Template for white papers for crypto-assets other than asset-referenced tokens or e-money tokens

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1	Date of notification	2025-09-26
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 of the European Parliament and of the Council 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 crypto-asset 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 or 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 or any other offer document pursuant to Union or national law.
8	Characteristics of the crypto-asset	BONZO is the native governance and utility token of the Bonzo Finance protocol. It is a fungible token on the Hedera network conforming to the Hedera Token Service (HTS) standard (comparable to an ERC-20 token on Ethereum). The token's fixed supply is 400 million tokens, all minted at the Token Generation Event (TGE) on February 14, 2025. BONZO's primary utilities include: - **Protocol Governance**: BONZO will enable holders to propose and vote on changes to the protocol via the Bonzo Finance DAO (decentralised autonomous organisation) once it is launched; - **Staking for xBONZO**: holders can stake BONZO in a single-sided staking module to receive xBONZO, a yield-bearing receipt token. Stakers earn rewards in BONZO (and in the future may receive a share of protocol fees) as an incentive for participation; and - **Utility in the Lending Protocol**: BONZO may be used within the Bonzo Finance platform (subject to governance approval) for features such as collateral for loans or to pay protocol fees, thereby giving it direct functional value in the ecosystem. Importantly, holding BONZO does not grant any claim to profits, assets, or legal ownership in Bonzo Reserve Ltd or any related entity; it is not a e-money token, asset reference token or financial instrument, but rather a crypto-asset as defined under Article 3(1)(5) of the Markets in Crypto-Assets Regulation (EU) 2013/1114 ("MiCA").
9	Information about the quality and quantity of goods or services to which the utility token gives access and restrictions on transferability	N/A

10	Key information about the offer to the public or admission to trading	Bonzo Reserve Ltd intends to seek the admission of BONZO to trading on multiple trading platforms, to broaden access to EU users. No public offering of new tokens will occur in connection with this listing, rather the listing will facilitate secondary market trading of the existing BONZO tokens. The listing of the BONZO token will naturally be subject to the trading platforms due diligence and compliance with MiCA. Resultantly, this white paper is being prepared and notified to a national competent authority to fulfill the regulatory requirements for such an admission. The admission to trading of the token will not involve any fundraising or token sale by the issuer, and the issuer will not receive proceeds from secondary market trades. Holders should note that buying and selling tokens on any trading platform carries market risk. Listing does not imply endorsement or price support by the trading platform or issuer. Investing or holding the BONZO token, as with any other crypto-asset involves a number of risks. Admission to trading brings about high volatility and the potential for loss of the token's entire value, as BONZO's market price is driven by supply and demand on exchanges. Limited liquidity is another risk, as BONZO is currently only actively traded on one decentralised exchange (SaucerSwap on Hedera) and its liquidity depends on community provided pools. Even after listing on the trading platforms outlined in E.33, liquidity may remain low relative to larger assets, which could make buying or selling significant amounts challenging. There are also technical, operational and reputational risks: (i) The Bonzo Finance smart contracts, while audited, could potentially be compromised by unforeseen bugs or cyberattacks, which might lead to loss of funds in the protocol and correspondingly impact BONZO's value. (ii) If the independent team (Bonzo Finance Labs) contributing to the protocol's open source development fails to deliver promised features or if the protocol fails to attract users, the utility of BONZO would diminish. (iii) Although BONZO is intended to be a utility token in the traditional sense, changes in law or interpretation (in the EU or other jurisdictions) could impose restrictions or compliance costs. A more detailed discussion of such risks is provided in Part I of this white paper, along with some of the measures in place to mitigate them.

Part A - Information about the offeror or the person seeking admission to trading		
A.1	Name	Bonzo Reserve Ltd
A.2	Legal form	Business Company (BVI). Bonzo Reserve Ltd is incorporated as a BVI Business Company under the laws of the British Virgin Islands
A.3	Registered address	Bonzo Reserve Ltd's registered office is Trinity Chambers, PO Box 4301 Road Town, Tortola, British Virgin Islands
A.4	Head office	The company's principal place of management is through its directors and officers, who operate remotely. There is no separate operational headquarters in the EU; coordination occurs via Bonzo Finance Foundation in Grand Cayman.
A.5	Registration date	2024-12-05
A.6	Legal entity identifier	N/A
A.7	Another identifier required pursuant to applicable national law	BVI Company Number - 2164510
A.8	Contact telephone number	+1 284 494 8445
A.9	E-mail address	karen@caraglobal.io

A.10	Response time (Days)	30
A.11	Parent company	N/A
A.12	Members of the management body	The member of the management body for Bonzo Reserve Ltd comprises the Bonzo Finance Foundation for which Ms. Karen Kersey acts as director. Therefore, Ms. Karen Kersey, present at the following business address, Trinity Chambers, PO Box 4301, Road Town, Tortola, British Virgin Islands, will be acting as the representative of the person seeking admission to trading
A.13	Business activity	The main business activity of Bonzo Reserve Ltd is the administrative issuance of the BONZO governance token on the Hedera Network. There are no trading operations, employees or product development functions. The activities are limited to the minting of the BONZO token and transferring part of the treasury to the Bonzo Finance Foundation. The entity does not conduct commercial business, its function is limited to maintaining the token treasury and ensuring compliance for trading platform listings under MiCA.
A.14	Parent company business activity	N/A
A.15	Newly established	TRUE
A.16	Financial condition for the past three years	N/A
A.17	Financial condition since registration	Bonzo Reserve Ltd., incorporated in the British Virgin Islands in December 2024, has a limited operating history. Since its formation, the company's sole function has been to act as the issuer of the BONZO governance token for the Bonzo Finance protocol. It does not itself carry out commercial activities or generate operating revenue. Instead, its role was limited to the initial minting of BONZO tokens and the transfer of a portion of those tokens to the Bonzo Finance Foundation (a Cayman Islands exempted foundation company incorporated in June 2024), to support the protocol's community and governance activities. The company has not produced audited financial statements and, given its limited scope, has not engaged in material financial transactions beyond token issuance and related legal/administrative expenses. Accordingly, there are no financial statements available for the last three years. Since incorporation, Bonzo Reserve Ltd. has remained solvent, with token treasury assets recorded on-chain and transparent to the public. No material changes in financial condition have occurred since registration. Key performance indicators relevant to the business are primarily non-financial in nature, reflecting the progress of the Bonzo Finance protocol itself (e.g., total value locked, utilisation rates, and community participation), rather than the financial results of the issuer. Protocol metrics and audits are publicly available at https://defillama.com/protocol/bonzo-finance Given that Bonzo Reserve Ltd. functions solely as an issuance vehicle with no trading operations or cash-generating business, a traditional balance sheet or income statement analysis is not applicable. Its financial position since registration has been stable, limited to covering administrative expenses and safeguarding the token issuance treasury.

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
B.2	Name	N/A

B.3	Legal form	N/A
B.4	Registered address	N/A
B.4	Head office	N/A
B.6	Registration date	N/A
B.7	Legal entity identifier	N/A
B.8	Another identifier required pursuant to applicable national law	N/A
B.9	Parent company	N/A
B.10	Members of the management body	N/A
B.11	Business activity	N/A
B.12	Parent company business activity	N/A

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	N/A
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	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

Part D- Information about the crypto-asset project		
D.1	Crypto-asset project name	Bonzo Finance
D.2	Crypto-asset name	Bonzo Finance Governance Token (commonly referred to as "BONZO Token")
D.3	Abbreviation	BONZO

D.4	Crypto-asset project description	Bonzo Finance is an open-source decentralised lending and borrowing protocol deployed on the public Hedera network. Inspired by the Aave v2 protocol on Ethereum, Bonzo Finance enables users to supply cryptocurrency assets to earn interest and to borrow assets by providing over-collateralisation. The protocol's smart contracts dynamically set interest rates based on supply and demand for each asset pool. By focusing on the Hedera ecosystem, Bonzo Finance aims to combine the proven DeFi mechanisms from Ethereum with Hedera's unique network benefits (such as fast finality and low fixed transaction fees) to provide a fast, cost-efficient, and secure lending platform. The primary goal of the project is to bootstrap a decentralised finance ecosystem on Hedera, addressing the previously unmet need for a money market protocol on this network. Key objectives include: - Providing a platform for Hedera-based assets (HBAR, HTS tokens) and wrapped mainstream assets to be used productively (earning yield or accessing liquidity through loans); - Ensuring security and risk management at the forefront, given the protocol is non-custodial and handles user funds. Bonzo Finance adopts Aave's well-vetted codebase and rigorous risk parameters to maintain solvency and protect users; and - Progressively decentralising governance of the protocol to its community of users via the BONZO token, thereby aligning the protocol's evolution with stakeholder interests. The long-term vision is to establish Bonzo Finance as a community-governed, self-sustaining DeFi platform on Hedera, contributing to the broader growth and adoption of the Hedera network in the DeFi space.

