility Token Classification Key Features of Goods/Services of Utility Tokens Utility Tokens Redemption Non-Trading request Crypto-Assets purchase or sale modalities Crypto-Assets Transfer Restrictions Supply Adjustment Protocols Supply Adjustment Mechanisms Token Value Protection Schemes Token Value Protection Schemes Description Compensation Schemes
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		Compensation Schemes Description Applicable law Competent court Part H – Information on the underlying technology Distributed ledger technology Protocols and technical standards Technology Used Consensus Mechanism Incentive Mechanisms and Applicable Fees Use of Distributed Ledger Technology DLT Functionality Description Audit Audit outcome Part I – Information on risks Offer-Related Risks Issuer-Related Risks Crypto-Assets-related Risks Project Implementation-Related Risks Technology-Related Risks Mitigation measures Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts Name Relevant legal entity identifier Name of the crypto-asset Consensus Mechanism Incentive Mechanisms and Applicable Fees Beginning of the Period to which the Disclosed Information Relates End of the Period to which the Disclosed Information Relates Mandatory key indicator on energy consumption Energy Consumption Sources and methodologies Energy Consumption Sources and Methodologies Supplementary key indicators on energy and GHG emissions Renewable energy consumption Energy intensity Scope 1 DLT GHG emissions – Controlled Scope 2 DLT GHG emissions – Purchased GHG intensity Sources and methodologies Key energy sources and methodologies Key GHG sources and methodologies
1	Date of notification	19/07/2025

2	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.
3	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, 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.
4	Statement in accordance with Article 6(5), points (a), (b), (c) of Regulation (EU) 2023/1114	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.
5	Statement in accordance with Article 6(5), point (d) of Regulation (EU) 2023/1114	FALSE
6	Statement in accordance with Article 6(5), points (e) and (f) of Regulation (EU) 2023/1114	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		
7	Warning in accordance with Article 6(7), second subparagraph of Regulation (EU) 2023/1114	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.
8	Characteristics of the crypto-asset	QUAI (the “Token”) is one of the native tokens of Quai Network (the “Network”). Since the Network relies on a dual-ledger architecture, composed of an EVM-compatible ledger covering the Network’s EVM functionalities and an Unspent Transaction Output (“UTXO”) ledger related to its PoW side, it also relies on a dual-native-token system. In this context, the Token serves as the EVM native token, used to pay for EVM transactions and to compensate the Network’s miners. Therefore, the Token is distributed as mining rewards to Network miners, who can choose to receive their rewards in either the Token or QI, the Network’s UTXO-compatible native token. Once QI is launched, Token holders will be able to convert their Tokens to QI and vice versa through a conversion mechanism at current block reward ratios. All conversion transactions will be locked up for 2 weeks. Users who interact with the EVM side of the Network, such as by deploying or interacting with smart contracts, must pay transaction fees with the Token. The Token’s supply follows a deflationary model, where its issuance rate is tied to the Network’s mining difficulty through a logarithmic function. Any modifications to the Token’s characteristics, rights, or obligations will be implemented through protocol updates managed by the Network’s development team. Currently, the Network does not rely on a decentralised governance mechanism based on the Token. Changes to the protocol and token mechanics are to be communicated through the Network’s official channels and documentation.
09		Not applicable
10	Key information about the offer to the public or admission to trading	Quai Foundation (the “Person Seeking Admission to Trading”) is seeking the admission of the Token to trading on multiple EU regulated trading platforms (the “Exchanges”). The listing price will be the same as the existing publicly traded Token price across other centralised trading platforms where the Token is currently listed.
Part A - Information about the offeror or the person seeking admission to trading		
A.1	Name	Quai Foundation
A.2	Legal form	Exempted limited by guarantee foundation company
A.3	Registered address	c/o International Corporation Services Ltd

		Harbour Place, 2 nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KY1-1106, Cayman Islands
A.4	Head office	c/o International Corporation Services Ltd Harbour Place, 2 nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KY1-1106, Cayman Islands
A.5	Registration Date	12/02/2025
A.6	Legal entity identifier	Not available
A.7	Another identifier required pursuant to applicable national law	418486
A.8	Contact telephone number	+17372763119
A.9	E-mail address	alan@dominantstrategies.io
A.10	Response Time (Days)	3 business days
A.11	Parent Company	Quai Foundation does not have a parent company.
A.12	Members of the Management body	Joshua Zimmer c/o International Corporation Services Ltd Harbour Place, 2 nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KY1-1106, Cayman Islands
A.13	Business Activity	The Person Seeking Admission to Trading is a Cayman foundation serving as the issuer of the Token, with principal activities including global exchange integrations, regulatory compliance, institutional partnerships, and facilitating the international adoption and distribution of the Network's native digital assets across regulated markets worldwide.
A.14	Parent Company Business Activity	Quai Foundation does not have a parent company.
A.15	Newly Established	FALSE
A.16	Financial condition for the past three years	Not Applicable
A.17	Financial condition since registration	Quai Foundation has not been registered for more than a year and does not yet have annual financial statements. Quai Foundation has 1,000,000,000 Tokens in its possession which currently has a market value of approximately \$50M, of which 30,000,000 Tokens are unlocked which has an approximate value of \$1.5M at the time of writing. The approximate monthly cost for operation of the Quai Foundation is \$5,000. The Quai Foundation has no material income.

Part 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	FALSE
On the B.2	Name	Not applicable
B.3	Legal form	Not applicable
B.4	Registered address	Not applicable
B.5	Head office	Not applicable
B.6	Registration Date	Not applicable
B.7	Legal entity identifier	Not applicable
B.8	Another identifier required pursuant to applicable national law	Not applicable
B.9	Parent Company	Not applicable
B.10	Members of the Management body	Not applicable
B.11	Business Activity	Not applicable
B.12	Parent Company Business Activity	Not applicable
Part 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	Not applicable
C.2	Legal form	Not applicable
C.3	Registered address	Not applicable
C.4	Head office	Not applicable
C.5	Registration Date	Not applicable
C.6	Legal entity identifier of the operator of the trading platform	Not applicable
C.7	Another identifier required pursuant to applicable national law	Not applicable
C.8	Parent Company	Not applicable
C.9	Reason for Crypto-Asset White Paper Preparation	Not applicable
C.10	Members of the Management body	Not applicable
C.11	Operator Business Activity	Not applicable

C.12	Parent Company Business Activity	Not applicable
C.13	Other persons drawing up the crypto- asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	Not applicable
C.14	Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	Not applicable
Part D - Information about the crypto-asset project		
D.1	Crypto-asset project name	Quai Network
D.2	Crypto-assets name	Quai Network Token
D.3	Abbreviation	QUAI
D.4	Crypto-asset project description	The Network is a scalable and programmable Proof-of-Work blockchain ("PoW"), designed to tackle the scalability issues that PoW blockchains usually face. To this end, the Network team has developed a modified version of PoW, known as Proof-of-Entropy-Minima ("PoEM"), that serves as its consensus mechanism. With PoEM, the Network eliminates block contention, achieving fast finality, which provides the possibility of coordinating different execution shards for scalability purposes. As a PoW blockchain, the Network relies on miners, who secure it by solving PoEM mathematical problems to mine new blocks. On the programmability side, the Network offers developers the possibility to create EVM-compatible smart contracts. Therefore, the Network has a combination of two different ledgers: an EVM one, related to smart contracts functionality, and a UTXO ledger, related to the PoW side of the Network. Consequently, the Network relies on a dual-token system consisting of the Token, the native EVM-compatible token used for gas fees and mining rewards, and QI, a stablecoin that tends toward energy costs and serves as the native token of the UTXO ledger.

