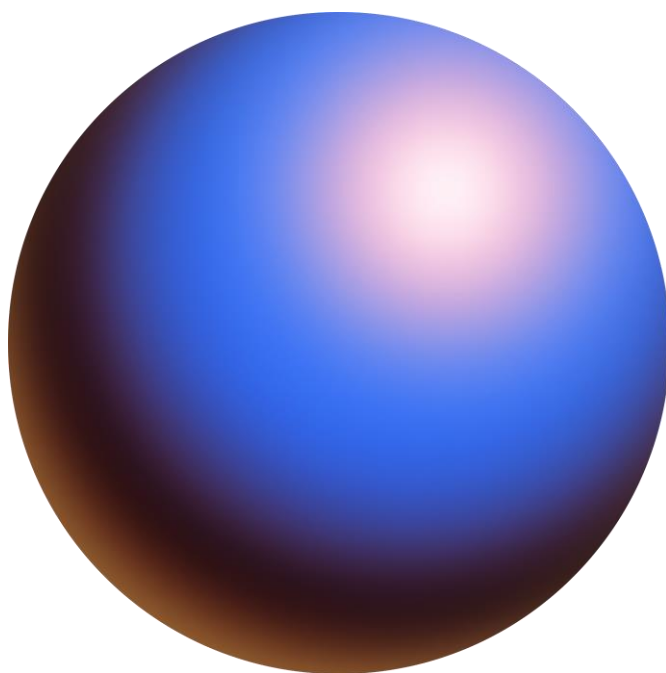


MiCAR White Paper

\$ZORA



Version 1.1
August 2025

White Paper in accordance with the Markets in Crypto-Assets Regulation (MiCAR)
for the European Union (EU) & European Economic Area (EEA).

Purpose: Seeking admission to trading in EU/EEA

Prepared and filed by Zora Labs, Inc., a Delaware (USA) corporation

WHITE PAPER

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01 DATE OF NOTIFICATION

2025-08-28

COMPLIANCE STATEMENTS

02 STATEMENT IN ACCORDANCE WITH ARTICLE 6(3) OF REGULATION (EU) 2023/1114

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

03 COMPLIANCE STATEMENT IN ACCORDANCE WITH ARTICLE 6(6) OF REGULATION (EU) 2023/1114

This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 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.

04 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.

05 STATEMENT IN ACCORDANCE WITH ARTICLE 6(5), POINT (D), OF REGULATION (EU) 2023/1114

false

06 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

07 Warning

This summary should be read as an introduction to the crypto-asset white paper.

The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone.

The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.

08 Characteristics of the crypto-asset

\$ZORA is designed for entertainment and social engagement purposes, as well as to provide builders in the \$ZORA ecosystem a potential way to incentivize activities on the Zora Protocol — a decentralized protocol on the Base blockchain for publishing, discovering, and transacting media onchain. \$ZORA is an ERC-20 token used on the Base Network, a layer-2 (L2) solution on the Ethereum blockchain.

\$ZORA has a fixed total supply of 1,000,000,000 units. Each unit is divisible into fractions of 0.000000000000000001. The \$ZORA tokens were initially distributed through a combination of initial allocations to contributors and there may be future allocations to contributors through future incentive mechanisms. There is no continuous minting or burning mechanism beyond the initial token logic.

There are no rights or obligations associated with the \$ZORA token. Since the issuance of \$ZORA on April 23, 2025, Zora Labs, Inc. no longer has the ability to modify the \$ZORA token contract and therefore there are no conditions under which rights or obligations associated with \$ZORA tokens may be added or modified.

\$ZORA tokens are self-custodied by holders through non-custodial Ethereum wallets (which must be compatible with Base) or optionally held by custodial services as independently arranged by the holders. Zora Labs, Inc. and the Zora Protocol do not maintain custody of holders' \$ZORA.

09 Not applicable

10 Key information about the offer to the public or admission to trading

Admission to trading for \$ZORA is sought to increase accessibility for European users and improve token liquidity. It is intended that \$ZORA will be admitted to trading on several EU trading platforms, including Payward Global Solutions Limited, t/a Kraken, and other venues.

A. PART A - INFORMATION ABOUT THE OFFEROR OR THE PERSON SEEKING ADMISSION TO TRADING

A.1 Name

Zora Labs, Inc.

A.2 Legal Form

XTIQ – Delaware Corporation

A.3 Registered Address

US

Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801
USA

A.4 Head Office

US

548 Market Street
PMB 66875
San Francisco, CA 94104
USA

A.5 Registration Date

2020-03-10

A.6 Legal Entity Identifier

Not applicable

A.7 Another Identifier Required Pursuant to Applicable National Law

7893690

A.8 Contact Telephone Number

+1 (415) 294-1238

A.9 E-mail Address

legal@ourzora.com

A.10 Response Time (Days)

Three (3) days

A.11 Parent Company

Not applicable

A.12 Members of the Management Body

Full Name	Business Address	Function
Jacob Horne	548 Market Street PMB 66875 San Francisco, CA 94104 USA	Chief Executive Officer

LaDarius "Dee" Goens	548 Market Street PMB 66875 San Francisco, CA 94104 USA	Chief Operating Officer
Tyson Battistella	548 Market Street PMB 66875 San Francisco, CA 94104 USA	Chief Technology Officer

A.13 **Business Activity**

Zora Labs, Inc. is a privately held technology company founded in 2020, specializing in blockchain-based application platforms and software that empower creators, developers, and communities to engage with blockchain assets. Operating at the intersection of decentralized finance and digital media content, Zora Labs, Inc. has developed an onchain social network and protocol designed to facilitate the creation, discovery, and exchange of blockchain assets.

Zora Lab, Inc.'s primary offerings include the Zora web and mobile application platform (known as "Zora"), and the Zora Protocol, an open-source smart contract infrastructure that enables users to create, buy, sell, and curate onchain digital media content seamlessly. Through these offerings, Zora Lab, Inc. has introduced innovative onchain social networking concepts that allow users to interact with each other and/or digital media content through the blockchain. This model aims to redefine content ownership and monetisation by ensuring that creators retain control over their work and can engage with audiences in a decentralized manner.

The Zora Protocol supports a decentralized and permissionless model, allowing third-party developers and organizations to build customized platforms and experiences on utilizing the Zora Protocol technology. Zora Lab, Inc.'s approach emphasizes composability and interoperability within the broader Ethereum ecosystem, fostering a diverse range of applications and use cases.