D.5	Details of all natural or legal persons involved in the implementation of the crypto-asset project	**Independent Open Source Development Company: Bonzo Finance Labs** Address: Building A1, Dubai Digital Park, Dubai Silicon Oasis, Dubai, United Arab Emirates Activities: Development and day-to-day operations of the protocol are handled by Bonzo Finance Labs, an organisation based in Dubai, UAE. Bonzo Finance Labs is a team of professionals with strong backgrounds in blockchain and DeFi development, particularly with expertise in Solidity and the Hedera network's services. The core team consists of the Co-Founder – Brady Gentile (CEO) and Gaurang Torvekar (CTO) – and several engineers and community specialists (including backend smart contract developers, frontend developers, and marketing/community leads). Legally, Bonzo Finance Labs is not a separate incorporated entity disclosed in this white paper (to the extent that it might be an informal name for the team or a company in Dubai). Its role is as a contracted development service provider to Bonzo Reserve Ltd or the Bonzo Foundation. Bonzo Finance Labs has no direct claim on the BONZO tokens except via allocations provided to team members under "Core Development" allocation. **Foundation Organization (DAO Wrapper): Bonzo Finance Foundation (Cayman)** Address: c/o Clara Formations (Cayman) Limited PO Box 10061, George Town Financial Center, 90 Fort Street, Suite 306 Grand Cayman, KY1-1001, Cayman Islands Activities: The Foundation's purpose is to serve as the legal wrapper for the Bonzo Finance DAO – this means it can hold assets (like protocol treasury funds or smart contract ownership keys) on behalf of the community and enter into contracts if needed (e.g., for centralised exchange listings, or hiring auditors) while ultimately being governed by the decentralised votes of BONZO holders. Bonzo Reserve Ltd has contributed allocations of BONZO tokens to the Foundation, to be unlocked over time for use in community initiatives, grants, or ecosystem development at the DAO's discretion. The Foundation is overseen by directors aligned with the project (to ensure it acts in the community's interest), and over time these roles are expected to yield to on-chain governance mandates (for example, executing token allocations as voted by BONZO holders). The Foundation provides a measure of continuity and legal personality to the decentralised project, helping to ensure compliance with applicable laws (including fulfilling any obligations from this white paper notification in the EU). These entities in coordination with the person seeking admission to trading, collaborate to ensure the success of Bonzo Finance. They share key personnel and align incentives: for instance, Bonzo Labs team members and advisors are often token holders, and thus are incentivised to grow the protocol's value ethically and sustainably.
D.6	Utility Token Classification	FALSE
D.7	Key Features of Goods/Services for Utility Token Projects	N/A

D.8	Plans for the token	**Launch and Current Stage**: Bonzo Finance launched its initial version on October 28, 2024 on Hedera Mainnet. In its first phase, the protocol enabled supply (deposit) of assets, accumulating Total Value Locked (TVL) rapidly within the first month (it reached #3 in Hedera's DeFi rankings by TVL). Borrowing functionality was introduced after further testing and risk calibration. The borrowing feature went live on December 11, 2025 (approximately 44 days post-launch), allowing over-collateralized loans. Since launch, the platform has incrementally added support for various assets, prioritizing HBAR, USD stablecoins (e.g., USDC), other Hedera Token Service assets that have reliable oracles and sufficient liquidity. The current version of the protocol is considered mainnet beta, with core features operational and under continuous monitoring. **The Bonzo Finance development roadmap for 2025 and 2026 includes**: Security Audits & Improvements: The codebase underwent a comprehensive security audit by Halborn in mid-2024, which identified and helped resolve several critical and high-severity vulnerabilities prior to launch. Continuous audits (and potential additional third-party reviews) are planned as the protocol upgrades. Features: Introduction of advanced features such as flash loans (instant, uncollateralised loans repayable within one transaction) and independently operated liquidation bot mechanisms to manage under-collateralised positions efficiently. Governance: A major milestone slated for Q4 2025 is the formal launch of the Bonzo Finance DAO. Governance mechanisms (voting contracts, proposal frameworks) will be deployed on Hedera, and control over certain protocol parameters and treasury funds will gradually migrate from the founding team to the DAO. According to plans, the Bonzo Finance Foundation will facilitate this transition and ensure a compliant structure for governance. Ecosystem Integration: Bonzo Finance aims to integrate with other DeFi and CeFi services. This includes using reputable price oracles (the protocol is integrating Chainlink data feeds on Hedera and also uses the SupraOracle for redundancy as per audits), and collaborating with wallet providers for seamless user experience. Cross-Chain Considerations: While Hedera is the sole deployment at present, research is ongoing into bridging mechanisms or deploying read-only instances on other chains for visibility. However, BONZO remains a Hedera-native token with no immediate plans for multi-chain issuance to avoid regulatory complexity and liquidity fragmentation. User Growth and Ecosystem Incentives: The project runs community incentive programs, such as the Bonzo Points seasons, to ensure widespread distribution of BONZO governance tokens to active protocol users, ensuring decentralisation.

D.9	Resource allocation	Technology and Ecosystem Partners: Bonzo Finance is built atop the Hedera network and thus benefits from Hedera Governing Council's infrastructure and initiatives. While not formally partnered with the Hedera Council, Bonzo Finance is recognised in the Hedera ecosystem (featured as the first lending protocol on Hedera). The project leverages Hedera Token Service (HTS) for its token operations and integrates Supra and Chainlink price feeds on Hedera to secure accurate asset valuations, which is critical for loan health and liquidations. Security & Risk: Bonzo partnered with Halborn for smart contract audits in 2024, and it maintains ongoing audits and bug bounty programs (an informal bug bounty is in place to encourage responsible disclosure of any vulnerability by community developers). Funding History: Bonzo Finance's initial development was funded by the project's founders and contributors, as well as Hedera network ecosystem grants offered by The Hedera Foundation. There was no direct public sale of tokens. Within the tokenomics, a private investor token allocation is listed as 10% of the supply (40 million BONZO), but has not been acted upon; it offers the project flexibility for potential future token sales.
D.10	Planned use of Collected funds or crypto-Assets	Funds raised or allocated to the project (whether through token allocations, private investments, or grants) have been used for: - Development and operational expenses to independent development organisations, such as Bonzo Finance Labs - Audit and security costs - Community / ecosystem initiatives (like the Bonzo Points used to inform claimable BONZO governance tokens in support of widespread distribution for decentralization of the protocol) - Liquidity provisioning (to bootstrap the DEX liquidity for BONZO, some treasury tokens were used as initial liquidity). It should be noted that no single outside investor or partner has control over the project; governance remains with the core team until the DAO takes over, and thereafter with token holders broadly. This diffusion of control is intended to mitigate centralisation risk and align Bonzo Finance with the ethos of decentralised finance.

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	The decision to seek trading admission for the BONZO token is primarily driven by the need to create liquidity, enabling holders to unlock the economic value of the rewards they earn and to seamlessly exchange their tokens for other digital assets. This supports transparent, market-based price discovery that reflects the real demand for BONZO's underlying utility as well as reinforces the project's commitment to regulatory standards and enhances credibility, helping attract a broader community to the platform.
E.3	Fundraising target	N/A
E.4	Minimum subscription goals	N/A
E.5	Maximum subscription goals	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	400,000,000
E.13	Targeted holders	ALL
E.14	Holder restrictions	There are no specific restrictions for holders of the BONZO token once this is purchased through one of the trading platforms for which admission is being sought. However, holders do have certain general obligations, which include: - Complying with relevant laws including KYC/AML requirements when trading on regulated trading platforms and sanctions compliance. - Holders are responsible for following their jurisdiction's tax laws regarding token transactions and rewards. - When using centralised trading planforms, holders must meet the chosen platform's own eligibility criteria and verification requirements. The token is also designed to be freely transferable on the Hedera network to any user with a Hedera account (subject to the standard HTS requirement that accounts must "associate" the token before holding it). Therefore, the only restrictions are vesting lockups for initial team/investor allocations, potential future geo-restrictions if regulatory requirements demand it (though none currently exist) and trading-platform specific requirements that may be imposed as outlined above.
E.15	Reimbursement notice	N/A
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	N/A
E.25	Value transfer methods for reimbursement	N/A
E.26	Right of withdrawal	N/A
E.27	Transfer of purchased crypto-assets	N/A
E.28	Transfer time schedule	N/A

E.29	Purchaser's technical requirements	The technical requirements applicable to purchasers is dependent on whether the BONZO token is purchased through a centralised or decentralised trading platform/exchange. In the first instance, the trading platforms outlined in E.33 below typically require users to set up and verify their account, inclusive of KYC procedures including identity verification via their website or app. Users must meet jurisdictional eligibility criteria set by these trading platforms and comply with their terms of service. Technical access involves using the chosen web platform or mobile app to deposit fiat or crypto according to their supported payment methods, then placing standard market or limit orders. Under this custody model, the trading platform acts as the custodian by holding tokens in aggregated Hedera accounts on behalf of users. This means users don't directly control their private keys, and withdrawals are subject to the trading platforms internal procedures plus applicable network fees. The platform handles all technical blockchain interactions automatically for users. DEX usage requires a Hedera-compatible wallet such as HashPack, Kabila, Blade, MetaMusk, and wallets supported by the Hedera Wallet Connect integration, with users maintaining full control over their private keys. Additionally, users must hold HBAR tokens to pay for transaction fees on the network. A unique requirement for Hedera is token association - users must explicitly "associate" $BONZO (Token ID 0.0.8279134) with their Hedera account before they can hold the token. This one-time network requirement costs a small HBAR fee and prevents spam tokens from being automatically sent to accounts. The technical specifications show BONZO uses the Hedera Token Service standard with 8 decimal places for divisibility and has an EVM address (0x0000000000000000000000000000000007e545e) for Solidity compatibility.
E.30	Crypto-asset service provider (CASP) name	N/A
E.31	CASP identifier	N/A
E.32	Placement form	NTAV
E.33	Trading platforms name	Bonzo Reserve Limited is seeking admission to trading of the Bonzo Token across multiple trading platforms, with a particular focus on Kraken and OKX, two crypto-asset service providers authorised in Ireland and Malta respectively. Other potential trading venues for which admission to trading is being sought, include Coinbase, Crypto.com, Bitvavo, Binance, HTX, MEXC, KuCoin, Upbit, Gate.io, BitMart and BingX. Moreover, Bonzo Reserve Limited remains open to expanding its listing opportunities, in particular, as additional MiCA-compliant trading venues become available.
E.34	Trading platforms Market identifier code (MIC)	N/A