		The Network is organised on a hierarchical structure of chains that relies on PoEM to achieve consensus and scale. This structure comprises three different types of chains: • Prime chains: to coordinate activities across the entire Network, and are mined by all miners; • Region chains: to manage regional transactions and serve as intermediaries between Prime chains and Zone chains, with each miner selecting one Region chain to mine; • Zone chains: to process local transactions, with miners selecting one Zone chain per region to mine. The Network was launched with a single shard and will dynamically add new shards once its demand increases. The Network also contemplates merge-mined parachains, which are external blockchains that use the ProgPoW hashing algorithm that can request security provided by the Network's miners through trustless bridging.
D.5	Details of all natural or legal persons involved in the implementation of the crypto-asset project	Dominant Strategies Inc. is a US-based technology development company registered in Delaware located at 251 Little Fals Drive, Wilmington, New Castle County, Delaware 19808. It serves as the primary development entity behind Quai Network, an open-source, scalable Layer-1 blockchain platform achieving high transaction throughput (50k+ TPS) while maintaining decentralization and security via Proof-of-Work. Dominant Strategies builds core infrastructure for Quai, including its native dual-token system (QUAI and QI). <u>Persons Involved in Development</u> Dr. Karl Kreder, Co-Founder and CTO of Quai Network and Dominant Strategies, is a blockchain specialist and inventor of Quai's core architecture, focusing on tokenomics, decentralized systems, and Proof-of-Entropy-Minima consensus; he holds a PhD and contributes to low-level code and testing, emphasizing scalable, privacy-enhanced solutions. Alan Orwick, Co-Founder of Quai Network and CEO of Dominant Strategies, is a computer science graduate from UT Austin and lead software engineer with blockchain experience; he was founding president of Texas Blockchain, worked at Apple, and drives Quai's vision for scalable Proof-of-Work for global commerce, leading integrations for real-world assets and creator tools.

		Sriram Vishwanath, Co-Founder of Quai Network, is an academic researcher at UT Austin specializing in data systems, wireless communications, and blockchain; he founded ventures like Accordion Health and GenXComm, supporting Quai's scalable network design through research and consulting. Jonathan Downing, Co-Founder and Chief Architect of Quai Network and Dominant Strategies, is an expert in distributed systems and blockchain security with an Electrical and Computer Engineering background from UT Austin; he oversees architectural design for high scalability and decentralization, with experience in research and engineering. <u>Advisors</u> Stephen Wolfram, Founder and CEO of Wolfram Research, is a physicist and computer scientist known for Mathematica and Wolfram Alpha; he joined in November 2024 to advance blockchain-AI convergence and has discussed physics-blockchain intersections in collaborations with Quai. Dionysis Zindros, Co-Founder and Researcher at Common Prefix, is a cryptographer and engineer focused on scalability, sidechains, and governance; he contributes to auditing and security for projects like BitVM. Andrea Kalmans, Founder of Lontra Ventures, is an Austin-based investor in enterprise software, digital health, Bitcoin/blockchain, and developer tools; she advises companies like Unchained and engages with Quai on energy models and AI integrations. Norm Levy, an advisor from 2022, is a financial services veteran and CEO of Strategic Development Corporation with experience in interim leadership and global opportunities.
D.6	Utility Token Classification	FALSE
D.7	Key Features of Goods/Services for Utility Token Projects	Not applicable
D.8	Plans for the token	The Token was launched as the Network's native EVM-compatible token through a Token Generation Event (" TGE ") with an initial supply of 3,000,000,000 tokens. The launch included the allocation of 5% of its total supply, 150,000,000

		tokens, to those who participated in the Network testnet and the earn programme. Looking ahead, the Network will launch QI to complete its dual-native-token system. QI will be launched to serve as the UTXO-native token of the Network and is designed as an energy-based stablecoin. Once QI is launched, Token holders will be able to convert their tokens to QI and vice versa through a conversion mechanism built into the protocol. The launch of QI will also make the Token's block reward function more dynamic, since miners will be able to choose between the Token and QI as their mining rewards.
D.9	Resource Allocation	The Network has allocated significant resources including over six years of research and development, technical infrastructure for testnet operations, and strategic partnerships for ecosystem development. This consists of \$8M raised from Polychain Capital in the form of a Seed Tranche 1 (February 2022), \$2M from Alumni Ventures in Seed Tranche 2 (March 2022), and \$5.5M from Cogitent Ventures, MH Ventures, and Ceras Ventures in a Strategic Round (September 2024).
D.10	Planned Use of Collected Funds or Crypto-Assets	Any Tokens sold by the team will be exclusively used for Network development purposes including protocol enhancements, security improvements, developer tooling, ecosystem expansion, and infrastructure scaling.
Part E - Information about the offer to the public of crypto-assets or their admission to trading		
E.1	Public Offering or Admission to trading	ATTR
E.2	Reasons for Public Offer or Admission to trading	Admission to trading of the Token is being sought on multiple EU Exchanges with the aim to facilitate Network adoption by allowing users to acquire the Token for transaction fees, smart contract execution, and governance participation, while supporting the development of decentralised applications.
E.3	Fundraising Target	Not applicable
E.4	Minimum Subscription Goals	Not applicable
E.5	Maximum Subscription Goal	Not applicable
E.6	Oversubscription Acceptance	FALSE
E.7	Oversubscription Allocation	Not applicable
E.8	Issue Price	Not applicable

E.9	Official currency or any other crypto- assets determining the issue price	Not applicable
E.10	Subscription fee	Not applicable
E.11	Offer Price Determination Method	Not applicable
E.12	Total Number of Offered/Traded Crypto- Assets	The existing circulating supply of the Token is 500,000,000. This will be available for trading by the various holders of said supply.
E.13	Targeted Holders	ALL
E.14	Holder restrictions	The purchase of the Token from EU-regulated Exchanges will be available to all users of such Exchanges. Most trading and exchange services offered by Exchanges are open to retail holders, and may be subject to the compliance requirements of the respective Exchange. The Exchanges may impose restrictions on holders of Tokens on their respective Exchanges, in accordance with applicable laws and internal policies.
E.15	Reimbursement Notice	Not applicable
E.16	Refund Mechanism	Not applicable
E.17	Refund Timeline	Not applicable
E.18	Offer Phases	Not applicable
E.19	Early Purchase Discount	Not applicable
E.20	Time-limited offer	FALSE
E.21	Subscription period beginning	Not applicable
E.22	Subscription period end	Not applicable
E.23	Safeguarding Arrangements for Offered Funds/Crypto- Assets	Not applicable
E.24	Payment Methods for Crypto-Asset Purchase	Not applicable
E.25	Value Transfer Methods for Reimbursement	Not applicable
E.26	Right of Withdrawal	Not applicable
E.27	Transfer of Purchased Crypto-Assets	Not applicable
E.28	Transfer Time Schedule	Not applicable
E.29	Purchaser's Technical Requirements	Technical requirements will be specified by the exchange and may include the following:

		1. A compatible digital wallet or account on supported exchanges; 2. Internet access; 3. A device (computer or mobile) to manage a digital wallet/private key and/or account on an exchange to carry out transactions
E.30	Crypto-asset service provider (CASP) name	Not applicable
E.31	CASP identifier	Not applicable
E.32	Placement form	NTAV
E.33	Trading Platforms name	• Kraken https://kraken.com/ • Bitget - https://www.bitget.com/ • Bitpanda - https://www.bitpanda.com/ • Bybit - https://www.bybit.com/ • OKX - https://www.okx.com/ • Coinbase - https://www.coinbase.com/ • Kucoin - https://www.kucoin.com/
E.34	Trading Platforms Market Identifier Code (MIC)	Not applicable
E.35	Trading Platforms Access	The Exchanges are accessible via their respective websites.
E.36	Involved costs	The use of services offered by Exchanges may involve costs, including transaction fees, withdrawal fees, and other charges. These costs are determined and set by the respective Exchanges and are not controlled, influenced, or governed by the Person Seeking Admission to Trading. Consequently, any changes to fee structures or the introduction of new costs are solely at the discretion of these platforms.
E.37	Offer Expenses	Not applicable
E.38	Conflicts of Interest	Not applicable
E.39	Applicable law	Not applicable
E.40	Competent court	Not applicable
Part F - Information about the crypto-assets		
F.1	Crypto-Asset Type	Crypto-asset other than an asset-referenced token or e-money token
F.2	Crypto-Asset Functionality	According to the article 3(1)(5) of MiCA, a crypto-asset is a digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology. As reminded by the European Banking Authority (“EBA”), the term ‘right’ should be interpreted broadly in accordance with recital (2) of MiCA. The Token qualifies as a crypto-asset within the meaning of

		MiCA, as it a digital representation of the right to access the Ecosystem and participate in the Ecosystem's governance. The Token can be transferred and stored using the distributed ledger technology ("DLT"). The Token facilitates Token holders' interaction with the Network by displaying the following functionalities: • Gas Fees: The Token is used to pay EVM transaction fees, such as interactions with and deployments of smart contracts. When deploying or interacting with smart contracts, users will pay transaction fees with the Token. • Block Rewards: The Token is used as block rewards to compensate the Network miners for mining valid blocks. Miners can elect to receive either the Token or, once launched, QI as their block rewards, and they can change their choose on each block. Miners must solve PoEM mathematical problems to mine new blocks and secure the Network. In exchange, they receive the Token as compensation for mining valid blocks • Conversion Capabilities: Once the QI token is launched, Token holders will be able to convert their Tokens to QI and vice versa.
F.3	Planned Application of Functionalities	Each of the functionalities mentioned in Section F.2 are already available.
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article		
F.4	Type of white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-Asset Characteristics	The Token is one of the native tokens of the Network. Since the Network relies on a dual-ledger architecture, composed of an EVM-compatible ledger covering the Network's EVM functionalities and a UTXO ledger related to its PoW side, it also relies on a dual-native-token system. In this context, the Token serves as the EVM native token, used to pay for EVM transactions and to compensate the Network's miners. Therefore, the Token is distributed as mining rewards to Network miners, who can choose to receive their rewards in either the Token or QI, the Network's UTXO-compatible native token. Once QI is launched, Token holders will be able to convert their Tokens to QI and vice versa through a conversion mechanism at current block reward ratios. All conversion

		transactions will be locked up for 2 weeks. Users who interact with the EVM side of the Network, such as by deploying or interacting with smart contracts, must pay transaction fees with the Token. The Token's supply follows a deflationary model, where its issuance rate is tied to the Network's mining difficulty through a logarithmic function. Any modifications to the Token's characteristics, rights, or obligations will be implemented through protocol updates managed by the Network's development team. Currently, the Network does not rely on a decentralised governance mechanism based on the Token. Changes to the protocol and token mechanics are to be communicated through the Network's official channels and documentation.
F.7	Commercial name or trading name	Quai Network
F.8	Website of the issuer	https://qu.ai/
F.9	Starting date of offer to the public or admission to trading	22/08/2025
F.10	Publication date	18/08/ 2025
F.11	Any other services provided by the issuer	Please refer to Section A.13.
F.12	Identifier of operator of the trading platform	Not applicable
F.13	Language or languages of the white paper	English
F.14	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	Not applicable
F.15	Functionally Fungible Group Digital Token Identifier, where available	Not applicable
F.16	Voluntary data flag	FALSE
F.17	Personal data flag	TRUE
F.18	LEI eligibility	TRUE
F.19	Home Member State	Malta

F.20	Host Member States	The admission to trading of the Token is passported in the following countries: • Austria • Belgium • Bulgaria • Croatia • Cyprus • Czech • Germany • Denmark • Estonia • Spain • Finland • France • Greece • Hungary • Iceland • Ireland • Italy • Latvia • Liechtenstein • Lithuania • Luxembourg • Netherlands • Norway • Poland • Portugal • Romania • Slovakia • Slovenia • Sweden
Part G - Information on the rights and obligations attached to the crypto-assets		
G.1	Purchaser Rights and Obligations	The Token gives its holders the following rights (and has the following features): • Gas Fee Payment: Token holders can use their Tokens to pay EVM transaction fees, such as interactions with and deployments of smart contracts. • Mining Participation: Those who participate as miners can elect to receive either the Token or, once launched, QI as their block rewards, and they can change their choice on each block. • Conversion Rights: Once the QI token is launched, Token holders will be able to convert their Tokens to QI and vice