A.14 **Parent Company Business Activity**

Not applicable

A.15 **Newly Established**

No

A.16 **Financial Condition for the past three Years**

Zora Labs, Inc. (referred to in this section as "**Zora**" or the "**Company**") is the developer of a universal protocol and suite of developer tools to mint, share, and exchange digital information as tokens. Free to use and open to build on, Zora puts creative technology directly into the hands of developers making innovation in information ownership more accessible for everyone on the internet.

Since its inception in March 2020, Zora has raised \$60M over four preferred share rounds, with the most recent round completing in 2022 for over \$40M. The Company is using the capital to help fund operations and accelerate growth.

During 2022, the Company had several product launches including Create (which is now known as Zora), an application built on top of the Zora Protocol, (platform/toolset for non-

fungible token (**NFT**) creation; first revenue generating product), Zora Protocol v3 (updated marketplace protocol to accommodate new market types, gas efficiency, finder's fees, modular architecture, Decentralized Autonomous Organizations (**DAOs**), and other features), NounsBuilder (protocol/toolset to launch Nouns-model DAOs), Nouns Market (marketplace for Nouns NFTs), and Future Tape (music NFT discovery platform). Zora Protocol, the protocol layer for Create, was the Company's first revenue generating offering. For the year ended 2022, Zora earned \$647K in revenues and disbursed \$14.6M in expenses, ending with a net loss of \$14.4M. The main operating expenses were salaries & personnel costs (56%), marketing (31%), and consulting fees (10%). The Company's ending cash & cash equivalents balance at 12/31/2022 was \$41M.

The Company underwent a revenue model change in 2023. The updated model now involves a flat fee of approximately \$1.44 per mint for each NFT created using Zora's services, as opposed to its previous model of receiving a percentage of fee the NFT creator charged. The Company also deployed the Zora Network, an L2 blockchain built on the Ethereum network. Zora now receives a portion of gas fees for transactions executed on the network, establishing a new revenue stream. Within its first week of launch, the Zora Network demonstrated considerable activity and revenue generation, with approximately 150K NFT mints. For the year ended 2023, Zora earned \$5.0M in revenues and disbursed \$22.5M in expenses, ending with a net loss of \$18.9M. The main operating expenses were salaries & personnel costs (66%), marketing (9%), and consulting fees (6%). The Company's ending cash & cash equivalents balance at 12/31/2023 was \$25.5M.

During 2024, the Company introduced Rewards as a form of earnings for creators where the transaction cost paid by the collector is shared with creators. The Company also updated and enhanced the homepage + feed of the platform and is working on a native iOS App which has a TikTok/Instagram-like feed. The Company's user base has grown to nearly 200,000 to 250,000 collectors monthly on average, and 60,000 to 80,000 creators monthly on average. The Zora Network has an accumulated 1M wallets with 645,000 NFT contracts deployed in the last year. The Company also acquired a small competitor via an asset purchase (Mint Fun, from Context Inc), and signed a contract with OP Foundation that includes quarterly OP token distributions to the Company as well as tokens to be used in support of user rewards or incentives. For the year ended 2024, Zora earned \$17.0M in revenues and disbursed \$17.8M in expenses, ending with a net loss of \$2.7M. The main operating expenses were salaries & personnel costs (75%), marketing (8%), and software tools (4%). The Company's ending cash & cash equivalents balance at 12/31/2024 was \$21M.

The Zora Network historically served as the default blockchain for the Zora Protocol before being replaced by the Base blockchain. NFTs are no longer supported on Zora applications.

A.17 Financial Condition Since Registration

See A.16 above.

B. 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

Omitted – not applicable

B.3 Legal Form

Omitted – not applicable

B.4 Registered Address

Omitted – not applicable

B.5 Head Office

Omitted – not applicable

B.6 Registration Date

Omitted – not applicable

B.7 Legal Entity Identifier

Omitted – not applicable

B.8 Another Identifier Required Pursuant to Applicable National Law

Omitted – not applicable

B.9 Parent Company

Omitted – not applicable

B.10 Members of the Management Body

Omitted – not applicable

B.11 Business Activity

Omitted – not applicable

B.12 Parent Company Business Activity

Omitted – not applicable

- C. 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**
Omitted – not applicable
- C.2 Legal Form**
Omitted – not applicable
- C.3 Registered Address**
Omitted – not applicable
- C.4 Head Office**
Omitted – not applicable
- C.5 Registration Date**
Omitted – not applicable
- C.6 Legal Entity Identifier**
Omitted – not applicable
- C.7 Another Identifier Required Pursuant to Applicable National Law**
Omitted – not applicable
- C.8 Parent Company**
Omitted – not applicable
- C.9 Reason for Crypto-Asset White Paper Preparation**
Omitted – not applicable
- C.10 Members of the Management Body**
Omitted – not applicable
- C.11 Operator Business Activity**
Omitted – not applicable
- C.12 Parent Company Business Activity**
Omitted – not applicable
- C.13 Other persons drawing up the white paper under Article 6 (1) second subparagraph of Regulation (EU) 2023/1114**
Omitted – not applicable
- C.14 Reason for drawing up the white paper under Article 6 (1) second subparagraph of Regulation (EU) 2023/1114**
Omitted – not applicable

D. PART D - INFORMATION ABOUT THE CRYPTO-ASSET PROJECT**D.1 Crypto-Asset Project Name**

ZORA

D.2 Crypto-Assets Name

ZORA

D.3 Abbreviation

\$ZORA

D.4 Crypto-Asset Project Description

\$ZORA is designed for entertainment and social engagement purposes, as well as to provide builders in the \$ZORA ecosystem a potential way to incentivize activities on the Zora Protocol — a decentralized protocol for publishing, discovering, and transacting media onchain. The ZORA protocol uses \$ZORA as the default reward token for creator and platform rewards and as liquidity for newly issued creator markets. The Zora Protocol is an open-source smart contract infrastructure, the primary maintainer of which is Zora Labs, Inc.

D.5 Details of all persons involved in the implementation of the crypto-asset project

Full Name	Business Address	Function
Zora Labs, Inc.	548 Market Street PMB 66875 San Francisco, CA 94104 USA	Software development and ecosystem support

D.6 Utility Token Classification

false

D.7 Key Features of Goods/Services for Utility Token Projects

Not applicable.

D.8 Plans for the Token

Zora Labs, Inc. has integrated \$ZORA with the web/mobile applications via the Zora Protocol. Zora Labs, Inc. reserves the right to integrate \$ZORA into other products and applications at a later date.