E.35	Trading platforms access	Users are to select on of the trading platforms outlined in E.33 and proceed to create and verify an account through the chosen platforms KYC procedures via the website or mobile application. This verification process requires identity documentation and compliance with applicable jurisdictional requirements, as the chosen trading platform may impose certain eligibility criteria based on user location or regulatory restrictions. Once verified, users can deposit funds through various methods that would be supported, which typically include fiat currency deposits via bank transfer, credit cards, or other payment rails, as well as cryptocurrency deposits from external wallets. The specific funding options and supported currencies vary by region and are typically detailed in trading planforms' documentation available on its website.
E.36	Involved costs	Investors seeking to buy the BONZO token on any of the centralised trading platforms for which admission to trading is being sought are to understand the fee structures and ongoing expenses in place. Naturally, these vary from one platform to another and on certain variables such as the volume of the token being traded. Therefore, users should assess the fee structure in place of their chosen trading platform prior to trading the token, while also being mindful that such costs are subject to change over time.
E.37	Offer expenses	N/A
E.38	Conflicts of interest	N/A
E.39	Applicable law	Laws of England and Wales
E.40	Competent court	Arbitration as per the rules of the International Chamber of Commerce (ICC)

Part F - Information about the crypto-assets		
F.1	Crypto-asset type	The Bonzo Token is classified as a "crypto-asset other than asset-referenced token or e-money token" under Title II of the Markets in Crypto-Assets Regulation (EU) 2023/1114.
F.2	Crypto-asset functionality	The key functionalities of the Bonzo Token include: Governance access: BONZO (and staked receipt token XBONZO) confers the right to participate in Bonzo Finance governance once the DAO is live (proposal, vote, parameter updates, treasury decisions). Single-sided staking: Holders may stake BONZO to mint XBONZO; rewards are automated by smart contracts and sourced from controlled token emissions and a programmatic share of protocol revenues (when enabled by governance). Unstake path returns BONZO (subject to any governance-set cooldowns/limits). Protocol utility: Within the Bonzo lending market on Hedera, BONZO may be enabled by governance as a supported asset (e.g., supply/borrow and/or collateral) alongside other HTS tokens. Standards & interoperability: Hedera Token Service (HTS) fungible token (ERC-20–equivalent behaviour), transferable and wallet/exchange compatible on Hedera; used by dApps across the Hedera ecosystem (e.g., DEX LPs, partner integrations) as governance/utility collateral where approved. Economic alignment: Community incentive programs (e.g., points/airdrop seasons), staking, and DAO treasury grants align contributors and users with long-term protocol health. No profit, redemption, or ownership rights are attached to BONZO.
F.3	Planned application of functionalities	Reference is to be made to the functionalities in F.2 as well as the plans for the token outlined in D.8 above.

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 crypto-asset white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-asset characteristics	BONZO is the native governance and utility token of the Bonzo Finance protocol. It is a fungible token on the Hedera network conforming to the Hedera Token Service (HTS) standard (comparable to an ERC-20 token on Ethereum). The token's fixed supply is 400 million tokens, all minted at the Token Generation Event (TGE) on February 14, 2025. BONZO's primary utilities include: - **Protocol Governance**: BONZO will enable holders to propose and vote on changes to the protocol via the Bonzo Finance DAO (decentralised autonomous organisation) once it is launched; - **Staking for xBONZO**: holders can stake BONZO in a single-sided staking module to receive xBONZO, a yield-bearing receipt token. Stakers earn rewards in BONZO (and in the future may receive a share of protocol fees) as an incentive for participation; and - **Utility in the Lending Protocol**: BONZO may be used within the Bonzo Finance platform (subject to governance approval) for features such as collateral for loans or to pay protocol fees, thereby giving it direct functional value in the ecosystem. Importantly, holding BONZO does not grant any claim to profits, assets, or legal ownership in Bonzo Reserve Ltd or any related entity; it is not a e-money token, asset reference token or financial instrument, but rather a crypto-asset as defined under Article 3(1)(5) of the Markets in Crypto-Assets Regulation (EU) 2013/1114 ("MiCA").
F.7	Commercial name or trading name	Bonzo
F.8	Website of the issuer	https://bonzo.finance/
F.9	Starting date of offer to the public or admission to trading	2025-10-25
F.10	Publication date	2025-10-24
F.11	Any other services provided by the issuer	N/A
F.12	Language or languages of the crypto-asset 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	TRUE
F.17	LEI eligibility	FALSE
F.18	Home Member State	Malta

F.19	Host Member States	Austria Belgium Bulgaria Croatia Cyprus Czechia Denmark Estonia Finland France Germany Greece Hungary Iceland Ireland Italy Latvia Liechtenstein Lithuania Luxembourg Netherlands Norway Poland Portugal Romania Slovakia Slovenia Spain Sweden

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

		The purchaser of the token will be entitled to the following rights and obligations: Rights**:** **Governance Rights** - BONZO holders can participate in protocol governance once the Bonzo Finance DAO launches (expected Q4 2025/Q1 2026). Holders above a certain threshold (e.g., 1% of supply or working in conjunction with others) can submit proposals for protocol changes including adjustments to risk parameters like collateral factors and interest rate models, adding support for new assets, changes to fee structures, or usage of treasury funds. Each BONZO token corresponds to one vote (1 BONZO = 1 vote weight) in DAO proposals, with active voting also likely performed with the staked form xBONZO. The rights are non-hierarchical with every token carrying the same weight per unit, and there are no special voting rights for particular holders including team or advisors beyond the BONZO they hold. The voting process involves a typical governance cycle with proposal forum discussion followed by creation of an on-chain proposal. There may be quorum requirements (a minimum percent of total supply voting) and a minimum threshold for votes to pass, such as requiring >50% of votes cast to be "Yes" with at least 10% of total supply participating for quorum. The Bonzo Finance Foundation will execute the on-chain results of successful votes using multi-sig control of certain parameters or funds until full on-chain execution is automated. **Utility and Usage Rights** - BONZO holders have the right to stake their tokens in the Bonzo staking module to receive xBONZO tokens and earn yield. The APY for stakers comes from a staking rewards pool funded by the Community allocation and is dynamically adjusted based on the number of tokens staked. Stakers gain xBONZO receipt tokens in exchange for BONZO which can be redeemed back when unstacking, periodic distribution of additional BONZO from the rewards pool

G.1	Purchaser rights and obligations	increasing the BONZO backing each xBONZO over time, automated allocation of protocol fees as rewards for xBONZO holders as decided via DAO governance proposals, and the right to vote while staked. Holders may supply BONZO into the protocol to earn interest like any other asset, effectively allowing others to borrow BONZO by putting up collateral. Holders or any users could borrow BONZO for various purposes with parameters adjusted to reduce the risk of complex governance issues. While not formally announced, BONZO could serve as a membership key providing access to special pools or beta features, priority in airdrops of partner projects, or beta testing of new assets. **Conversion and Transfer Rights** - BONZO can be converted to xBONZO by staking with reverse conversion (unstaking) returning BONZO. Any holder can choose to stake or unstake at will, subject to any lock period that might be built in for staking, though the current design does not require mandatory lockup periods. BONZO is generally freely transferable with no contractual or built-in transfer restrictions for holders aside from vesting lockups for initial allocatees. **Information Rights** - As governance token holders, BONZO holders have transparency regarding the project through open documentation and channels for project updates, treasury management information, and risk parameter changes that are regularly communicated. Under DAO governance, proposals will include necessary disclosures for informed voting. <u>Obligations</u>**:** **Legal Compliance** - BONZO holders are responsible for complying with relevant laws including KYC/AML if they trade on regulated trading platforms or sanctions compliance. The token itself doesn't enforce this, but centralised trading platforms will enforce user verification. The issuer expects holders to only use BONZO in lawful ways and not to fund illicit activity. **Tax Obligations** - Holding or transacting BONZO may trigger tax events including trading profits and income from rewards. Each holder is obliged to follow their jurisdiction's tax laws as the project does not withhold taxes or provide tax advice. For example, staking rewards might be considered income in some places and token sales might incur capital gains tax. **Protocol Use Obligations** - When interacting with the Bonzo Finance protocol, all users including BONZO holders must abide by the protocol's terms of service. Those participating in governance may not exploit voting mechanisms maliciously. **No Fiduciary Expectations** - Holding BONZO does not entitle holders to any fiduciary duty from the issuer or team. Token holders collectively govern and there is no guaranteed obligation on any party to maximize token value. Token holders cannot demand certain actions from outside the governance process. **Voluntary Participation** - There are no obligations for token holders to perform any action such as voting or using the token. Inactive holders simply do not exercise their rights, which is their choice, with non-participation in governance not penalising them except the opportunity cost of not influencing decisions.

G.2	Exercise of rights and obligations	**Governance Rights Exercise**: Initially, governance via BONZO will be quasi-formal with Bonzo Labs building the smart contract infrastructure for on-chain voting. Until the DAO is ready and activated, governance decisions are documented and performed by core team members with community consultation per the DAO-transition plan. Community input is gathered via off-chain means including Discord, governance forums, and snapshot polls. Once the DAO is live, BONZO holders will directly vote on proposals with the Bonzo Finance Foundation executing successful vote results. The specific parameters including quorum requirements and minimum thresholds for votes to pass will be defined in the DAO's governance documents. **Staking and Utility Rights Exercise**: Holders can stake BONZO in the staking module with no mandatory lockup periods required under the current design, though if any lock periods exist they would be clearly disclosed in the staking UI. The staking mechanism, fully automated via smart contracts with changes enacted by DAO governance voting, enables the automated use of BONZO tokens from treasury and/or the use of Bonzo protocol treasury to purchase BONZO used for staking rewards. The Protocol's staking reward mechanism(s) are not intended as, nor do they guarantee in any way, implicit or explicit price support or token value protection; additionally, they do not function as an automated price stabilisation mechanism. For protocol usage, BONZO is integrated as one of the assets in the Bonzo Finance markets where holders may supply BONZO to earn interest or borrow it with appropriate collateral, with usage of the lending and borrowing functionality not limited strictly to BONZO governance token holders.