		versa at the current block reward ratios. All conversion transactions are subject to a 2-week lockup period during which the converted tokens cannot be transferred.
G.2	Exercise of Rights and obligations	The rights outlined in Section G.1 may be exercised through the following actions: • Gas Fee Payment: Token holders can directly use their Tokens to pay EVM transaction fees when deploying smart contracts or interacting with existing ones. No special procedure is required beyond holding a sufficient Token balance in their wallet. • Mining Participation: Miners must configure their mining software to select either the Token or QI as their preferred block reward on a per-block basis. This selection can be changed at any time during the mining process. All block rewards are subject to a base maturity period of 2 weeks before becoming spendable. • Conversion Rights: Once QI is launched, Token holder will be able to convert their Tokens to QI and vice versa. All conversion transactions will be subject to a 2-week lockup period during which the converted tokens cannot be transferred. The conversion rate is determined by the current block reward amounts for both tokens at the time of conversion.
G.3	Conditions for modifications of rights and obligations	Any changes to the Token's rights, obligations, or features will be implemented through the Network's development team. Any modification will be communicated to the community through the Network's official channels.
G.4	Future Public Offers	Not applicable
G.5	Issuer Retained Crypto-Assets	1,000,000,000
G.6	Utility Token Classification	FALSE
G.7	Key Features of Goods/Services of Utility Tokens	Not applicable
G.8	Utility Tokens Redemption	Not applicable
G.9	Non-Trading request	TRUE
G.10	Crypto-Assets purchase or sale modalities	Not applicable
G.11	Crypto-Assets Transfer Restrictions	The Exchanges may impose restrictions on holders of Tokens on their respective Exchanges, in accordance with applicable laws and internal policies. Token holders who acquire the Token

		through 'private sales' are subject to restrictions as per the terms of sale.
G.12	Supply Adjustment Protocols	TRUE
G.13	Supply Adjustment Mechanisms	Token rewards are proportional to the logarithm of difficulty, while QI rewards will follow a linear scale with mining difficulty. The Token and the QI token rewards increase or decrease emission rates as part of native protocol issuance in the form of mining rewards.
G.14	Token Value Protection Schemes	FALSE
G.15	Token Value Protection Schemes Description	Not applicable
G.16	Compensation Schemes	FALSE
G.17	Compensation Schemes Description	Not applicable
G.18	Applicable law	Subject to mandatory applicable law, any and all disputes or claims arising out of, or in connection with, this whitepaper and/ or the Token, including the validity, invalidity, breach or termination thereof, shall be governed by, construed and enforced exclusively in accordance with the laws of the British Virgin Islands.
G.19	Competent court	Subject to mandatory applicable law, any and all disputes or claims arising out of, or in connection with, this whitepaper and/ or the Token, including the validity, invalidity, breach or termination thereof, shall be subject to the exclusive jurisdiction of the courts in the British Virgin Islands.
Part H – Information on the underlying technology		
H.1	Distributed ledger technology	The Token has been launched on the Network.
H.2	Protocols and technical standards	The Token has been launched on the Network as its native token. To achieve EVM compatibility, besides the Network, the Token has to be wrapped as an ERC-20 token (WQUAI).
H.3	Technology Used	The Token was launched as the Network's EVM-compatible native token. Therefore, users can manage the Token through their own non-custodial wallet software provided by third parties or by directly interacting with the token's smart contract through a third-party API.
H.4	Consensus Mechanism	The Token was launched on the Network, which relies on the PoEM consensus mechanism, a customised version of PoW. Therefore, to participate in the Network's consensus mechanism, miners use GPU hardware to generate hashes that verify the validity of proposed blocks. There is no minimum

		hardware requirement beyond having GPU capability, and miners can choose to receive either Token or QI, once launched, as their block rewards. PoEM differs from traditional Proof-of-Work by measuring the intrinsic block weight to calculate the ‘entropy’ (randomness) removed by each proposed block. This way, nodes can immediately agree on the next block, eliminating disagreements that cause network delays. The network uses ProgPoW as its ASIC-resistant mining algorithm, making it accessible to GPU miners and preventing centralisation by specialised hardware. Miners must select specific chains within the three-tier hierarchy of Prime, Region, and Zone chains to secure the network.
H.5	Incentive Mechanisms and Applicable Fees	Miners are compensated with the Token or, once launched, with QI in exchange for processing transactions and proposing new blocks. Their compensation is sourced from dynamic block rewards distributed by the protocol based on mining difficulty. Block rewards are calculated using different functions: Token rewards are proportional to the logarithm of difficulty, while QI rewards will follow a linear scale with mining difficulty. All miners’ block rewards have a base maturity period of two weeks before they can be spent. If miners choose to lock their rewards for extended periods, they can receive multiplier bonuses ranging from 1.035x for 3-month lockups up to 1.25x for 12-month locks. This way, the Network discourages misbehaviour, since miners with locked rewards are less likely to attack the Network, as an attack would reduce the value of their future rewards. Every Network transaction requires the payment of transaction fees. The fee structure depends on the type of transaction: • EVM transactions: Fees are paid with Token and are based on the computational resources required for transaction processing, similar to Ethereum’s gas fee model. • UTXO transactions: Once QI is launched, fees on the UTXO ledger will be paid with QI tokens. • Cross-shard transactions: External transactions (“<i>ETXs</i>”) between different chains in the Network’s hierarchy require fees to be paid on both the origin and destination chains. The Network aims to keep transaction fees permanently under \$0.01 by adding new execution shards when the gas limit is reached in sustained blocks. This dynamic sharding prevents

		users from having to outbid each other for block space during high-demand periods, maintaining low fees even as Network usage grows.
H.6	Use of Distributed Ledger Technology	FALSE
H.7	DLT Functionality Description	Not applicable
H.8	Audit	FALSE
H.9	Audit outcome	Not applicable
Part I – Information on risks		
I.1	Offer-Related Risks	The Person Seeking Admission to Trading neither operates, controls, oversees, nor manages the functioning of the Exchanges where the Token will be admitted to trading. Additionally, the Token’s underlying protocol may evolve due to ongoing technical, regulatory, and industry developments. Unforeseen risks may arise, and new challenges or opportunities may necessitate changes in the Network’s strategies, goals, and structure. The risks outlined below highlight regulatory uncertainty, liquidity limitations, governance risks, network centralisation concerns, security vulnerabilities, and potential adjustments to fees or token supply that could impact the offer and trading of the Token. • Regulatory Compliance Risks: Although the Token is designed to comply with existing regulations (such as MiCA), evolving regulatory landscapes could impact its classification, trading status, or market/ community acceptance. Changes in regulatory requirements may necessitate modifications to the Network’s operation, structure, or governance. Token holders must ensure compliance with local laws, as regulatory treatment of crypto-assets varies across jurisdictions. • Market Volatility: The Token is subject to extreme price fluctuations, influenced by market speculation, investor sentiment, and broader industry trends. External factors, such as regulatory announcements or technological developments, may further contribute to volatility, potentially leading to financial losses for holders. • Liquidity Risks: The ability to buy, sell or otherwise transact Tokens depends on activity on decentralised exchanges (“DEXs”) and, if applicable, centralised exchanges (“CEXs”). Limited liquidity may result in difficulties executing large trades without significant price impact, increasing the risk of loss.