D.9 Resource Allocation

34 employees of Zora Labs, Inc. contributed to the development of \$ZORA.

Data	\$29,280.00
Protocol	\$27,430.00
Legal and Operations	\$25,687.00
Product	\$27,020.00
Tools (Dune)	\$3,000.00

D.10 Planned Use of Collected Funds or Crypto-Assets

Not applicable. The issuer is seeking admission to secondary trading only, through which the issuer will not gain any direct proceeds.

E. 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 purpose of the proposed admission to trading for \$ZORA is to enable the purchase and trading of \$ZORA tokens by persons in the EU and EEA.

E.3 Fundraising Target

Not applicable; the issuance of \$ZORA was not part of any fundraising efforts of Zora Labs, Inc.. Zora Labs, Inc. does not anticipate any direct proceeds as the results of the admission to trading of \$ZORA.

E.4 Minimum Subscription Goals

Not applicable

E.5 Maximum Subscription Goal

Not applicable

E.6 Oversubscription Acceptance

false

E.7 Oversubscription Allocation

Not applicable

E.8 Issue Price

Not applicable

E.9 Official Currency or Any Other Crypto-Assets Determining the Issue Price

Not applicable

E.10 Subscription Fee

Not applicable

E.11 Offer Price Determination Method

Not applicable

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

There are 10,000,000,000 units of \$ZORA in circulation.

E.13 Targeted Holders

ALL

E.14 Holder Restrictions

Trading platforms may have user restrictions in accordance with their user terms.

E.15 Reimbursement Notice

Not applicable

E.16 Refund Mechanism

Not applicable

- E.17 **Refund Timeline**
Not applicable
- E.18 **Offer Phases**
Not applicable
- E.19 **Early Purchase Discount**
Not applicable
- E.20 **Time-Limited Offer**
false
- E.21 **Subscription Period Beginning**
Not applicable
- E.22 **Subscription Period End**
Not applicable
- E.23 **Safeguarding Arrangements for Offered Funds/Crypto-Assets**
Not applicable
- E.24 **Payment Methods for Crypto-Asset Purchase**
Not applicable
- E.25 **Value Transfer Methods for Reimbursement**
Not applicable
- E.26 **Right of Withdrawal**
Not applicable
- E.27 **Transfer of Purchased Crypto-Assets**
The manner of transferring purchased \$ZORA to holders depends on the exchange from which such tokens are purchased in the secondary market. Zora Labs, Inc. is not involved with the secondary offers and sales of \$ZORA.
- E.28 **Transfer Time Schedule**
Not applicable
- E.29 **Purchaser's Technical Requirements**
The purchasers must abide by the terms and conditions set forth by the trading platform where they obtain \$ZORA. Any party intending to hold \$ZORA must own, or has an authorized agent who owns, a blockchain wallet compatible with Base Network.
- E.30 **Crypto-asset service provider (CASP) name**
Not applicable
- E.31 **CASP identifier**
Not applicable
- E.32 **Placement Form**
NTAV

E.33 Trading Platforms name

Payward Global Solutions Limited, t/a Kraken, Bitstamp Europe S.A., Bitvavo B.V. and potentially other MiCAR-compliant trading platforms or venues, including Coinbase Luxembourg S.A.

E.34 Trading Platforms Market Identifier Code (MIC)

PGSL, BESA, VAVO

E.35 Trading Platforms Access

This depends on the trading platform listing \$ZORA.

E.36 Involved Costs

Not applicable

E.37 Offer Expenses

Not applicable

E.38 Conflicts of Interest

Not applicable

E.39 Applicable Law

Not applicable

E.40 Competent Court

Not applicable

F. PART F - INFORMATION ABOUT THE CRYPTO-ASSETS

F.1 Crypto-Asset Type

Other Crypto-Asset.

ERC-20 on Base Network.

F.2 Crypto-Asset Functionality

\$ZORA is primarily for commemorative and social commentary purposes. Zora Labs, Inc. may implement product features on the Zora web and mobile applications that involves the usage of \$ZORA, which implementation is subject to the absolute discretion of Zora Labs, Inc. and may be modified or canceled at any time without prior notice.

F.3 Planned Application of Functionalities

Not applicable

F.4 Type of white paper

OTHR

F.5 The type of submission

NEWT

F.6 Crypto-Asset Characteristics

\$ZORA is designed for entertainment and social engagement purposes, as well as to provide builders in the \$ZORA ecosystem a potential way to incentivize activities on the Zora Protocol— a decentralized protocol for publishing, discovering, and transacting media onchain.

\$ZORA has a fixed total supply of 10,000,000,000 units. The tokens were initially distributed through a combination of initial allocations to contributors and may be subject to ongoing incentive mechanisms. There is no continuous minting or burning mechanisms beyond the initial token logic.

\$ZORA tokens are self-custodied by holders through non-custodial Ethereum wallets (which must be compatible with Base), or optionally held by custodial services as independently arranged by the holders. Zora Labs, Inc. and the Zora Protocol do not maintain custody of holders' \$ZORA.

F.7 Commercial name or trading name

Not applicable. See F.13.

F.8 Website of the issuer

<https://www.zora.co/>

F.9 Starting date of offer to the public or admission to trading

2025-09-26

F.10 Publication date

2025-09-25

F.11 Any other services provided by the issuer

Zora Labs, Inc. additionally operates the Zora web and mobile application platforms, as well as the developer of the Zora Protocol, a permissionless set of Ethereum Virtual Machine (EVM)-compatible smart contracts.

F.12 Language or languages of the white paper

English

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

M4DCVM90D

F.14 Functionally Fungible Group Digital Token Identifier, where available

RP9Z7X3F9

F.15 Voluntary data flag

false

F.16 Personal data flag

true

F.17 LEI eligibility

true

F.18 Home Member State

Ireland (IE)

F.19 Host Member States

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

G. PART G - INFORMATION ON THE RIGHTS AND OBLIGATIONS ATTACHED TO THE CRYPTO-ASSETS

G.1 Purchaser Rights and Obligations

Holders of \$ZORA do not acquire contractual rights or obligations from the issuer. Users are solely responsible for managing their private keys and ensuring compliance with applicable laws and regulations when transacting with \$ZORA.

G.2 Exercise of Rights and Obligation

\$ZORA does not carry any contractual rights or obligations to exercise. Users control their \$ZORA holdings by managing their private keys and ensuring compliance with applicable laws and regulations when transacting with \$ZORA.