Community Governance Process:
Once the DAO is operational, the community via BONZO token holders can vote to amend the token's rights following the established governance procedures. All major decisions affecting the protocol can theoretically be put to a vote, with the governance scope to be defined in the DAO charter and likely limited to the on-chain aspects of the protocol and associated resources.

Regulatory and Documentation Updates:
All statements regarding rights are subject to the evolving nature of the project. If the community via the DAO later amends the token's rights, and this be constituted as a material change within the context of that outlined in MiCA, this white paper would be updated accordingly and re-notified.

Limitations on Modifications:
BONZO governance is intended for protocol parameter adjustments and treasury usage and does not give holders the right to dictate corporate matters of Bonzo Reserve Ltd or to intervene in how Bonzo Labs operates its business or finances. For example, token holders cannot demand the team hire or fire someone except indirectly through influence or in extreme scenarios by withholding support in DAO votes for funding contributing teams.

It is crucial to emphasize what BONZO does not provide to holders:
- Ownership or Equity: BONZO does not grant any share in Bonzo Reserve Ltd, Bonzo Finance Foundation, Bonzo Finance Labs or any other entity’s equity. Holders are not shareholders, do not have equity voting rights in any company, and have no claim on company profits or assets. If Bonzo Reserve Ltd were to be liquidated or sold, $BONZO holders have no specific claim in that process (they would continue to hold their tokens, but the value of those tokens would depend on the ongoing utility of the protocol).
- No Profit Share: By default, BONZO does not entitle holders to any

G.3	Conditions for modifications of rights and obligations	- No Profit Share: By default, BONZO does not entitle holders to any portion of protocol revenue. The protocol's revenue initially goes to its protocol treasury. The protocol's XBONZO staking mechanism (fully automated via smart contracts with changes enacted by DAO governance voting) enables the use of BONZO tokens directly from treasury and/or use Bonzo protocol treasury for the purchase of BONZO tokens, to fund staking rewards. Holding tokens passively does not guarantee profit. The Protocol's staking reward mechanism(s) are not intended as, nor do they guarantee in any way, implicit or explicit price support or token value protection; additionally, they do not function as an automated price stabilisation mechanism. - No Redemption or Pegged Value: BONZO cannot be redeemed from the issuer for any fixed value or asset. Its value is determined solely by market trading and its perceived utility. If the protocol fails, BONZO could lose most or all of its value, and holders have no recourse to "get their money back" from the issuer. This aligns with the earlier risk warning that the token may not be exchangeable for any promised service if the project discontinues. - No Guarantee of Service: While BONZO is meant to be used in the Bonzo Finance protocol, owning BONZO does not guarantee that the protocol will always be available or that the services (lending, staking, etc.) will be uninterrupted. Contributing team members will strive to keep the protocol running and improve it, but there is no contractual obligation that Bonzo Reserve Ltd provides perpetual service. If, for instance, a regulatory order or technical failure required shutting down aspects of the protocol, BONZO holders cannot claim breach of contract – they simply retain tokens which might at that point have limited use. - No Investor Protections: As stated, BONZO is not covered by deposit insurance or investor compensation schemes. There is also no guarantee from the issuer to buy back tokens or stabilize the price. The issuer is not a counterparty to token holders. All financial risk lies with the token holder. The issuer's role was to create and distribute the token; ongoing support is voluntary, albeit in their interest to add value. - No Special Access beyond Platform: Holding BONZO doesn't give one special access to the Bonzo platform beyond what is outlined (e.g., you don't get to bypass collateral requirements or get bigger loans just because you hold tokens, unless explicitly a governance program decided such, which currently is not the case). - No Intellectual Property Rights: BONZO holders do not gain rights to

		Bonzo Finance's brand, code (though it's open source for anyone to use under the open-source license provided), or other intellectual property. The open-source nature means everyone (holder or not) has equal rights to use the code. But any Bonzo-related IP are presumably held by the Bonzo Finance Foundation; owning tokens gives no license to this (for instance, a token holder can't claim they own the brand or fork the project and use the same name in a confusing way). - No Governance Over Non-Protocol Matters: BONZO governance is intended for protocol parameter adjustments and treasury usage. It does not give holders the right to dictate corporate matters of Bonzo Reserve Ltd or to intervene in how Bonzo Labs operates its business or finances. For example, token holders cannot demand the team to hire/fire someone (except indirectly through influence or in extreme scenarios by withholding support in DAO votes for funding contributing teams). The governance scope will be defined in the DAO charter and is likely limited to the on-chain aspects of the protocol and associated resources. In summary, BONZO's rights are cantered on governance and utility within the Bonzo Finance ecosystem, and do not extend to any form of guaranteed economic return or legal claim against the issuer or any other party. Prospective holders should base their decision to hold BONZO on the expectation of using those governance and utility features, and on a belief in the growth of the Bonzo protocol, rather than any expectation of profit from the efforts of others. All statements regarding rights are subject to the evolving nature of the project. If the community (via the DAO) later amends the token's rights, this white paper would be updated accordingly and re-notified if required. As of now, the above represents the set of material rights and obligations attached to BONZO.
G.4	Future public offers	N/A
G.5	Issuer retained crypto-assets	185,847,351
G.6	Utility token classification	FALSE
G.7	Key features of goods/services of utility tokens	N/A
G.8	Utility tokens redemption	N/A
G.9	Non-trading request	TRUE
G.10	Crypto-assets purchase or sale modalities	N/A
G.11	Crypto-assets transfer restrictions	BONZO is generally freely transferable. Only in extraordinary hypothetical scenarios might transfers be restricted, for instance, if a critical security vulnerability was discovered that required halting transfers, the Hedera network could theoretically freeze token transfers network-wide. This is highly unlikely and would be considered an emergency measure to protect holders (and would itself require coordination with Hedera and potentially community consent). Holders should consider BONZO fully transferable at their discretion.
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	Laws of England and Wales
G.19	Competent court	Arbitration as per the rules of the International Chamber of Commerce (ICC)

Part H – information on the underlying technology		
		The Bonzo Finance protocol and the BONZO token operate on the Hedera public distributed ledger. Hedera is not a blockchain in the traditional sense, but rather uses a novel Hashgraph consensus algorithm. Key characteristics of Hedera relevant to Bonzo include: - **Governing Council**: Hedera is currently governed by a council of up to 39 reputable organizations (Google, IBM, Boeing, etc. are among council members) that run the initial set of nodes. - **The network is permissioned at the node level at present: O**nly council members run consensus nodes, but the ledger is public (anyone can transact/read). The governance model ensures stability and trust in the network, albeit at the cost of some decentralisation in node operation (plans exist to move to permissionless node running in the future). For Bonzo, this means the underlying network has predictable performance and oversight, reducing the likelihood of rogue node behaviour. - **Performance and Throughput**: Hedera can handle thousands of transactions per second (10,000+ TPS for token transfers) with low latency. This high throughput ensures that Bonzo Finance can scale to a large number of user transactions (deposits, withdrawals, borrows, trades) without network congestion. For example, Hedera consistently processes over 2.5 million transactions per day with ease. - **Transaction Finality**: Transactions on Hedera achieve finality typically within ~3-5 seconds. There is no concept of chain reorganizations or block confirmations as in blockchains; once consensus is reached via Hashgraph, it's final. This is advantageous for DeFi operations – users and the protocol can act on transactions (like liquidations or oracle price updates) without waiting extended periods, reducing uncertainty and improving user experience. - **Native Tokenization (HTS)**: The Hedera Token Service (HTS) is a native service for creating and managing tokens on Hedera. BONZO leverages HTS, meaning token transfers are first-class operations on Hedera (not just smart contract events). This yields benefits: token transfers cost a fixed, very low fee (currently $0.001 denominated in HBAR, roughly) and execute quickly. HTS provides built-in features like

H.1	Distributed ledger technology (DTL)	HBAR, roughly) and execute quickly. HTS provides built-in features like configurable keys for Admin, Free Schedule, Freeze, KYC, Metadata, Pause, Supply, and Wipe. The BONZO token does not utilise any of these keys, ensuring it is fully permissionless and immutable. Using HTS also means fewer smart contract complexities for the token itself (less risk of contract bugs for basic token logic). - **Smart Contract Functionality**: In addition to HTS, Hedera offers an EVM-compatible Smart Contract Service. Bonzo's core lending protocol is implemented as a suite of Solidity smart contracts deployed on Hedera via this service. It means developers can use Solidity and users can interact using Ethereum-like calls (with some differences in gas and pricing model, but conceptually similar). The Hedera smart contract service is slower than HTS native operations, but is sufficient for Bonzo's needs. Upgrades to Hedera's smart contract performance are expected, which will only improve Bonzo's capabilities. - **DLT Functionality for Bonzo**: In practice, Bonzo uses Hedera in two ways (i) HTS for BONZO and xBONZO token operations (ii) Smart Contracts (EVM) for implementing the lending logic (e.g., Pool contract, aToken contracts, Oracle contract, etc.). These contracts interact with HTS when needed (for example, transferring HTS tokens as collateral or for liquidations) via Hedera's precompiled system contracts for HTS. The synergy of HTS and EVM means Bonzo can optimize operations; e.g., interest payouts can be done by minting interest-bearing HTS tokens (if they implemented Aave's aToken as an HTS token, which could be more efficient than tracking via contract state – but as per Halborn audit notes, they used wrappers around some HTS functionalities). - **Network Reliability**: Hedera's network has demonstrated high uptime and consistency. With global enterprise nodes, the risk of a total network failure is low, and in such an event, the council would coordinate a recovery. The ledger has never been breached or had a successful attack compromising consensus to date. There was an incident in early 2023 (pre-MiCA era) where Hedera's smart contract service was paused due to a smart contract exploit, but the network's core stayed intact. Hedera has a track record of stability, which underpins Bonzo's operational reliability. - **Network Costs**: Using Hedera implies certain cost structures, including paying HBAR for fees. Bonzo Finance Labs must ensure they have HBAR to pay for certain transactions (though many costs are pushed to users, e.g., when users send transactions they pay fees). The cost predictability (fixed fees) is a nice feature – e.g., an independent liquidation bot executing a liquidation requires a small, predictable amount in USD, not variable gas as seen on Ethereum; this supports liquidation of even small positions, protecting from the protocol from long-term accumulation of bad debt. For governance, deploying votes or distributing rewards is also inexpensive, enabling more on-chain governance activities.