		• Risk of Trading Platforms: When Token holders trade on Exchanges, the Person Seeking Admission to Trading does not act as a contractual party to these transactions. All legal relationships regarding these trading platforms are subject to their respective terms and conditions, with no responsibility assumed by the Person Seeking Admission to Trading for their operations, services, or outcomes. • Risk of Delisting: There is no guarantee that the Token will remain listed on any exchange. Delisting could significantly hinder the ability to trade Tokens, reducing liquidity and market value. • Risk of Bankruptcy: The Exchanges or trading platforms where the Token is listed may become insolvent or cease operations, potentially resulting in a loss of access to funds or Tokens. • Blockchain and Smart Contract Dependency: The Token relies entirely on its blockchain infrastructure. Any network downtime, congestion, security vulnerabilities, or smart contract failures could negatively impact its functionality, accessibility, or security. Additionally, the Network may initially operate under a centralised or permissioned model, where specific providers or node operators manage the network. This structure presents centralisation risks, including the potential for censorship or data monetisation. • Operational Risks: Risks associated with the Token issuer/offeree's internal processes, personnel, and technologies may impact the ability to manage the Token's operations effectively. Failures in operational integrity could lead to disruptions, financial losses, or reputational damage. • Financial Risks: The Token issuer/offeree may face financial risks, including liquidity shortages, credit risks, or market fluctuations, which could affect its ability to continue operations, meet obligations, or sustain the stability and value of the Token. • Legal Risks: Uncertainties in legal frameworks, regulatory changes, potential lawsuits, or adverse legal rulings could pose significant risks, affecting the legality, usability, or value of the Token. • Fraud and Mismanagement Risks: The risk of fraudulent activity or mismanagement within the Token issuer/offeree's operations may impact the credibility of the project and the usability or value of the Token.
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		• Reputational Risks: Negative publicity – whether due to operational failures, security breaches, or associations with illicit activities – could damage the Token issuer/offeree’s reputation and, by extension, impact the value and acceptance of the Token. • Technology Management Risks: Inadequate management of technological updates or failure to keep pace with advancements may result in security vulnerabilities, inefficiencies, or obsolescence of the Token and its supporting infrastructure. • Dependency on Key Individuals: The success of the Token and its ecosystem may be highly dependent on key individuals. Loss or changes in project leadership could lead to operational disruptions, a loss of trust, or potential project failure. • Conflicts of Interest: Misalignment of interests between the Token issuer/offeree and Token holders may lead to governance decisions that are not in the best interests of the community, potentially affecting the value of the Token or damaging the credibility of the project. • Counterparty Risks: The Token issuer/offeree’s reliance on external partners, service providers, and collaborators introduces risks related to non-fulfilment of obligations, which may affect the Token’s operations, liquidity, or overall ecosystem stability. • Industry Competition Risks: The Token issuer/offeree faces competition from other projects, including larger and well-funded ventures that may attract more users and liquidity, potentially diminishing the viability of the Token. • Investor Vesting Risks: While Tokens allocated to the team and other stakeholders may be subject to a vesting schedule to prevent “rug pulls” and conflicts of interest, the unlocking of Tokens over time could affect supply and demand trends and liquidity. • Speculative Nature of the Token: Other than as stated herein with respect to the rights, functions, governance, staking, and fee-payment, the Token has no inherent utility beyond market sentiment and community-driven interest. Its value is highly speculative and subject to fluctuations based on external perceptions. • Unanticipated Risks: There may be additional risks that cannot be foreseen. Some risks may materialise as unexpected variations or combinations of the factors discussed in this section.
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I.2	Issuer-Related Risks	Not applicable, as the Issuer is the same as the Person Seeking the Admission of the Token to Trading.
I.3	Crypto-Assets-related Risks	• Market Volatility Risks: The Token's value is highly volatile and may fluctuate due to market speculation, investor sentiment, regulatory developments, and technological advancements. External factors, such as shifting trends in the crypto industry, changing demand for blockchain services, or macroeconomic conditions, could contribute to extreme price fluctuations, potentially leading to total depreciation. • Speculative Nature: No assurances of future value, performance, or rewards are made regarding the Token. Other than as stated herein with respect to the rights, functions, governance, staking, and fee-payment, the Token has no inherent or guaranteed utility beyond its role in the Network, and its valuation depends entirely on user adoption, demand, and community engagement. If adoption of the Network fails to grow as expected, the Token's value may be significantly impacted. • Liquidity Risks: The ability to trade the Token depends on the level of activity on DEXs and, where applicable, CEXs. Low trading volume may result in difficulties executing large transactions without significant price impact. Limited demand for the Token or the underlying protocol may further reduce liquidity, making it difficult to acquire, sell or otherwise transact with the Token. • Adoption and Network Demand Risks: The long-term success of the Token is dependent on widespread adoption of the Network. Adoption is influenced by various external factors, including user demand, competitive economic conditions, and organic community-driven expansion. The Person Seeking Admission to Trading has no control over the pace of adoption, and there is no guarantee that the Network will gain sufficient traction to sustain its economic model. If demand is too low, obtaining services through the Network may be difficult, while an inadequate supply may lead to delays in accessing services. • Blockchain Dependency Risks: The Token operates exclusively on its underlying blockchain network. Any disruptions, such as network congestion, downtime, or security vulnerabilities, could impact the ability to transfer, store, or trade the Token. Changes to blockchain infrastructure, governance, or transaction fees may also influence the Token's usability and cost-effectiveness.

		• Transaction Costs: While blockchain fees are generally low, network congestion, high demand, or changes in blockchain fee structures may increase transaction costs, potentially reducing the economic viability of using the Token within the Network. • Security Risks: ○ Smart Contract Vulnerabilities: Despite security audits and best practices, unforeseen vulnerabilities in smart contracts could lead to security breaches, impacting Token security or functionality. ○ Private Key Management: Token holders are solely responsible for safeguarding their private keys and recovery phrases. Loss of wallet credentials will result in the permanent loss of Tokens, as blockchain transactions are irreversible. ○ Scam and Fraud Risks: Token holders are exposed to risks associated with scams, phishing attacks, fake giveaways, impersonation of the Token issuer/offendor or its team, counterfeit Tokens, and fraudulent airdrops. Engaging with unverified third-party platforms or unofficial communications increases the risk of fraud. ○ Community and Narrative Risks: The Token's success is closely tied to community interest and the broader crypto narrative. Macroeconomic trends, emerging competitors, or declining community engagement may negatively impact the Token's perceived value and adoption. • Regulatory and Compliance Risks: ○ Evolving Legal Frameworks: Regulations governing crypto-assets differ across jurisdictions and are subject to change. New legal requirements may impact the Token's classification, availability, or functionality. ○ Jurisdictional Restrictions: Some jurisdictions may impose restrictions or prohibitions on the trading or use of the Token, limiting its accessibility for certain users. ○ Regulatory Harmonisation Risks: A lack of global regulatory alignment may create uncertainty, with some authorities potentially classifying the Token as a security or financial instrument, leading to increased compliance costs and legal obligations. ○ Regulatory Enforcement Risks: Government agencies may take enforcement actions against the Token issuer/offendor if the Token is deemed an unregistered security or if other financial laws are found to have
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		been violated. Such actions could negatively impact the Token's availability, appeal, and value. • Anti-Money Laundering ("AML") & Counter-Terrorism Financing ("CTF") Risks: Crypto transactions may be scrutinised for potential links to illicit activities. Authorities may take action against wallets or platforms suspected of facilitating money laundering or terrorist financing, affecting the ability of Token holders to use or trade their assets. • Taxation Risks: The tax treatment of the Token varies by jurisdiction, and Token holders are solely responsible for understanding and complying with applicable tax laws. Any appreciation, conversion, or sale of the Token may trigger tax obligations that differ depending on the regulatory environment. • Team Vesting and Token Release Risks: Tokens allocated to the team and other stakeholders may be subject to a vesting and unlock schedule. When these Tokens are vested, unlocked, and released into circulation, they may affect demand trends and liquidity. • Technological Obsolescence Risks: The blockchain and crypto industries evolve rapidly. The emergence of new technologies, changes in market demand, or advancements in competing protocols could render the Token or its underlying blockchain infrastructure less competitive, reducing adoption and utility. • Software Weakness Risks: The Token's infrastructure relies on relatively new blockchain technologies, which may contain undiscovered bugs, vulnerabilities, or inefficiencies. There is no guarantee that the process of transacting, storing, or interacting with the Token will be uninterrupted or error-free. • Unanticipated Risks: Beyond the risks outlined above, additional unforeseen risks may emerge due to changes in regulatory, technological, or macroeconomic conditions, potentially affecting the Token's security, functionality, or value.
I.4	Project Implementation-Related Risks	The Person Seeking Admission to Trading neither operates, controls, oversees, nor manages the technology underlying the Network. While efforts are made to ensure security and stability, blockchain-based technologies are still evolving, and various risks exist. Additionally, the success and sustainability of the project rely on various external factors, including