G.3 Conditions for Modifications of Rights and Obligations

\$ZORA and its onchain functionalities are immutable. No modifications can be made to \$ZORA by anyone, including the issuer.

G.4 Future Public Offers

Not applicable.

G.5 Issuer Retained Crypto-Assets

1,999,999,887 \$ZORA. Prospective purchasers must be aware that this figure could change significantly at any time.

G.6 Utility Token Classification

false

G.7 Key Features of Goods/Services of Utility Tokens

Not applicable

G.8 Utility Tokens Redemption

Not applicable

G.9 Non-Trading Request

true

G.10 Crypto-Assets Purchase or Sale Modalities

Not applicable

G.11 Crypto-Assets Transfer Restrictions

Not applicable

G.12 Supply Adjustment Protocols

false

G.13 Supply Adjustment Mechanisms

Not applicable

G.14 Token Value Protection Schemes

false

G.15 Token Value Protection Schemes Description

Not applicable

G.16 Compensation Schemes

false

G.17 Compensation Schemes Description

Not applicable

G.18 Applicable Law

Laws of the State of Delaware, unless otherwise required by mandatory provisions of applicable consumer protection or private international law.

G.19 Competent Court

\$ZORA is a crypto-asset on the blockchain and there are no specific competent courts designed for disputes related to \$ZORA itself. For the purposes of this whitepaper, legal matters arising in relation to its content fall under the competent courts located in the State of Delaware, unless otherwise required by mandatory provisions of applicable consumer protection or private international law.

H. PART H – INFORMATION ON THE UNDERLYING TECHNOLOGY

H.1 Distributed ledger technology

See Digital Token Identifier at F.13.

General Information on Distributed Ledger Technology and Blockchain

Distributed Ledger Technology (DLT) describes a decentralized and distributed network system architecture where multiple participants maintain and verify a shared database. Unlike traditional databases, DLT systems do not rely on a central authority to ensure data consistency and security. Rather, they distribute control across a network of computers (nodes) and require all changes to be recorded and agreed by the nodes. This distributed approach enhances the resilience and security of such a system, and transparency of the data stored in it without the need for trust between the actors of the systems.

Blockchain technology is a subset of DLT, where the distributed database maintains a continuously growing list of records, called blocks, which are linked together in chronological order and secured using cryptographic techniques. A blockchain generally has the following key characteristics:

- **Distribution**: A blockchain operates on a network of nodes, each holding a copy of the ledger and each participating in the transaction verification and synchronization process.
- **Security**: Blockchain employs advanced cryptographic methods to secure data. Each block contains a cryptographic hash (a 'digital fingerprint') of the previous block, a timestamp, and transaction data. This structure ensures that once data is recorded, it cannot be altered retroactively without also changing all subsequent blocks, which would require consensus from the majority of the network nodes.
- **Transparency and Immutability**: Transactions on a blockchain are usually visible to all participants in the network, providing transparency. Once a transaction is confirmed and added to the blockchain, it is virtually immutable due to the cryptographic methods used, meaning it cannot be changed or deleted.

Base

Base is an L2 blockchain network built on the Ethereum Virtual Machine (EVM) and developed by Coinbase with the OP Stack. It is designed as an optimistic rollup, which enables fast, low-cost transactions by executing them off-chain and periodically submitting compressed transaction data, called "rollups", to Ethereum Mainnet for settlement and data availability. Optimistic rollups are called 'Optimistic' because they assume off-chain transactions are valid and don't publish proofs of validity for transaction batches posted on-chain. Optimistic rollups instead rely on a fraud-proving process whereby anyone can challenge a rollup batch during a set time window by computing a fault proof.

The OP Stack is a modular open-source framework developed by the Optimism Collective. Smart contracts deployed on Base are fully compatible with Ethereum tooling and standards.

In terms of consensus and security, Base does not operate its own consensus mechanism. Instead, it relies on Ethereum's Proof-of-Stake consensus layer. All transaction data from Base is posted to Ethereum Mainnet, where it benefits from Ethereum's decentralized validator network and finality guarantees.

Base is a permissionless network open to all users and developers. Coinbase does not maintain centralized control over user transactions

Block data, transactions, and smart contract interactions on Base are publicly viewable via block explorers.

EVM

Introduction

The EVM is the core engine of Ethereum. It is a Turing-complete, sandbox virtual machine designed to execute smart contracts on the network. The term “sandboxed” means that the EVM operates in an isolated environment, ensuring that each smart contract’s execution does not interfere with others or the underlying blockchain. The EVM’s Turing-complete nature allows developers to write complex programs that can perform any computationally feasible tasks.

The EVM employs a sophisticated resource management system using gas to regulate computation costs and prevent a versatile set of opcodes for smart contract logic, and fostering interoperability with various programming languages, tools, and technologies. This adaptability has made EVM a fundamental component in the advancement and growth of the Ethereum network.

EVM Execution Model

When a transaction is submitted to the network, the EVM first verifies its validity. If the transaction is deemed valid, the EVM establishes an execution context that incorporates the current state of the network and processes the smart contract’s bytecode using opcodes. As the EVM runs the smart contract, it modifies the blockchain’s world state and consumes gas accordingly. However, if the transaction is found to be invalid, it will be dismissed by the network without further processing. Throughout the smart contract’s execution, logs are generated that provide insights into the contract’s performance and any emitted events. These logs can be utilized by external systems for monitoring purposes or to respond to specific events.

H.2 Protocols and Technical Standards

ERC-20 on Base, an Ethereum L2 network

H.3 Technology Used

\$ZORA is an ERC-20 token deployed on Base, an Ethereum L2 scaling solution developed by Coinbase and built on the open-source OP Stack. Base operates as an optimistic rollup, executing transactions off the Ethereum blockchain while periodically posting state commitments to Ethereum Mainnet for settlement and security. This architecture allows \$ZORA transactions to benefit from low gas fees and high throughput while inheriting Ethereum’s security guarantees.

Base uses a Proof-of-Stake consensus mechanism of Ethereum by indirectly anchoring its state to the Ethereum Mainnet. While transactions are processed initially in the Base environment, data availability and finality are ultimately secured by Ethereum validators. The OP Stack framework is modular and open-source, enabling protocol-level upgrades and community contributions over time.