H.2	Protocols and technical standards	The Bonzo Finance protocol's smart contracts are largely based on the Aave v2 architecture, adapted for Hedera. The system includes: - **A LendingPool contract**: Core logic for deposits, borrows, repayments, liquidations. - **AToken (aBONZO, aHBAR, etc.)**: Interest-bearing tokens users receive when they deposit assets. - **Debt Tokens (debtBONZO, debtHBAR, etc.)**: Rebasing tokens users receive when they borrow assets. - **Oracles**: A contract (e.g., PriceOracle / SupraOracle) to supply asset prices. Integrates with Chainlink / Supra. Price feeds are crucial for determining collateral values and borrow limits. - **Interest Rate Model**: Configuration that sets how interest rates adjust with utilisation. - **Risk Parameters**: Each asset offers parameters (Loan-to-value, liquidation threshold, liquidation bonus, reserve factor, etc.) that could be adjusted by governance / independent ecosystem risk steward, with authored change memos following the DAO governance proposal format. Parameters are stored in contracts. - **Admin roles**: Initially Bonzo Labs multi-sig likely controls pausing, adding new assets, adjusting parameters; as decentralization proceeds, controls will pass to governance contracts or multi-sig with community oversight.
H.3	Technology used	Key technical adaptations for Hedera include: - Because Hedera's smart contract uses an account model similar to Ethereum, Aave's code mostly could port, but interactions with HTS required modifications. Bonzo had to integrate with HTS for things like transferring native tokens from contracts. - Wrapped HBAR (WHBAR): Hedera's native HBAR needed wrapping to be treated like an ERC20. - Decimal handling: As per audit, differences in token decimals and conversions needed careful handling. Specific assets on Hedera have certain decimals and Aave code was written expecting 18 decimals. They removed the ability to change decimals after deployment as a resolution. - Token incentives: Aave v2 offers liquidity mining in some deployments; Bonzo implemented liquidity mining on certain markets, outside the core contracts (via separate distributor contracts). Those interact with the core by boosting yields but don't change core logic. External dependencies include: - Price Oracles: The integrity of Bonzo heavily relies on price feeds. Currently, Bonzo uses Supra and Chainlink oracles on Hedera (Hedera has a native Chainlink integration launched in 2025 for certain assets). Oracles fetch off-chain price data of crypto assets (HBAR, BTC, ETH, etc) and feed it on-chain for use by the lending protocol. These oracles themselves are a form of underlying tech – they often involve a separate network of nodes and cross-chain communication. A risk is if oracles fail or are manipulated; hence Bonzo monitors them and may halt certain operations if oracle data is suspect. Oracle address configurations are controlled by the contributing development team (to add new price feeds or switch sources) until governance takes over. - While not on-chain tech, the user interface (app.bonzo.finance) interacts with Hedera's network via various wallet providers, such as HashPack, Kabila, MetaMask, and WalletConnect. It uses public infrastructure (like Hedera's JSON-RPC relay or mirror nodes) to read data. The frontend code is open source.

H.3	Technology used	code is open source. - The Bonzo Finance protocol offers a data API (data.bonzo.finance), giving developers or bots the ability to utilise Bonzo Finance data within their applications. The data API is part of a technology stack which ecosystem users, developers, and applications rely on. - Smart Contract Security and Audits: The Bonzo Finance contracts were audited by Halborn in mid-2024. The audit uncovered a number of issues (4 critical, several high, etc.), all of which were marked as Solved or Acknowledged with justification by the time of launch. The presence of critical issues, and their resolution, indicates the independent development team's commitment to addressing vulnerabilities before user funds are at risk. - Ongoing, the contributing team will commission audits for major updates (like when governance contracts are introduced or if a significant code changes occur). Protective measures, like pausable contracts exist, with an emergency pause that an admin can trigger to halt new actions if something goes wrong. If a severe bug is found, operations can be paused to protect funds. - Interoperability and Integration: $BONZO is an HTS token; interoperability with other chains is limited to the bridges that exist. Hedera offers some bridges (e.g., Hashport) that could wrap BONZO to another chain, but none officially supported or recommended by the team at launch. The focus is on building within Hedera. - If future cross-chain support is needed, contributing development team members will ensure such integrations are secure and communicated. In summary, the underlying tech of Bonzo is a blend of Hedera's cutting-edge DLT (providing a fast, efficient base layer) and battle-tested Ethereum DeFi code (adapted from Aave). This combination is intended to deliver a robust DeFi platform on Hedera with lower costs and novel capabilities (like no front-running due to Hedera's fair ordering. All technical components (smart contracts, oracles, tokens) have been structured with security in mind, and the contributing development team continues to invest in maintaining and upgrading the technology as needed.
H.4	Consensus mechanism	Hedera Hashgraph achieves consensus through a leaderless, asynchronous Byzantine Fault Tolerant (ABFT) gossip protocol with virtual voting. This means that network nodes gossip transactions and events, and through virtual voting (calculations rather than heavy communication), reach agreement on transaction order and validity. The consensus is fast (finality in a few seconds) and highly secure (ABFT implies it can tolerate up to 1/3 malicious nodes without losing integrity).

H.5	Incentive mechanisms and applicable fees	The BONZO token and the Bonzo Finance protocol operate on the Hedera public network. Hedera secures transaction ordering and finality through its proof-of-stake consensus: HBAR holders may stake to consensus nodes, increasing a node's stake-weighted voting power in the ABFT "virtual voting" process. Rewards are distributed by Hedera consensus nodes to accounts staked to them, and the network plans for broader node participation over time as part of its decentralization roadmap. Bonzo Finance does not run consensus nodes or distribute staking rewards; it relies on Hedera's consensus incentives and governance. Hedera transaction fees are set in USD but paid in HBAR; the amount of HBAR debited per transaction is converted from USD using Hedera's exchange-rate tool and updated regularly, so when the HBAR/USD rate changes the HBAR amount adjusts while the USD fee target remains stable. Fees are published and can be estimated in both USD and HBAR via Hedera's fee estimator. Protocol-relevant per-transaction fees (current measurements on Hedera mainnet; paid in HBAR at USD-equivalent): • Withdraw: $0.08159 • Supply (deposit): $0.05439 • Repay: $0.06643 • Borrow: $0.07972 • Stake BONZO for xBONZO (any amount): $0.05427 • Unstake xBONZO for BONZO (any amount): $0.05427 Notes: (i) The values above reflect the current USD-denominated network fees observed for the specified transaction types on Hedera; the HBAR amount charged varies with the then-current HBAR/USD rate. (ii) Hedera's fee schedule and exchange-rate conversion may be updated by the Hedera Governing Council; developers and users can verify prevailing fees at the Hedera fees page and fee estimator.
H.6	Use of distributed ledger technology	FALSE
H.7	DLT functionality description	N/A
H.8	Audit	TRUE
H.9	Audit outcome	A full audit was completed by Halborn and all critical issues were resolved prior to launch. The audit report is publicly available on Halborn's website for transparency. It lists all findings (the snippet indicates multiple issues rated critical to informational and how they were addressed). No unsolved high-severity issues remain. The contributing team will pursue additional audits for any subsequent upgrades or new features (e.g., when DAO contracts or new tokenomics features are added). Security audit firms with Hedera expertise (like Hacken or ChainSecurity, etc.) may be engaged as needed. For additional detail reference can be made to the following link which outlines all audit report completed by Halborn - https://docs.bonzo.finance/hub/security-and-risk/audits

Part I – Information on risks

I.1	Offer-related risks	**High Price Volatility**: Upon admitting a token to trading, tokens such as BONZO's market price is determined by trading platforms. It is subject to potentially extreme volatility. New tokens often experience rapid price swings – both upwards and downwards – due to speculation, changing demand, and relatively thin order books. Holders must be prepared for the possibility of substantial losses in token value in short timeframes. Unlike established assets, BONZO lacks a long trading history and its value is not anchored by any fundamental asset or guaranteed usage. *Mitigation: The project does not actively manage token price, but by refraining from any short-term promotional "hype" and focusing on building real utility (lending platform usage), the protocol aims to foster more organic, utility-driven demand. Additionally, wide distribution of tokens over time (via community rewards) should broaden the holder base, which in theory can reduce volatility as ownership becomes less concentrated.* Limited Liquidity & Market Depth: Newly listed tokens, tend to suffer from a lack of liquidity and market depth, especially until they are admitting to trading on several trading platforms and demand picks up. In such cases, large orders can significantly move the price or may not be feasible to execute without slippage. Even after being listed on several trading platforms, if trading volumes remain low, liquidity risk persists i.e. an investor might not find a buyer or seller at a reasonable price when they wish to exit or enter a position. *Mitigation: This risk is inherent to all crypto-asset and subsequently tends to decrease over time as the liquidity and demand for such tokens increases.* **Exchange-related Liquidity Risks**: The admission to trading of token on multiple trading platforms aims to improve liquidity. In this regard, risks could include these trading platforms delaying or cancelling a listing, leaving liquidity lower than expected. Trading could also be halted due to technical issues or regulatory reasons or the user base on these trading platforms not show interest, yielding lower volumes. Additionally, arbitrage between these trading platforms and DEXs could result in arbitrage create confusion and volatility among investors. *Mitigation: Bonzo Finance will communicate clearly around the listing and ensure technical readiness. Nonetheless, these are mostly market mechanics out of direct control of the issuer.*
I.2	Issuer-related risks	N/A - the issuer is the same as the person seeking the admission to trading