		macroeconomic conditions, regulatory developments, and technological advancements. • <u>Technical Development Risks:</u> ○ <i>Smart Contract Issues:</i> Despite robust security measures, unforeseen vulnerabilities or bugs in the smart contracts could disrupt Token distribution, refunds, or vesting mechanisms. ○ <i>Blockchain Dependency:</i> The Token operates exclusively on its underlying blockchain. Any network congestion, downtime, or security breaches could impact the project's implementation and functionality. ○ <i>Risk of Security Weaknesses in Core Infrastructure:</i> The project relies on open-source software, which may be modified by third parties not directly affiliated with the Issuer. Weaknesses or bugs introduced into the core infrastructure could compromise security and lead to the loss of digital assets. Furthermore, malfunctions or inadequate maintenance of the Network may negatively impact the Token's usability. ○ <i>Bugs in Core Blockchain Code:</i> Even with rigorous testing, unknown bugs may exist in the blockchain protocol, potentially leading to disruptions, incorrect transaction processing, or security vulnerabilities. • <u>Regulatory and Compliance Risks:</u> ○ <i>Regulatory Actions in One or More Jurisdictions:</i> The Token and the underlying Network could be impacted by regulatory inquiries or actions, which may restrict further development, implementation, or usage. ○ <i>Evolving Laws and Regulations:</i> New and changing laws related to financial securities, consumer protection, data privacy, cybersecurity, and intellectual property could impact the project. Compliance with these laws may require significant resources and could impose additional operational constraints. ○ <i>Governance Risk:</i> Decision-making mechanisms in blockchain governance may be inefficient, slow, or disproportionately influenced by specific stakeholders, leading to potential centralisation or unfavourable network changes. • <u>Operational Risks:</u> ○ <i>Resource Allocation:</i> The project's success depends on the issuer of the Token and its core team allocating sufficient resources (both financial and non-financial) to ensure timely development and deployment. Poor
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		resource management could lead to delays or failure to achieve key milestones. ○ Team Vesting Risks: While the team's Tokens may be subject to a vesting and unlock schedule to align interests with the community, the eventual vesting and unlocking of these Tokens may impact market stability or long-term commitment from team members. • <u>Market Adoption Risks:</u> ○ Competitive Environment: The crypto industry is highly competitive and trend-driven. There is a risk that the Token may fail to capture sufficient interest, limiting its adoption. ○ Community Engagement Risks: The success of the Token depends heavily on community-driven sentiment and engagement. Failure to build or sustain an active community could hinder growth and long-term tradability • <u>Timeline and Milestone Risks:</u> ○ Delayed Milestones: Key deliverables such as Token distribution and liquidity access may face delays due to technical, operational, or funding challenges. ○ CEX Listing Risks: Listings on centralised exchanges depend on securing the necessary funding for listing fees and meeting platform-specific requirements. Delays or insufficient resources could postpone broader market/ community access. • <u>Ecosystem Risks:</u> ○ Dependence on External Partners: The project relies on partnerships with infrastructure providers, liquidity providers/ market makers, exchanges and other third-party service providers. Any failure or delay from these partners could disrupt implementation plans. ○ Risk of Withdrawing Partners: The Token holder understands that the feasibility of the project depends strongly on the collaboration of service providers and other key stakeholders. A loss of critical partnerships could impact project sustainability. • <u>Technology and Software Risks:</u> ○ Risk of Software Weakness: The Token holder acknowledges that blockchain and smart contract technologies are still evolving. There is no guarantee that Token usage will be uninterrupted or error-free. Vulnerabilities in the underlying blockchain, smart
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		contracts, or supporting technologies could lead to the complete loss of Tokens or their functionality. ○ Dependency on Underlying Technology: The Network relies on blockchain infrastructure, hardware, and network connectivity, all of which may be subject to failures, outages, or vulnerabilities. ○ Risk of Technological Disruption: The emergence of new technology, such as quantum computing, could undermine the security of blockchain encryption and compromise the integrity of digital assets. • <u>Network Security Risks:</u> ○ Network Attacks and Cybersecurity Threats: Blockchain networks can be vulnerable to cyberattacks such as 51% attacks, Sybil attacks, or distributed denial-of-service (“DDoS”) attacks. These threats could disrupt network operations and compromise security. ○ Blockchain Network Attacks: The Network may be subject to validation attacks, including double-spend attacks, reorganisations, majority mining power attacks, “vampire” attacks and work race condition attacks. Successful attacks could compromise the proper execution of transactions and smart contracts. • <u>Privacy and Anonymity Risks:</u> ○ Public Ledger Transparency: Blockchain transactions are recorded on a public ledger, which may expose transaction history and financial activity. Certain transactions could be linked to specific wallet addresses, making users vulnerable to fraud, phishing attacks, or targeted scams. • <u>Economic and Governance Risks:</u> ○ Consensus Failures or Forks: Errors in the consensus mechanism could lead to forks, where multiple versions of the ledger coexist, or network halts, reducing trust in the network. ○ Economic Self-Sufficiency: The long-term sustainability of the Token ecosystem depends on sufficient transaction volume to generate fees to support rewards for validators, which in turn maintain network security. A lack of adoption could lead to governance-driven changes to monetary policy, fee structures, or consensus mechanisms. ○ Incentive Model Risks: Changes to block rewards, staking incentives, or governance models may be required to maintain network participation. Governance decisions could result in modifications that
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		impact Token holders, including inflationary adjustments, transaction fees, or redistribution of rewards. • <u>Software Weakness Risks:</u> ○ <i>Unforeseen Bugs and Security Vulnerabilities:</i> The Token and its supporting infrastructure rely on blockchain technologies that may still be evolving. There is no guarantee that Token transactions will be uninterrupted or error-free. Software vulnerabilities, weaknesses in smart contracts, or infrastructure issues may result in loss of assets, security breaches, or unexpected network failures. • <u>Unanticipated Risks:</u> ○ <i>Unforeseen Regulatory, Technological, or Economic Challenges:</i> In addition to the risks identified, new threats may emerge due to changes in legal, technological, or economic conditions. Developments such as regulatory crackdowns, unforeseen Network vulnerabilities, or disruptive innovations could impact the usability, security, or value of the Token in ways not currently foreseeable.
I.5	Technology-Related Risks	The Person Seeking Admission to Trading neither operates, controls, oversees, nor manages the technology underlying the Network. While efforts are made to ensure security and stability, blockchain-based technologies are still evolving, and various risks exist. • <u>Blockchain Dependency Risks:</u> ○ <i>Network Downtime and Congestion:</i> The Token relies entirely on its underlying blockchain network, which may experience outages, congestion, or downtime. Such events could disrupt Token transfers, trading, or other functionalities. ○ <i>Scalability Challenges:</i> As transaction volume grows, the blockchain network may face scaling limitations. Increased congestion could lead to slower transaction processing times and higher fees, reducing efficiency and usability. ○ <i>Settlement and Transaction Finality Risks:</i> Blockchain transactions are designed to be irreversible; however, under exceptional circumstances such as network forks or consensus failures, there remains a theoretical risk that transactions could be reversed, or multiple competing ledger versions could persist. Transactions