\$ZORA itself conforms to the ERC-20 standard and is interoperable with Ethereum-compatible applications on Base. It is compatible with the Zora Protocol, a decentralized media and creator infrastructure suite deployed on Base and other EVM-compatible networks. The Zora Protocol consists of a set of smart contracts used for creating, transacting with other ERC-20 tokens. These smart contracts are also public and open-source, and verifiable on block explorers for the specific blockchain networks supported by the Zora Protocol. The Zora Protocol and other developer tools developed by Zora Labs,

Inc. are designed for maximum composability with other Ethereum- and Base-based applications.

H.4 **Consensus Mechanism**

Proof-of-Stake

H.5 **Incentive Mechanisms and Applicable Fees**

Every Base transaction consists of two costs: an L2 (execution) fee and a layer-1 (L1) (security) fee. The L2 fee is the cost to execute a transaction on the L2, and the L1 fee is the estimated cost to publish the transaction on the L1. Typically, the L1 security fee is higher than the L2 execution fee.

The L1 fee will vary depending on the amount of transactions on the L1 based on network traffic. For example, typically gas fees are lower during weekends. Currently, the L1 gas fees are governed by Ethereum Improvement Proposal (EIP) 1559. Under EIP 1559, gas fees will have two components – a base fee and a tip. The base fee will be a standard charge that all users will pay. It will be calculated by the network based on network traffic. The tip will be an optional extra payment that users can pay to speed up their transactions. EIP-1559 also requires that the network burn all Ether tokens used to pay base fees. This procedure will reduce the total supply of Ether tokens, making Ether more scarce and therefore more valuable.

Similarly, the L2 fees can increase and decrease depending on the number of transactions submitted to the L2. This adjustment mechanism has the same implementation as the L1.

H.6 **Use of Distributed Ledger Technology**

false

H.7 **DLT Functionality Description**

Not applicable.

H.8 **Audit**

true

H.9 **Audit Outcome**

The \$ZORA token contract has undergone a security audit conducted by Zellic and is monitored for vulnerabilities. The audit report did not identify any security risks at any impact level. The \$ZORA source code and full security assessment report is published at the following repositories for public access:

\$ZORA Source Code:

<https://github.com/ourzora/zora-token>

Security Assessment Results:

<https://github.com/ourzora/zora-token/blob/main/audit/Zora%20Token%20-%20Zellic%20Audit%20Report.pdf>

PART I – INFORMATION ON RISKS

I.1 Offer-Related Risks

The admission to trading of \$ZORA carries risks related to market volatility, regulatory uncertainties, and trading conditions. The price of \$ZORA can be highly volatile due to factors such as market sentiment, macroeconomic trends, the adoption of web3 technologies in the wider economy, and speculative activity.

Although \$ZORA generally has high liquidity, market conditions may change, and external events such as regulatory developments, exchange delistings, or broader financial instability could impact trading. Evolving legal and compliance frameworks may also impose new restrictions on \$ZORA trading or its use in software applications, potentially affecting market accessibility in certain jurisdiction.

I.2 Issuer-Related Risks

Risks of New & Evolving Laws and Regulations. There is a certain level of risk surrounding the ongoing development of regulatory frameworks governing blockchain technology all over the world, including in the United States, and as the blockchain, crypto, and web3 industry continues to grow, regulatory scrutiny across jurisdictions may become more robust. Zora Labs, Inc., the platform application that it operates, or \$ZORA may be found to be subject to certain laws or regulatory regimes that could adversely impact you, \$ZORA, or Zora Labs, Inc. Additionally, laws or interpretations may change and \$ZORA or Zora Labs, Inc. may be subject to new or changed laws or regulations in the future. Any restrictive or prohibitive legislation or regulation on blockchains or digital assets could impair the adoption of the use of \$ZORA and adversely affect market sentiment surrounding \$ZORA.

To the extent licenses, permits, or other authorizations are required in one or more jurisdictions in which \$ZORA is deemed to operate or be made available to the public, there is no guarantee that Zora Labs, Inc. will be able to secure such licenses, permits, or authorizations in order for \$ZORA or any application to continue to operate or remain available to the public. Significant changes may need to be made to matters related to \$ZORA to comply with any licensing and/or registration requirements (or any other legal or regulatory requirements) in order to avoid violating applicable laws or regulations or because of the cost of such compliance. Uncertainty in how the legal and regulatory environment will develop could negatively impact the development, growth, and utilization of the applications on which \$ZORA is integrated, and the uses of \$ZORA.

Risks of Competition. \$ZORA and the underlying network on which it operates compete against a variety of existing products and platforms as well as likely new entrants into the market. Some of these current or future competing products may be subject to different regulatory regimes than Zora Labs, Inc. or the underlying network on which \$ZORA operates that may facilitate broader or faster adoption such that they can outcompete the development of Zora Labs, Inc. or the underlying network on which \$ZORA operates. Alternatively, other competitors may exercise different amounts of control over the protocol they design that allow for faster or broader adoption. Additionally, competitors may develop more successful protocols, applications, or tokens for a variety of other reasons, including but not limited to designing a more friendly user experience, offering more compelling incentives, attracting more developers and users to the protocol, creating a more sustainable token economic design, or taking a more permissive view of applicable law.

Regulatory Compliance Risks. Issuers of crypto assets must adhere to a wide array of regulatory requirements across different jurisdictions. Non-compliance can result in fines,

sanctions, or the prohibition of the crypto asset offering, impacting its viability and market acceptance.

Operational Risks. These include risks related to the issuer's internal processes, personnel, and technologies, which can affect their ability to manage crypto-asset operations effectively. Failures in operational integrity might lead to disruptions, financial losses, or reputational damage.

Financial Risks. Issuers face financial risks, including liquidity, credit, and market risks. These could affect the issuer's ability to continue operations, meet obligations, or sustain the stability or value of the crypto-asset.

Legal Risks. Legal uncertainties, potential lawsuits, or adverse legal rulings can pose significant risks to issuers. Legal challenges may affect the legality, usability, or value of a crypto-asset.

Fraud and Mismanagement Risks. There is a risk of fraudulent activity or mismanagement by the issuer, which can lead to directly impacting the usability or value of a crypto-asset or damage the credibility of the project.

Reputational Risks. Negative publicity, whether due to operational failures, security breaches, or association with illicit activities, can damage an issuer's reputation and, by extension, the value and acceptance of the crypto-asset.

Technology Management Risks. Inadequate management of technological updates or failure to keep pace with technological advancements can render a crypto-asset, or the project it is connected to, obsolete or vulnerable to security risks.