I.3	Crypto-assets-related risks	**Concentration of Holdings**: A relatively small number of wallets (team, foundation, etc.) control a large portion of BONZO (due to vesting allocations). If any of these parties sell large amounts once unlocked, it could flood the market and sharply depress the price. The vesting schedule staggers these potential sales, but market perception of upcoming unlocks can itself create sell pressure in advance. *Mitigation: The team and insiders are contractually and reputationally motivated not to sell large amounts of tokens. Many have long-term alignment with the project's success. The transparent schedule allows the market to anticipate unlocks. In some projects, insiders choose to extend lockups voluntarily to signal confidence. The DAO treasury tokens, while large, are community-controlled and unlikely to be market sold except to fund growth initiatives (which presumably add value).* **Correlation with Broader Crypto Market**: BONZO, like most crypto-assets, is likely to be correlated to overall crypto market sentiment and particularly to Hedera ecosystem sentiment. A downturn in the crypto market or negative news about Hedera (or competing lending protocols) could adversely affect BONZO's price and liquidity, even if Bonzo Finance's fundamentals remain unchanged. This systemic risk is beyond any individual project's control. *Mitigation: Diversification – holders should not put all their funds into BONZO. The project's focus on real utility (lending platform generating fees and usage) aims to provide some fundamental value cushion relative to meme tokens, but it cannot decouple from macro trends entirely.* **Fork and Governance Fragmentation Risk**: Because Bonzo is open source, it's possible (though perhaps unlikely on Hedera given its smaller ecosystem) that another team could fork the code and even try to fork the community, launching a competitor or alternative version of Bonzo. If

		some users moved to the fork, the value of BONZO could suffer as its protocol's usage declines. Moreover, if governance was contentious (deep divisions among holders on decisions), it could hamper progress or even result in splits. *Mitigation: The best defence is executing well and being responsive so users have no desire to support a fork. The community aspect and brand also are not easily replicated by a fork. Should a fork appear, the team will emphasize Bonzo's security track record and ongoing support to maintain trust. Concerning governance splits, a healthy governance process (encouraging discussion and compromise) can alleviate factional problems.* **Illiquidity of Governance Power (Staking Lockups)**: If a user stakes BONZO for xBONZO to vote and earn yield, they might face a lock-up or at least some unbonding period (to prevent quick in-and-out for votes). This can be seen as a risk: during that time, they cannot sell their BONZO even if price swings or personal liquidity needs change. It's a trade-off between participation and liquidity. If an emergency financial need arises, a staker might be stuck. *Mitigation: If implemented, any lock-up period will be communicated and is usually not extremely long (maybe days or weeks). Users should stake only what they are comfortable locking. Alternatively, the design might allow instant unstaking but with a penalty or loss of pending rewards – details to be determined by governance parameters.* **Token Utility Reliance on Adoption**: The value of the governance rights and utility of BONZO inherently depends on the Bonzo Finance protocol being useful and used. If for some reason adoption stalls – e.g., the lending protocol fails to attract borrowers and lenders (perhaps due to a superior competitor or lack of interest in Hedera DeFi) – then BONZO's utility (governance over a protocol nobody uses, staking for yields that come from nowhere) diminishes, and its value likely follows. This is a kind of project failure risk manifested in the token's utility. *Mitigation: The team's strategy is to expand the protocol's features and aggressively support ecosystem growth (through grants and partnerships). Being the first mover on Hedera with support from the Hedera community is an advantage. They are also open to pivoting or adding complementary products (for example, yield strategy vaults) to keep Bonzo relevant. However, ultimately, it's a market decision – if the target user base doesn't materialize, token holders bear that risk.*

I.4	Project implementation-related risks	**Execution Risk**: The successful development and maintenance of Bonzo Finance depends on the Bonzo Labs team. There is a risk that the team may fail to execute the project's roadmap or adapt to changing market conditions. Factors include the possibility of key developer departures, internal disputes, or simply underestimation of technical challenges. For example, the plan to launch the DAO in 2025 might be delayed if development takes longer, which could frustrate the community and impact the project's reputation and token value. *Mitigation: The team has a defined structure of co-founders and engineers, reducing single-person dependency. They have demonstrated progress (launch in 2024, features in 2025). Bonzo Reserve Ltd has reserve funds (in BONZO governance tokens tokens) to continue funding development for the foreseeable future. Additionally, by making the project open-source, if the core team falters, the community or another entity could theoretically fork or continue the work.* **Regulatory/Legal Risk (Project-level)**: Regulators can take up a different view of BONZO's classification relative to that outlined in this whitepaper, or be subject to future laws which could impose new requirements on DeFi platforms or governance tokens. There is a risk that authorities (in any jurisdiction where many users reside, e.g., US or EU) could restrict access to Bonzo, label BONZO as an unregistered security (in the US context), or demand KYC/AML integration in the protocol. In an extreme case, Bonzo Reserve Ltd or individuals could face legal action which impedes their ability to continue development.

Mitigation: By complying with MiCA proactively (issuing this white paper), the project is addressing EU regulatory requirements for admitting a token to trading. Bonzo is also careful in marketing communications to not promise returns or mislead (to avoid consumer protection issues). The project maintains dialogue with legal advisors and might adapt (for example, geo-fencing the front-end in certain regions if absolutely necessary, though the protocol can always be accessed directly by technical users).

Jurisdictional Uncertainty: Each of the entities (BVI, Cayman, UAE) has its own legal environment. Changes or issues in those jurisdictions could affect the project. For instance, if BVI changed laws around token issuers or if Cayman alters how DAOs/foundations can operate, Bonzo might need to restructure. Operating in multiple jurisdictions also adds complexity in ensuring all compliance (taxes, filings) are kept up.

Mitigation: The chosen jurisdictions are known for crypto-friendly or neutral stances. The project has engaged legal counsel to maintain good standing and flexibility (e.g., the Foundation structure in Cayman is specifically to handle DAO governance legally).

Operational Sustainability: The project requires ongoing funding for development, audits, and ecosystem growth. While a large portion of tokens is allocated to the treasury and community, these tokens themselves only have value if the project is doing well. There's a risk that if the token price stays low for extended periods, those tokens can't adequately fund operations (selling them would further depress price). If Bonzo Labs runs out of operating capital, development could stall.

Mitigation: The initial private funding and prudent treasury management aim to provide enough runway. The team is also likely to diversify treasury assets when possible (for example, converting some BONZO to stablecoins or HBAR when prices are favourable, to fund expenses and protect against downturns). Additionally, the project can lean on community contributions in the future (open source invites external devs) which can reduce reliance on paid development.

Competition: The DeFi lending space is competitive. On Hedera, Bonzo

Competition: The DeFi lending space is competitive. On Hedera, Bonzo was first, but new competitors could emerge (for example, if Aave or another big protocol deploys on Hedera, or a new Hedera-native project starts). Competition could dilute usage, liquidity, and attention, which in turn could negatively affect BONZO's utility and value. Also, on a broader scale, if cross-chain protocols allow liquidity to flow out of Hedera easily, Hedera's DeFi ecosystem might remain small.

Mitigation: Bonzo's first-mover advantage on Hedera, plus its continuous improvement and community building, are key. The team focuses on delivering a safe, feature-rich product and fostering loyalty (through the DAO and rewards). Network effects in DeFi mean the largest liquidity pool tends to attract more liquidity (a self-reinforcing advantage), so Bonzo aims to maintain that lead on Hedera. If Aave or others were to deploy, Bonzo might collaborate (e.g., integrate or share oracle infrastructure) or differentiate by focusing on certain assets or markets.

Key Person Risk: The Bonzo Finance Labs co-founders and a few core devs are crucial to the project. If one or more of them were to become incapacitated, leave, or lose trust (worst-case, act maliciously), the project could suffer. While the DAO ideally reduces reliance on individuals long-term, in the short-term these individuals hold knowledge and perhaps keys.

Mitigation: Knowledge is being documented, and more developers are being trained on the system. The 3 multi-sig threshold governance of keys ensures no single key person can unilaterally compromise things. Community governance will allow replacement or election of new leaders if needed down the road.

Foundation/DAO Legal Risk: The Bonzo Finance Foundation is meant to hold assets and carry out DAO decisions. However, it operates in a somewhat uncharted legal territory. If the Foundation were challenged legally (say, someone claims the DAO made a decision that caused them loss and tries to sue the Foundation), there might be legal uncertainty on liability. Also, if the Foundation doesn't perfectly follow what the DAO votes (due to legal constraint or mistake), governance could be undermined.

Mitigation: The Foundation is set up with experienced counsel to clarify its mandate and limit liabilities. It will generally only act as instructed by on-chain governance (within bounds of law). The foundation's domicile (Cayman) is chosen for being DAO-friendly. In the event of legal external conflict, having the foundation gives a legal entity to respond rather than random token holders being targeted.