		sent to an incorrect address are not recoverable, leading to permanent loss of assets. • <u>Smart Contract Risks:</u> ○ <i>Vulnerabilities:</i> While smart contracts are developed with security measures, undiscovered vulnerabilities or exploits may impact Token security, distribution, or access. Bugs in the contract code may lead to unintended loss of Tokens, unauthorised transactions, or exposure to external attacks. ○ <i>Immutability Risks:</i> Once deployed, some smart contracts cannot be altered. Errors or security flaws in the code could result in operational failures without the possibility of corrections. ○ <i>Security Exploits:</i> Bugs or vulnerabilities in smart contracts may expose the Token ecosystem to potential hacks, allowing attackers to manipulate transactions, drain liquidity, or disrupt contract execution. • <u>Network Security Risks:</u> ○ <i>Risk of Attacks and Forks:</i> The blockchain may be susceptible to consensus-related attacks, such as double-spend attacks, majority validation power takeovers, censorship attacks, or forks. These risks could affect Token transactions, balance integrity, and overall network security. ○ <i>Cybercrime and Theft Risks:</i> Despite security efforts, blockchain-based assets and services may be exposed to cyberattacks, including hacking, phishing, or malware threats. Compromised wallets, exchanges, or smart contracts could lead to asset theft, loss of funds, or disruptions in Token functionality. ○ <i>Data Corruption Risks:</i> The reliability of blockchain data could be compromised due to software bugs, human error, or deliberate tampering. Such incidents may affect transaction records, network integrity, and user confidence in the system. • <u>Wallet and Storage Risks:</u> ○ <i>Private Key Management:</i> Token holders are solely responsible for securing their private keys and recovery phrases. The loss of private keys results in irreversible loss of Tokens, as blockchain transactions are final and cannot be undone. ○ <i>Compatibility Issues:</i> The Token is supported only by blockchain-compatible wallets. Incompatibility with specific wallet software, network malfunctions, or
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		wallet provider shutdowns may affect access to and usability of the Token. • <u>Ecosystem Dependency Risks:</u> ○ <i>DEX and CEX Integration Issues:</i> The Token’s availability depends on integration with DEXs and CEXs. Technical failures, security breaches, or delisting from these platforms could limit liquidity, disrupt trading, and reduce Network accessibility. ○ <i>Reliance on Third-Party Services:</i> Many blockchain services, including wallets, bridges, and oracles, depend on third-party providers. Failures, security breaches, or regulatory actions against these services could negatively affect the functionality of the Token. ○ <i>Centralisation Concerns:</i> Although blockchain networks are designed to be decentralised, a small number of validators or node operators could introduce centralisation risks. This may lead to potential censorship, control over transactions, or increased vulnerability to governance attacks. • <u>Software and Protocol Risks:</u> ○ <i>Bugs in Core Blockchain Code:</i> Despite rigorous testing, undiscovered bugs in the core blockchain protocol could lead to network failures, incorrect transaction processing, or security vulnerabilities. A failure to address such issues promptly could result in loss of user confidence and network instability. ○ <i>Risk of Technological Disruption:</i> Emerging technologies, such as quantum computing, could potentially compromise blockchain encryption, making networks vulnerable to attacks that could compromise data integrity or enable unauthorised asset transfers. ○ <i>Dependency on Underlying Technology:</i> The stability of the Token ecosystem relies on underlying technical infrastructures, including internet connectivity, computing hardware, and cryptographic algorithms. Disruptions in these foundational technologies may impact network security and operational efficiency. • <u>Privacy and Anonymity Risks:</u> ○ <i>Public Ledger Transparency:</i> Blockchain transactions are recorded on a publicly accessible ledger, which may expose sensitive transaction data. While addresses do not directly reveal identities, sophisticated data analysis could potentially link certain transactions to specific individuals or entities.
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		○ Exposure to Fraud and Targeted Attacks: Increased transparency may lead to risks such as phishing, fraud, or unauthorised tracking of user activity by malicious actors. Individuals with significant Token holdings may be targeted for scams or social engineering attacks. • Economic and Network Viability Risks: ○ Economic Self-Sufficiency: The long-term sustainability of the Token ecosystem depends on maintaining sufficient transaction volume to generate rewards for incentivising validators to ensure network security. If network adoption remains low, there is a risk of reduced validator participation, increased transaction costs, or a need for governance-driven changes to monetary policy, fee structures, or consensus mechanisms. ○ Incentive Model Risks: Changes to block rewards, staking incentives, or governance models may be required to ensure ongoing network security and sustainability. Governance proposals may introduce modifications that impact Token holders, including inflation adjustments, transaction fees, or redistribution of rewards. • Software Weakness Risks: ○ Unforeseen Bugs and Security Vulnerabilities: The Token and its supporting infrastructure rely on blockchain technologies that may still be evolving. There is no guarantee that Token transactions will be uninterrupted or error-free. Software vulnerabilities, weaknesses in smart contracts, or infrastructure issues may result in loss of assets, security breaches, or unexpected network failures. • Unanticipated Risks: ○ Unforeseen Regulatory, Technological, or Economic Challenges: In addition to the risks identified, new threats may emerge due to changes in legal, technological, or economic conditions. Developments such as regulatory crackdowns, unforeseen Network vulnerabilities, or disruptive innovations could impact the usability, security, or value of the Token in ways not currently foreseeable.
I.6	Mitigation measures	Not applicable
Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts		
J.01	Name	Quai Foundation