Dependency on Key Individuals. The success of some crypto projects can be highly dependent on the expertise and leadership of key individuals. Loss or changes in the project's leadership can lead to disruptions, loss of trust, or project failure.

Conflicts of Interest. Risks arise when the issuer's interests do not align with those of the crypto-asset holders, potentially leading to decisions that are not in the best interests of the asset holders, impacting the value of a crypto-asset or damage the credibility of the project.

Counterparty Risks. Risks associated with the issuer's partners, suppliers, or collaborators, including the potential for non-fulfillment of obligations that can affect the issuer's operations.

I.3 Crypto-Assets-Related Risks

Irrevocable Token Transactions. The use of a distributed ledger and blockchain technology, like Ethereum and Base, creates a public record of token balances that is exceedingly difficult to change once it reflects a particular state. This means that if a token transaction were executed in error or as a result of fraud or theft, such a transaction would not be practically reversible. Consequently, Zora Labs, Inc. will be unable to replace missing or misappropriated tokens or seek or provide reimbursement for any such erroneous transfer, fraud, or theft. The inability to reverse transactions or seek other forms of redress for such action, error, fraud, or theft could result in the permanent loss of some or all of your tokens.

Immutability of Token Contract. \$ZORA is deployed on a public blockchain via a smart contract that is immutable by design. Once deployed, \$ZORA's contract code cannot be altered, upgraded, paused, or otherwise modified by Zora Labs, Inc. or any other party. This includes the inability to patch bugs, add features, or otherwise improve the contract functionality after deployment. You understand that any issues or vulnerabilities discov-

ered post-deployment cannot be remediated by Zora Labs, Inc.. Any changes or enhancements to the broader ecosystem surrounding \$ZORA would require separate deployments, and such changes would not affect the original token contract. As a result, participants in \$ZORA ecosystem should carefully consider the finality and irreversibility of interactions with \$ZORA contract. The absence of upgradability or administrative control is intentional and aligns with the principles of trustlessness, but it also means that responsibility for evaluating and managing risk associated with use of \$ZORA rests entirely with individual users.

Market Sustainability for \$ZORA. A public market may not be sustainable, which in turn result in your inability to sell your \$ZORA. Furthermore, Zora Labs, Inc. cannot control how \$ZORA holders or certain exchanges or platforms may support \$ZORA, if at all. Any developed public market for \$ZORA may nonetheless be relatively new and subject to little or no regulatory oversight, making it more susceptible to fraud or manipulation.

Risks Associated with the Tax Treatment of Digital Assets. Due to the new and evolving nature of digital assets and the absence of comprehensive legal guidance with respect to digital asset transactions, the taxation of digital assets is uncertain, and it is unclear what guidance may be issued in the future on the treatment of digital asset transactions for tax purposes. Guidance under, or changes in, the tax laws applicable to of digital assets, including \$ZORA, could adversely impact the value of \$ZORA or your ability to use or engage in certain types of transactions with \$ZORA. You should consult a tax advisor with respect to the tax treatment of the Airdrop in your jurisdiction.

Blockchain dependency. \$ZORA depends on the L1 and L2 blockchains on which it is issued. Issues with these networks, such as downtime, congestion or security vulnerabilities, could have adverse effects on the liquidity, availability and/or value of the tokens.

I.4 Project Implementation-Related Risks

Unanticipated Risks. Cryptographic tokens and blockchain-based protocols are new technologies. There may be risks associated with your claiming, using, buying, transacting in, and/or holding \$ZORA, including those which we cannot anticipate or have not specifically enumerated here. Such risks may further materialize as unanticipated variations or combinations of the risks discussed. Further, new risks may be created as the Zora Labs, Inc. application platform continues to be developed or third parties integrate \$ZORA, or the applications that integrate \$ZORA, into their products. No person, including Zora Labs, Inc. has an ability or obligation to keep participants informed of details related to development of the Zora Labs, Inc. application platform or third-party software, integrations, or products. Lack of available information may create risk for you.

I.5 Technology-Related Risks

Risks of Security Weaknesses or Attacks. Cyberattacks and security breaches of the services or the underlying network, or those impacting the underlying network's users or third parties such as decentralized applications or crypto wallets that interact with the underlying network or tokens, could cause you to lose tokens, or adversely impact the underlying network or tokens. The underlying network could be vulnerable in a variety of ways, including but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing, governance attacks, exploitable code, or any number of other currently known or novel methods of exploit. Additionally, as mentioned above, upgrades or changes to the underlying network, which are entirely out of Zora Labs Inc.'s control, could introduce new vulnerabilities to the underlying network or tokens or otherwise have unintended or malicious adverse effects on the underlying network and/or tokens. The underlying network and smart contracts thereon generally execute automatically when certain conditions are met and typically cannot be stopped or

reversed, so any vulnerabilities that may arise can have significant adverse effects to \$ZORAs, and holders of tokens.

Further, any actual or perceived breach or cybersecurity attack directed at crypto companies or blockchain networks, whether or not the underlying network is directly impacted, could lead to a general loss of user confidence in the crypto-economy or in the use of blockchain technology to conduct transactions, which could negatively impact the underlying network and \$ZORA, including the market perception of the effectiveness of security measures and technology infrastructure. Digital assets are generally controllable only by the possessor of a unique public and private key pair. To the extent your private key for your wallet is lost, destroyed, or otherwise compromised and no backup of the private key is accessible, you will be unable to access \$ZORAs held in such wallet.

Any tokens that are custodied, managed, escrowed, or supported by a third party, like Coinbase Custody International, a custodian providing certain services to Zora Labs, Inc. with respect to \$ZORA, may be subject to a security breach, cyberattack, or other malicious activity, or otherwise lost or stolen. Such an event could severely impact you and your token holdings and your ability to use tokens.

Private Key Management Risk and Loss of Access to Crypto-Assets. The security of crypto-assets heavily relies on the management of private keys, which are used to access and control the crypto-assets (e.g. initiate transactions). Poor management practices, loss, or theft of private keys, or respective credentials, can lead to irreversible loss of access to crypto-assets.

Settlement and Transaction Finality. By design, a blockchain's settlement is probabilistic, meaning there is no absolute guaranteed finality for a transaction. There remains a theoretical risk that a transaction could be reversed or concurring versions of the ledger could persist due to exceptional circumstances such as forks or consensus errors. The risk diminishes as more blocks are added, making it increasingly secure over time. Under normal circumstance, however, once a transaction is confirmed, it cannot be reversed or cancelled. Crypto-assets sent to a wrong address cannot be retrieved, resulting in the loss of the sent crypto assets.