Decentralisation and Governance Risks: Transitioning to a DAO governance model carries its own risks. In early stages, low turnout in votes or lack of community engagement could mean decisions are made by a small subset of holders (possibly whales or insiders) rather than reflecting broad consensus. This could lead to governance attacks – for example, if an attacker accumulates a large amount of $BONZO (perhaps via borrowing if allowed or on market) and then pushes through a malicious proposal (like transferring a chunk of treasury to themselves). Governance attacks have been theoretical in some DAOs but cannot be ignored.

Mitigation: The project will likely implement safeguards like quorum requirements and timelocks on executing proposals to give time for community outcry if something nefarious is passed. The initial parameters may also include guardianship by the foundation to veto blatantly malicious proposals, at least until the token is more widely distributed. Over time as distribution improves and participation grows, the risk of a single actor seizing control diminishes. The team will also promote broad participation (education on how to vote, possibly delegation of votes to trusted community representatives for those who can't be active).

Treasury Management Risks: The DAO treasury is a significant asset. How these funds are used or managed is subject to governance. There's a risk that the community might approve spending that doesn't yield value or even is wasteful (for example, overpaying for an initiative or funding too many grants without oversight). In worst case, if governance were poorly managed, it could deplete the treasury with little to show, harming the project's long-term sustainability (because those tokens could have been used more prudently).

		Mitigation: Initially, the foundation and core team will guide proposals on treasury use, applying prudent budgeting. As the DAO matures, establishing committees or requiring thorough proposals for large expenditures can ensure some rigor. Transparent reporting on treasury spending will be provided. Also, the vested nature of the treasury (releasing monthly) means the DAO can't blow the entire fund at once; they only get incremental portions, allowing time to adjust course if spending patterns are concerning. **Community Discord and Social Risks**: As with any project, there's a risk of social engineering, scams targeting token holders (like fake airdrops, support impersonators, etc.). Already, being a DeFi project, Bonzo likely has community chats where scammers might lurk. If token holders are tricked into giving away private keys or sending tokens to wrong addresses, they could lose their assets. While not a protocol risk per se, it is a holder risk. *Mitigation: Continuous community education about security (the Discord and docs highlight not to trust DMs, etc.). The team will never ask for private keys or do surprise token giveaways asking for something in return – this is clearly stated on a regular cadence. We consider this a general crypto risk but worth reminding.* **Lack of Insurance for Users**: Users supplying funds to the Bonzo protocol face smart contract risk as above; unlike traditional finance, there's no insurance scheme automatically covering losses. Some protocols or third-parties (like Nexus Mutual on other chains) offer smart contract bug insurance – on Hedera, such offerings are nascent or nonexistent. Thus, if a hack or insolvency occurs, users might lose assets with no recourse (apart from maybe the DAO choosing to compensate, which is not guaranteed). *Mitigation: The DAO could in future set up an insurance fund or purchase coverage if providers emerge. But currently, users are effectively self-insured. This risk is disclosed so users can make informed decisions. Over time, the project might allocate a portion of fees to a safety module (as Aave does) to backstop shortfalls, but those plans are not yet concrete.*

I.5	Technology-related risks	**Smart Contract Vulnerabilities**: Despite thorough auditing, no complex smart contract is guaranteed bug-free. The Bonzo Finance smart contracts could harbor undiscovered vulnerabilities that malicious actors might exploit. This could lead to scenarios like theft of funds from the protocol, incorrect accounting (allowing borrowers to under-collateralize, etc.), or permanent freezing of assets. For instance, a logic error might allow someone to withdraw more than they deposited or bypass a collateral check – creating a loss to lenders. Exploits in DeFi are common (flash loan attacks, re-entrancy, oracle manipulation, etc.). *Mitigation: Bonzo Labs engaged Halborn to audit the contracts and resolved all known critical issues. The contracts include pause capabilities to respond to emergencies (e.g., halting borrowing if an exploit is detected). A bug bounty program is in place incentivise white-hat reporting of bugs. Users are encouraged to not deposit more funds than they can afford to lose into the protocol. In worst-case, the DAO treasury could be used to compensate for losses (though that is not guaranteed and would depend on a governance vote).* **Oracle Failure/Manipulation**: Bonzo relies on price oracles for asset valuations. If these oracles fail (no updates) or are manipulated (feeding incorrect prices), it can lead to improper liquidations or under-collateralized loans. For example, if an oracle reports HBAR price much lower than reality due to an outage, many HBAR-backed loans could be liquidated unfairly; conversely, if an attacker manipulates the price of a thinly traded token upward, they could borrow more against it and then let the price crash, leaving bad debt. *Mitigation: Bonzo uses reputable oracles (Chainlink and Supra) which have decentralized feeds and security measures. The protocol may impose sanity checks (e.g., ignoring price feed outliers or pausing if prices swing beyond certain thresholds in minutes). Ultimately, in extreme cases, admins can pause the protocol if oracle issues are*

extreme cases, admins can pause the protocol if oracle issues are detected to prevent catastrophic cascades until fixed.

Hacks and Unauthorised Access: The risk isn't only in the smart contract code but also operational security: hackers could target the admin keys or the frontend. If admin keys (multi-sig) were compromised, an attacker might upgrade contracts maliciously or drain the DAO treasury. If the frontend is hacked, users could be tricked into sending funds to an attacker's address by a phishing interface.

Mitigation: Admin keys are on multi-signature wallets requiring multiple trusted individuals, reducing single-point failure risk. The team has procedures for key management and will transition critical controls to DAO governance (smart contracts) as soon as feasible, eliminating centralized honeypots. The frontend is hosted securely, and users are urged to bookmark official URLs and verify transactions in their wallets. The project's Discord/website will promptly alert if any security incident is noticed.

Underlying Blockchain Risk: Hedera itself could encounter technical issues. Although ABFT and highly secure, there's a scenario where a severe consensus bug, network partition, or even a governance failure of Hedera's council could disrupt the network. If Hedera halted or transactions stopped being processed (even temporarily), Bonzo Finance would be unusable during that period – deposits, withdrawals, and even regular transfers of BONZO would not go through. If, in a very extreme case, Hedera's ledger had to roll back (something it has never done historically), that could invalidate recent transactions in Bonzo (like recent loan repayments or liquidations).

Mitigation: Hedera's design and council governance make such failures extremely unlikely; to date, Hedera's mainnet has had 100% uptime aside from planned maintenance and a handful of brownouts in early days. The issuer monitors Hedera's network status (via Hedera Status page and Mirror nodes). In a partial network issue, the team may pause Bonzo's contracts to prevent chaos. Also, by confining operations to one network (no cross-chain complexities), Bonzo avoids multi-chain risks. Should Hedera face a long outage, Bonzo's community might consider deploying on a fallback chain (which would be a major undertaking and is

		deploying on a fallback chain (which would be a major undertaking and is not planned, but theoretically possible if Hedera ceased to operate). **Software Upgrade Risks**: Upgrades to either Hedera (hard forks, node software changes) or to Bonzo's smart contracts could introduce new bugs. When Hedera updates its services, there's a small risk of unforeseen interactions with Bonzo's contracts or HTS tokens (for example, a change in gas cost or a new feature could have side-effects). Similarly, when Bonzo upgrades (proxy contracts), a bug in the new version could break functionality. *Mitigation: All Hedera upgrades are thoroughly tested by Swirlds/Hedera and communicated in advance. Bonzo Labs actively follows Hedera improvement proposals and tests Bonzo on testnet with new network versions. For Bonzo's own upgrades, additional audits will be done on new code. The governance process for upgrades will require careful review, and possibly time-lock delays so the community can vet changes before they go live.* **Interaction/Composability Risks**: In DeFi, users often compose protocols (e.g., deposit assets into Bonzo that they obtained from another protocol or vice versa). If Bonzo integrates or interacts with another smart contract system (for example, a yield farming contract that auto-deposits to Bonzo), issues in those external systems could cascade into Bonzo. Currently, Bonzo is siloed (mostly just oracles and the DEX for price discovery). But if someone built a contract on top of Bonzo or if Bonzo uses a third-party library, that link can be a risk. *Mitigation: Keep the protocol as simple as needed, and vet any external smart contracts. Right now, aside from oracle and HTS precompile, Bonzo doesn't rely on other on-chain programs. If in future, new integrations are proposed (like accepting LP tokens as collateral), those will be scrutinized by governance and audited.*

I.6	Mitigation measures	**Security Mitigations**: Bonzo Finance has undergone professional security audits, and the team resolved critical issues prior to launch, demonstrating a commitment to security-first development. A bug bounty program is in effect to catch any remaining issues. The protocol includes emergency controls (pausing functionality) to respond swiftly to anomalies and protect user funds. The use of Hedera's HTS, which is a native token service, reduces smart contract complexity for token transfers, thereby minimizing one attack surface (no need to trust a custom token contract for BONZO operations, as HTS ensures correctness at the ledger level). Independent risk stewards / ecosystem contributors offer risk framework and analysis for asset onboarding, which indirectly protects against economic attacks by carefully limiting which assets can be used as collateral and under what parameters. **Transparency and Disclosures**: By publishing this MiCA white paper and maintaining up-to-date documentation, Bonzo Finance ensures that holders and users have access to all material information. This transparency is a risk mitigation in itself – it reduces the chance of misinformation and allows the community to make informed decisions (for instance, being aware of upcoming token unlocks or known risks). The project's communications channels (Docs, Discord, Twitter) are actively used to broadcast any developments or issues. In case of incidents, the team has plans to inform the community promptly and take corrective action in a transparent manner. **Gradual Decentralisation (Reducing Central Points)**: Initially, certain controls are centralized (held by Bonzo Labs multi-sig or the Foundation). However, there is a defined path to decentralize governance to BONZO holders. As this happens, single-point risks (like one company being targeted or one server being critical) are mitigated. The DAO will distribute decision-making and make the project more resilient to any one person or entity's failure. In the interim, the multi-sig approach (with multiple signatories across different locations/entities) mitigates key-

person and key-compromise risk more than a single admin key would.