J.02	Relevant legal entity identifier	Not available
J.03	Name of the crypto-asset	QUAI
J.04	Consensus Mechanism	The Token was launched on the Network, which relies on the PoEM consensus mechanism, a customised version of PoW. Therefore, to participate in the Network's consensus mechanism, miners use GPU hardware to generate hashes that verify the validity of proposed blocks. There is no minimum hardware requirement beyond having GPU capability, and miners can choose to receive either Token or QI, once launched, as their block rewards. PoEM differs from traditional Proof-of-Work by measuring the intrinsic block weight to calculate the 'entropy' (randomness) removed by each proposed block. This way, nodes can immediately agree on the next block, eliminating disagreements that cause network delays. The network uses ProgPoW as its ASIC-resistant mining algorithm, making it accessible to GPU miners and preventing centralisation by specialised hardware. Miners must select specific chains within the three-tier hierarchy of Prime, Region, and Zone chains to secure the network.
J.05	Incentive Mechanisms and Applicable Fees	Miners are compensated with the Token or, once launched, with QI in exchange for processing transactions and proposing new blocks. Their compensation is sourced from dynamic block rewards distributed by the protocol based on mining difficulty. Block rewards are calculated using different functions: Token rewards are proportional to the logarithm of difficulty, while QI rewards will follow a linear scale with mining difficulty. All miners' block rewards have a base maturity period of two weeks before they can be spent. If miners choose to lock their rewards for extended periods, they can receive multiplier bonuses ranging from 1.035x for 3-month lockups up to 1.25x for 12-month locks. This way, the Network discourages misbehaviour, since miners with locked rewards are less likely to attack the Network, as an attack would reduce the value of their future rewards. Every Network transaction requires the payment of transaction fees. The fee structure depends on the type of transaction: • EVM transactions: Fees are paid with Token and are based on the computational resources required for transaction processing, similar to Ethereum's gas fee model.

		• UTXO transactions: Once QI is launched, fees on the UTXO ledger will be paid with QI tokens. • Cross-shard transactions: ETXs between different chains in the Network's hierarchy require fees to be paid on both the origin and destination chains. The Network aims to keep transaction fees permanently under \$0.01 by adding new execution shards when the gas limit is reached in sustained blocks. This dynamic sharding prevents users from having to outbid each other for block space during high-demand periods, maintaining low fees even as Network usage grows.
J.06	Beginning of the Period to which the Disclosed Information Relates	19/02/2025
J.07	End of the Period to which the Disclosed Information Relates	Energy consumption is continued and ongoing as part of network operations.
Mandatory key indicator on energy consumption		
J.08	Energy Consumption	160,000 kWh
Sources and methodologies		
J.09	Energy Consumption Sources and Methodologies	Source -> https://docs.qu.ai/learn/advanced-introduction/merged-mining/energy-efficiency#environmental-benefits-of-proof-of-work Methodology -> The calculation provided on J.08 makes the following assumptions: • The complete set of Network miners utilise 22,222 GPUs at 1 TH/s with each GPU capable of 45 MH/s • Both the Bitcoin Network and the Network are operating at maximum throughput (5 TPS for Bitcoin, 50,000 TPS for the Network). • Estimated Annual Bitcoin Energy Use: 76,730,000,000 kWh (https://digiconomist.net/bitcoin-energy-consumption) • Bitcoin Annual TXs Confirmed at Max Load: 5 TPS * 31,536,000 seconds in a year = 157,680,000 TXs. • Bitcoin Energy Use/Single TX at Max Load: 76,730,000,000 kWh / 157,680,000 TXs = ~486.62 kWh per TX at max load. • Annual Network Energy Use (assumed for the sake of comparison): 58,447,200 kWh. • Network Annual TXs Confirmed at Max Load: 50,000 TPS * 31,536,000 seconds in a year = 1,576,800,000,000 TXs.

		Network Energy Use/Single TX at Max Load: 58,447,200 kWh / 1,576,800,000 transactions = ~0.000037 kWh per TX at max load.
Supplementary key indicators on energy and GHG emissions		
J.10	Renewable energy consumption	The Network's renewable energy share is estimated at 50-65%. This estimate assumes similar adoption patterns to Bitcoin's current 43-63% renewable energy usage, with potential for higher adoption due to 'the Network's energy-efficient merged mining design that reduces per-transaction energy consumption by approximately 10,000 times compared to Bitcoin. The network's focus on sustainability partnerships and lower energy requirements make renewable sources more economically attractive for Network miners than traditional proof-of-work networks.
J.11	Energy intensity	~0.000037 kWh per TX at max load
J.12	Scope 1 DLT GHG emissions – Controlled	0 tCO ₂ e per calendar year The Network validators/miners do not directly control fossil fuel combustion or own emission sources. Mining operations more often use purchased electricity rather than generating power on-site.
J.13	Scope 2 DLT GHG emissions – Purchased	Estimated 10,260-20,521 tCO ₂ e per calendar year, calculated from 'the Network's annual energy consumption of 58,447,200 kWh with 35-50% fossil fuel electricity usage at 0.5-0.7 kgCO ₂ e/kWh carbon intensity.
J.14	GHG intensity	Estimated 0.0065-0.013 gCO ₂ e per validated transaction, derived from total annual emissions divided by 1,576,800,000,000 maximum throughput transactions, representing approximately 37,000 times lower carbon intensity than Bitcoin's ~486 gCO ₂ e per transaction.
Sources and methodologies		
J.15	Key energy sources and methodologies	Energy consumption data is derived from the Network's technical specifications assuming 22,222 GPUs operating at 45 MH/s each with total network hash rate of 1 TH/s, extrapolated to annual consumption of 58,447,200 kWh. Renewable energy percentage (50-65%) is estimated based on Bitcoin mining industry benchmarks from the Cambridge Centre for Alternative Finance (CCAF) and Bitcoin Mining Council reports, adjusted for 'the Network's sustainability-focused design and merged mining efficiency improvements.
J.16	Key GHG sources and methodologies	GHG emissions calculations utilise standard carbon intensity factors of 0.5-0.7 kgCO ₂ e/kWh for fossil fuel electricity generation applied to the estimated 35-50% non-renewable portion of 'the Network's energy mix. Scope 1 emissions are

		reported as zero since mining operations use purchased electricity rather than direct fuel combustion, while Scope 2 emissions methodology follows GHG Protocol standards by multiplying purchased electricity consumption by regional grid emission factors, with transaction-level intensity calculated by dividing total annual emissions by maximum network throughput of 1,576,800,000,000 transactions.
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