Scaling Limitations and Transaction Fees. As the number of users and transactions grows, a blockchain network may face scaling challenges. This could lead to increased transaction fees and slower transaction processing times, affecting usability and costs.

Economic Self-sufficiency and Operational Parameters. A blockchain network might not reach the critical mass in transaction volume necessary to sustain self-sufficiency and remain economically viable to incentivize block production. In failing to achieve such inflection point, a network might lose its relevance, become insecure, or result in changes to the protocol's operational parameters, such as the monetary policy, fee structure and consensus rewards, governance model, or technical specifications such as block size or intervals.

Network Attacks and Cyber Security Risks. Blockchain networks can be vulnerable to a variety of cyber-attacks, including 51% attacks, where an attacker gains control of the majority of the network's consensus, Sybil attacks, or DDoS attacks. These can disrupt the network's operations and compromise data integrity, affecting its security and reliability.

Consensus Failures or Forks. Faults in the consensus mechanism can lead to forks of \$ZORA's underlying blockchain, where multiple versions of the ledger coexist, or network halts, potentially destabilizing the network and reducing trust among participants.

Bugs in the Blockchain's Core Code. Even with thorough testing, there is always a risk that unknown bugs may exist in a blockchain protocol, which could be exploited to disrupt network operations or manipulate account balances. Continuous code review, audit trails, and

having a bug bounty program are essential to identify and rectify such vulnerabilities promptly.

Smart Contract Security Risk. Smart contracts are code running on a blockchain, executing the programmed functions automatically if the defined conditions are fulfilled. Bugs or vulnerabilities in smart contract code can expose blockchain networks to potential hacks and exploits. Any flaw in the code can lead to unintended consequences, such as the loss of crypto-assets or unauthorized access to sensitive data.

Dependency on Underlying Technology. Blockchain technology relies on underlying infrastructures, such as specific hardware or network connectivity, which may themselves be vulnerable to attacks, outages, or other interferences.

Risk of Technological Disruption. Technological advancements or the emergence of new technology could impact blockchain systems, or components used in it, by making them insecure or obsolete (e.g. quantum computing breaking encryption paradigms). This could lead to theft or loss of crypto-assets or compromise data integrity on the network.

Anonymity and Privacy Risk. The inherent transparency and immutability of blockchain technology can pose risks to user anonymity and privacy. Since all transactions are recorded on a public ledger, there is potential for sensitive data to be exposed. The possibility for the public to link certain transactions to a specific address might expose it to phishing attacks, fraud, or other malicious activities.

Data Corruption. Corruption of blockchain data, whether through software bugs, human error, or malicious tampering, can undermine the reliability and accuracy of the system.

Third-Party Risks. Crypto-assets often rely on third-party services such as exchanges and wallet providers for trading and storage. These platforms can be susceptible to security breaches, operational failures, and regulatory non-compliance, which can lead to the loss or theft of crypto-assets.

Fraudulent Websites. Some blockchain users have been targeted and/or have reported fraudulent websites, emails, text messages, and social media handles, often including embedded or published links, impersonating projects, persons, entities, or service providers of or associated with Zora Labs, Inc. for the purpose of defrauding users, stealing their digital assets, or otherwise unlawfully profiting from such activities. These fraud and theft risks may materialize in connection with the Airdrop, and you should remain extremely cautious about websites, emails, text messages, and social media handles, as well as any embedded or published links, that direct you to websites or to take actions, especially connecting to your Wallet.

I.6 Mitigation Measures

In response to the risks identified in the foregoing, Zora Labs, Inc. has adopted and continues to evaluate a series of mitigation measures aimed at promoting responsible development, deployment, and use of the \$ZORA token. While not all risks can be eliminated, the following measures are intended to reduce the likelihood or severity of their potential impact:

Market Risks

Market Transparency and Education. Zora Labs, Inc. provides public-facing documentation and educational resources to help users understand the nature of the \$ZORA token, including its functionality, technical limitations, and associated risks.

Disclaimers and Suitability Warnings. Clear disclosures are presented to users regarding market volatility, speculative activity, and trading risks, including the irreversibility of transactions.

Jurisdictional Monitoring. Zora Labs, Inc. monitors the evolving legal and regulatory landscape in key jurisdictions and reserves the right to restrict availability of \$ZORA where required by law or deemed prudent.

Issuer Risks

Legal and Regulatory Compliance. Zora Labs, Inc. actively consults with legal advisors to assess compliance requirements in various jurisdictions. Licensing, registration, or reporting obligations may be pursued proactively as appropriate.

Governance and Transparency. While \$ZORA itself is immutable and decentralized, Zora Labs, Inc. maintains internal governance practices, publishes updates on its development efforts, and commits to a high standard of transparency in its communications.

Operational Controls. Zora Labs, Inc. enforces internal security policies, separation of duties, and access controls to reduce the risk of fraud, mismanagement, or operational failure.

Leadership Continuity Planning. The project has redundancy and succession strategies to mitigate the risk of disruption due to loss of key individuals.

Crypto-Asset Risks

Security by Design. \$ZORA's immutability is intentional to promote decentralization and trustlessness.

User Responsibility Emphasis. Educational materials reinforce the importance of secure key management, awareness of phishing and scam vectors, and understanding the finality of blockchain-based transactions.

Ecosystem Engagement. While Zora Labs, Inc. cannot enforce exchange listing or third-party support for \$ZORA, it engages with the broader ecosystem to encourage healthy liquidity and integration practices.

Technology and Cybersecurity Risks

Smart Contract Audits. Third-party code audits were conducted prior to deployment of the \$ZORA smart contract. Results are published to promote public trust. See response to H.9. above.

Security Partnerships. Zora Labs, Inc. may collaborate with security providers and bug bounty platforms to surface potential vulnerabilities in its application layer.

Resilience Planning. Although \$ZORA contracts cannot be upgraded, broader application development on the Zora Lab, Inc. platform may include monitoring tools, fallback mechanisms, or alternative solutions in response to network disruptions.

No Admin Keys or Central Control. To minimize governance risk and preserve user trust, \$ZORA is launched without upgradable proxies or centralized control, limiting vectors of manipulation or misuse.

Tax, Legal, and Compliance Risks

Tax Disclaimers and Guidance Encouragement. Zora Labs, Inc. advises all participants to consult tax professionals and includes prominent disclaimers in relevant documentation, especially concerning airdrops and token transactions.