Legal and Compliance Strategy: To mitigate regulatory risk, Bonzo Reserve Ltd is proactively complying with EU MiCA regulations. This proactive stance should position the project favourably with regulators and trading platforms, reducing the risk of sudden compliance roadblocks. The project has also structured itself across jurisdictions (BVI, Cayman, UAE) known for crypto-friendly stances, diversifying jurisdictional risk. It regularly consults with legal counsel to navigate the evolving regulatory landscape and can adapt (for instance, updating terms of service, geo-fencing certain areas, etc.) to remain in good standing.

Treasury and Financial Management: The large DAO treasury (27.5% of supply) serves as a financial backstop. In an adverse scenario (e.g., a hack causing a shortfall or need for recapitalization), the community could vote to utilize some of these funds for recovery, as has been done in some DeFi hacks historically. While this is not a guarantee, it's a form of self-insurance. Additionally, Bonzo Labs is mindful of treasury diversification – not relying solely on BONZO's value, but potentially securing stable assets to fund operations and having contingency reserves.

Community and Ecosystem Support: The Bonzo Finance team is actively building a community, educating users, and involving them in governance test-runs. An informed and engaged community is a strong mitigant against both governance attacks (as they can collectively resist or call out malicious proposals) and market panic (as they understand the project's value and can act as long-term stakeholders rather than flippers). By allocating a large portion of tokens to the community over time, Bonzo aims to align the success of the project with its users, thereby naturally incentivizing community-led vigilance and contribution. The integration with the broader Hedera community (e.g., working with Hedera, appearing in Hedera news) also gives the project allies and advisors beyond the core team to lean on for support and guidance.

Risk Monitoring: Bonzo Finance Labs and independent risk steward contributors will continuously monitor key metrics and triggers, such as utilization rates in lending pools, health of loans (to foresee potential cascade liquidations), oracle price deviations, and large token movements (which might indicate an exchange deposit or whale sale). This ongoing risk monitoring allows preemptive action – for example, if an asset's volatility increases, governance (or the team in interim) might reduce its loan-to-value to reduce risk. If a large unlock is upcoming, communications might be made to set expectations and perhaps the team or investors might voluntarily commit to not selling all at once to reassure the market. Monitoring extends to social signals: being aware of potential misinformation or sentiment swings in the community.

We remind that holding or using BONZO involves taking these risks personally – there is no safety net beyond the community and protocol's own mechanisms. Users and investors should only engage to the extent they are comfortable with these risks. Bonzo Finance's team and community will endeavour to manage and mitigate risks, but they cannot be eliminated. The presence of robust technology, thoughtful tokenomics, and an active governance community are meant to create a resilient system, but black swan events or combinations of adverse factors could still result in loss. Proceed with caution and diligence.

Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts		
General Information		
J.1	Adverse impacts on climate and other environment related adverse impacts	Bonzo Reserve Ltd's operations on the Hedera network result in limited adverse environmental impacts due to the efficiency of Hedera's proof-of-stake, ABFT consensus mechanism, which achieves finality with very low energy intensity (0.00021 kWh/transaction). Annualised activity (177,025 transactions) translates into 37.18 kWh of energy consumption, of which 39.46% is sourced from renewables, and generates negligible greenhouse gas emissions (Scope 2 emissions of 0.01062 tCO_2e; Scope 1 emissions of 0 tCO_2e). These calculations, based on Hedera's network values as reported in the Hedera MiCA whitepaper and aligned with the MiCA Crypto Alliance methodology under Commission Delegated Regulation (EU) 2025/422, confirm that the Bonzo Token's reliance on Hedera's consensus mechanism has minimal climate and other environment-related adverse impacts.
Mandatory information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism		
S.1	Name	Bonzo Reserve Ltd
S.2	Relevant legal entity identifier	BVI Company Number - 2164510
S.3	Name of the crypto-asset	Bonzo Token
S.4	Consensus mechanism	Hedera Hashgraph achieves consensus through a leaderless, asynchronous Byzantine Fault Tolerant (ABFT) gossip protocol with virtual voting. This means that network nodes gossip transactions and events, and through virtual voting (calculations rather than heavy communication), reach agreement on transaction order and validity. The consensus is fast (finality in a few seconds) and highly secure (ABFT implies it can tolerate up to 1/3 malicious nodes without losing integrity).

S.5	Incentive mechanism and applicable fees	The BONZO token and the Bonzo Finance protocol operate on the Hedera public network. Hedera secures transaction ordering and finality through its proof-of-stake consensus: HBAR holders may stake to consensus nodes, increasing a node's stake-weighted voting power in the ABFT "virtual voting" process. Rewards are distributed by Hedera consensus nodes to accounts staked to them, and the network plans for broader node participation over time as part of its decentralization roadmap. Bonzo Finance does not run consensus nodes or distribute staking rewards; it relies on Hedera's consensus incentives and governance. Hedera transaction fees are set in USD but paid in HBAR; the amount of HBAR debited per transaction is converted from USD using Hedera's exchange-rate tool and updated regularly, so when the HBAR/USD rate changes the HBAR amount adjusts while the USD fee target remains stable. Fees are published and can be estimated in both USD and HBAR via Hedera's fee estimator. Protocol-relevant per-transaction fees (current measurements on Hedera mainnet; paid in HBAR at USD-equivalent): • Withdraw: $0.08159 • Supply (deposit): $0.05439 • Repay: $0.06643 • Borrow: $0.07972 • Stake BONZO for xBONZO (any amount): $0.05427 • Unstake xBONZO for BONZO (any amount): $0.05427 Notes: (i) The values above reflect the current USD-denominated network fees observed for the specified transaction types on Hedera; the HBAR amount charged varies with the then-current HBAR/USD rate. (ii) Hedera's fee schedule and exchange-rate conversion may be updated by the Hedera Governing Council; developers and users can verify prevailing fees at the Hedera fees page and fee estimator.
S.6	Beginning of the period to which the disclosure relates	2024-12-31
S.7	End of the period to which the disclosure relates	2025-09-17
Mandatory key indicator on energy consumption		
S.8	Energy consumption	37.17525
Sources and methodologies		

S.9	Energy consumption sources and methodologies	Data and calculation approach aligned to the MiCA Crypto Alliance methodology with no deviations from the calculation guidance under Commission Delegated Regulation (EU) 2025/422, Article 6(5). Hedera network per-transaction energy intensity taken from the Hedera MiCA white paper; Bonzo-specific annual energy derived by multiplying that intensity by Bonzo's annualised transaction count (DappRadar). https://www.micacryptoalliance.com/methodologies. Additionally, the energy consumption was calculated in the following manner, 177,025 validated transactions/year × 0.00021 kWh per transaction. Annual transactions derived from DappRadar average of 485 user-submitted transactions/day × 365 days; per-transaction energy intensity per the Hedera MiCA white paper. Reference can be made to the following: (i) https://dappradar.com/dapp/bonzo-finance/analytics?range-ha=1y (ii) https://cdn.prod.website-files.com/6691194276becaa43b92d3bb/68c95fd313641cab1067d178_HBAR%20MiCA%20White%20Paper.pdf Building on that described above, the indicators reported in S.8–S.14 are derived from activity observed over the reference period stated in S.6–S.7 and are expressed on a per-calendar-year basis by annualising the observed transaction activity in line with Commission Delegated Regulation (EU) 2025/422 methodologies, no forward-looking estimates are used, and offsets are excluded from S.8–S.14.
Supplementary information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism		
S.10	Renewable energy consumption	39.4617759400%
S.11	Energy intensity	0.00021 kWh
S.12	Scope 1 DLT GHG emissions – Controlled	0.00000 tCO_2e
S.13	Scope 2 DLT GHG emissions – Purchased	0.01062 tCO_2e
S.14	GHG intensity	0.00006 kg CO_2e
Sources and methodologies		
S.15	Key energy sources and methodologies	Data provided by the MiCA Crypto Alliance as a third-party methodology provider, with no deviations from Commission Delegated Regulation (EU) 2025/422, Article 6(5). Hedera renewable share and energy intensity sourced from the Hedera MiCA white paper; Bonzo's S.8 computed by applying those network intensities to Bonzo's annualised transaction count (DappRadar). Reference here - https://www.micacryptoalliance.com/methodologies Furthermore, the calculation of renewable energy consumption was based on Hedera's reported renewable energy share, as disclosed in the Hedera MiCA whitepaper, and applied proportionally to Bonzo's activity on the Hedera network for the purpose of MiCA reporting. Energy intensity was likewise determined using the Hedera network values referenced in the same whitepaper.

S.16	Key GHG sources and methodologies	Methodology for deriving per-transaction GHG intensity (kg CO_2e/tx) aligned to the MiCA Crypto Alliance approach and Commission Delegated Regulation (EU) 2025/422, Article 6(5). Hedera per-transaction GHG intensity taken from the Hedera MiCA white paper and multiplied by Bonzo's annualised transaction count (DappRadar) to obtain S.13. Additionally, reference is also made to Scope 1 and Scope 2 GHG emissions in which the former was based on the fact that Bonzo does not operate any DLT consensus nodes, while the latter is calculated as 177,025 validated transactions per year multiplied by 0.00006 kg CO_2e per transaction = 10.62150 kg CO_2e/year = 0.01062150 tCO_2e/year (reported to five decimals). Per-transaction GHG intensity per the Hedera MiCA white paper; activity from DappRadar. As for the GHG intensity this was based on the Hedera network value per the Hedera MiCA whitepaper.