Cross-Jurisdictional Evaluation. While a global compliance footprint is challenging, Zora Labs, Inc. evaluates where legal restrictions may apply and takes a cautious approach in jurisdictions with unclear or hostile regulatory environments.

Broader Risk Awareness and Ecosystem Education

Ongoing Risk Communication. As new risks emerge or evolve, Zora Labs, Inc. intends to update relevant disclosures and documentation to reflect material changes and improve user awareness.

Open-Source Engagement. To support ecosystem resilience, Zora Labs, Inc. promotes open development practices and encourages contributions from third-party developers, security researchers, and users.

Third-Party Risks

Due Diligence on Partners. Where third parties are engaged (including custodians, platform integrators, or vendors), Zora Labs, Inc. conducts due diligence on their security posture and operational reliability.

Clear Boundaries of Responsibility. Zora Labs, Inc. communicates clearly that it does not control or endorse third-party services, wallets, integrations, or exchanges, and advises users to use caution in interacting with external tools and platforms.

Residual and Unanticipated Risks

User Empowerment and Disclosure. Users of \$ZORA bear responsibility for understanding and managing their own risk exposure. Zora Labs, Inc. commits to full disclosure of known risks and a principled approach to innovation, while acknowledging that unknown or emergent risks may arise.

J. INFORMATION ON THE SUSTAINABILITY INDICATORS IN RELATION TO ADVERSE IMPACT ON THE CLIMATE AND OTHER ENVIRONMENT-RELATED ADVERSE IMPACTS

\$ZORA is issued on Base, a Layer 2 blockchain built on top of Ethereum. Base leverages rollup technology, which allows it to batch and compress large volumes of transactions before submitting them to the Ethereum Mainnet for final settlement. This design drastically reduces the energy consumption per transaction compared to direct use of Ethereum Mainnet.

Using Optimism's OP Stack, Base operates under an optimistic rollup model that provides both scalability and lower environmental impact. Transactions on Base are significantly less resource-intensive than those conducted on Ethereum Mainnet due to the following factors:

- Lower computational burden per transaction by aggregating transactions off-chain and settling them in batches;
- Reduced gas usage on Ethereum Mainnet per transaction, lowering the indirect carbon footprint; and
- Improved energy efficiency across the network compared to traditional proof-of-work systems or legacy blockchain architectures.

While Ethereum has transitioned to a proof-of-stake consensus mechanism, further reducing its energy demands, Base builds upon this shift by adding transactional efficiency. Consequently, the environment impact of \$ZORA transactions is negligible compared to historical norms in blockchain ecosystems, and materially lower than typical Ethereum Mainnet usage prior to the proof-of-stake upgrade.

\$ZORA does not rely on mining or proof-of-work validation. It has no staking or delegation mechanism that requires persistent computational activity, and it does not embed or trigger smart contracts that perform energy-intensive computations.

J.1 Mandatory information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

General information	
S.1 Name <i>Name reported in field A.1</i>	Zora Labs, Inc.
S.2 Relevant legal entity identifier Identifier referred to in field A.2	XTIQ – Delaware Corporation
S.3 Name of the crypto-asset Name of the crypto-asset, as reported in field D.2	ZORA
S.4 Consensus Mechanism The consensus mechanism, as reported in field H.4	Proof-of-Stake
S.5 Incentive Mechanisms and Applicable Fees	Every Base transaction consists of two costs: an L2 (execution) fee and an L1 (security) fee. The L2 fee is the cost to

Incentive mechanisms to secure transactions and any fees applicable, as reported in field H.5	<p>execute a transaction on the L2, and the L1 fee is the estimated cost to publish the transaction on the L1. Typically, the L1 security fee is higher than the L2 execution fee.</p> <p>The L1 fee will vary depending on the amount of transactions on the L1 based on network traffic. For example, typically gas fees are lower during weekends. Currently, the L1 gas fees are governed by Ethereum Improvement Proposal (EIP) 1559. Under EIP 1559, gas fees will have two components – a base fee and a tip. The base fee will be a standard charge that all users will pay. It will be calculated by the network based on network traffic. The tip will be an optional extra payment that users can pay to speed up their transactions. EIP-1559 also requires that the network burn all Ether tokens used to pay base fees. This procedure will reduce the total supply of Ether tokens, making Ether more scarce and therefore more valuable.</p> <p>Similarly, the L2 fees can increase and decrease depending on the number of transactions submitted to the L2. This adjustment mechanism has the same implementation as the L1.</p>
S.6 Beginning of the period to which the disclosure relates	2025-04-23
S.7 End of the period to which the disclosure relates	2025-07-31
Mandatory key indicator on energy consumption	
S.8 Energy consumption Total amount of energy used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, expressed per calendar year	350,000kWh
Sources and methodologies	
S.9 Energy consumption sources and Methodologies	The electricity consumption in Section S.8 is calculated by combining on-chain

<p>Sources and methodologies used in relation to the information reported in field S.8</p>	<p>transaction data with energy benchmarks from Ethereum and public carbon metrics.</p> <p>The number of Base L2 transactions (1.32 billion) was sourced from Binance Square¹, while Ethereum's total energy use (0.01 TWh/year) and carbon footprint (870 tonnes CO₂e/year) were drawn from reports by Digiconomist² and the Crypto Carbon Ratings Institute³.</p> <p>We inferred Base's L1-related energy by counting the number of blob-carrying transactions it posted to Ethereum (sourced from L2BEAT data⁴), applying the average energy per Ethereum transaction (0.0235 kWh).</p> <p>For L2-side processing, we modeled two scenarios—assuming Base uses 10% or 1% of the energy per transaction compared to Ethereum—based on compression estimates common to optimistic rollups. Carbon emissions were then calculated using an intensity factor of 87 kg CO₂e per MWh.</p> <p>This approach offers a directional footprint estimate in the absence of published power usage data from Base.</p>
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¹ "2024: Layer 2 Transactions Skyrocket – The Future of Ethereum Unfolds", Mason Lee, Binance Square (January 19, 2025), <https://www.binance.com/en/square/post/19149478716657>.

² "Ethereum Energy Consumption Index", Digiconomist, <https://digiconomist.net/ethereum-energy-consumption>.

³ "The Merge— Implications on the Electricity Consumption and Carbon Footprint of the Ethereum Network", Crypto Carbon Ratings Institute (CRI) (September, 2022), <https://carbon-ratings.com/dl/eth-report-2022>.

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