



VELO MiCAR White Paper

**Version 1.0
December 2025**

White paper drafted under the European Markets in Crypto-Assets Regulation (MICA) (EU) 2023/1114

Purpose: seeking admission to trading in EU/EEA

NOTE: 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.

This white paper shall be reviewed and updated on a regular basis, at least annually.

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01 DATE OF NOTIFICATION

2025-12-17

COMPLIANCE STATEMENTS

- 02 This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The operator of the trading platform of the crypto-asset is solely responsible for the content of this crypto-asset white paper.
- 03 This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.
- 04 The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
- 05 Not applicable
- 06 The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

SUMMARY

07 Warning

This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The admission to trading of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council (36) or any other offer document pursuant to Union or national law.

08 Characteristics of the crypto-asset

VELO is a digital asset designed as utility tokens in VELO Ecosystem where users can mint, redeem, trade, transfer and make payment more easily and efficiently. It operates on the Stellar blockchain, an efficient decentralized ledger technology known for being fast and cost effective with clear payment protocol via Stellar anchor platform.

VELO also extends its operation to Binance Smart Chain, an EVM compatible decentralized blockchain for programmable, self-executing digital agreements capability. This creates more flexibility for VELO Ecosystem with standard and compatibility using the 1st and most well-known blockchain programming language, solidity.

Security is at the core of VELO Ecosystem with a lot of investment has been put into development and external audits. This also comes with transparency on blockchain transactions and publicly verified solidity source codes.

09 Not applicable

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

VELO is a digital asset that operates on the BSC Chain and Stellar Chain. VELO is widely traded on global markets. As such, there is no centralized entity conducting an offer to the public. Centralized exchanges including Kraken do not issue or control the supply of VELO but may facilitate its trading and custody in compliance with MiCA regulations. This white paper is a voluntary disclosure to enhance transparency regarding VELO's listing and trading on platforms like Kraken.

Since VELO is already widely circulated and traded globally, this document does not represent a new issuance, public offering, or token sale but instead provides essential information about its admission to trading on platforms like Kraken.

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

A.1 Name

Velo Labs Technology Ltd.

A.2 Legal Form

Corporation (Ltd.)

A.3 Registered Address

Quijano & Associates (BVI) Limited, Quijano Chambers, P.O. Box 3159, Road Town, Tortola, VG1110, British Virgin Islands

A.4 Head Office

Not applicable

A.5 Registration Date

June 29, 2018

A.6 Legal Entity Identifier

Not applicable

A.7 Another Identifier Required Pursuant to Applicable National Law

No. 1984156

A.8 Contact Telephone Number

+66972472285

A.9 E-mail Address

pat@velo.org

A.10 Response Time (Days)

30 days

A.11 Parent Company

Not applicable

A.12 Members of the Management Body

Full Name	Business Address	Function
Chatchaval Jiaravanon	8 True Tower, 31st floor, Ratchadapisek Road, Huaikwang Sub-district, Huaikwang District, Bangkok 10310	Director
Chaval Jiaravanon	8 True Tower, 31st floor, Ratchadapisek Road, Huaikwang Sub-district,	Director

	Huaikwang District, Bangkok 10310	

A.13 Business Activity

The company focuses on delivering practical blockchain applications that solve real challenges in payments and asset management. The mission is to build a next-generation PayFi ecosystem that bridges DeFi and traditional finance, delivering secure, efficient, and cost-effective payment solutions. Through multi-chain settlement, AI-driven automation, and localized Stable coin solutions, the company empowers financial inclusion and transforms digital transactions into mainstream financial utilities.

A.14 Parent Company Business Activity

Not applicable

A.15 Newly Established

True

A.16 Financial Condition for the past three Years

Our continued product expansion has driven sustained revenue growth in recent years. Alongside robust token-treasury management, these developments have positioned us well to meet our ongoing financial needs.

A.17 Financial Condition Since Registration

The entity maintains long-term solvency by first utilizing capital received from SAFT investors and, in later periods, by generating revenue from its product offerings and effective token-treasury management.

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

Not applicable

B.3 Legal Form

Not applicable

B.4 Registered Address

Not applicable

B.5 Head Office

Not applicable

B.6 Registration Date

Not applicable

B.7 Legal Entity Identifier

Not applicable

B.8 Another Identifier Required Pursuant to Applicable National Law

Not applicable

B.9 Parent Company

Not applicable

B.10 Members of the Management Body

Not applicable

B.11 Business Activity

Not applicable

B.12 Parent Company Business Activity

Not applicable

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

Not applicable

C.2 Legal Form

Not applicable

C.3 Registered Address

Not applicable

C.4 Head Office

Not applicable

C.5 Registration Date

Not applicable

C.6 Legal Entity Identifier

Not applicable

C.7 Another Identifier Required Pursuant to Applicable National Law

Not applicable

C.8 Parent Company

Not applicable

C.9 Reason for Crypto-Asset White Paper Preparation

Not applicable

C.10 Members of the Management Body

Not applicable

C.11 Operate Business Activity

Not applicable

C.12 Parent Company Business Activity

Not applicable

C.13 Other persons drawing up the white paper under Article 6 (1) second subparagraph MiCA

Not Applicable

C.14 Reason for drawing up the white paper under Article 6 (1) second subparagraph MiCA

Not Applicable

D. PART D - INFORMATION ABOUT THE CRYPTO-ASSET PROJECT

D.1 Crypto-Asset Project Name

Velo Finance

D.2 Crypto-Asset Name

VELO

D.3 Abbreviation

VELO

D.4 Crypto-Asset Project Description

VELO is a digital asset designed as utility tokens in VELO Ecosystem where users can mint, redeem, trade, transfer and make payment more easily and efficiently. It operates on the Stellar blockchain and Binance Smart Chain.

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

Full Name	Business Address	Function
Korapat Arunanondchai	Global	Chief Operating Officer
Simonas Baltenis	Global	Head of Product
Haryanto Imantaka Nugraha	Global	Head of Ecosystem

D.6 Utility Token Classification

True

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

VELO tokens are utility tokens designed to transfer value on the Velo network and ensure stable settlement. The VELO token's utility lies in its double feature as both collateral and as an entrance requirement to the VELO ecosystem.

D.8 Plans for the Token

VELO tokens are used as additional asset backed collateral to make stable tokens within the VELO ecosystem collateral ratio higher than 100%. This will improve sustainability of all assets within the VELO ecosystem against market volatility and reduce liquidation occurrence from unusual market price swing.

D.9 Resource Allocation

According to our tokenomics, 18% of the total token supply—VELO 5,483,550,000—was allocated to community development. An additional 16%—VELO 5,000,000,000—was designated as a reserve that may also be used to support community initiatives. In 2022, we conducted a token burn program that reduced these allocations to VELO 3,483,550,000 and VELO 3,000,000,000 respectively. The utilization of these tokens is driven by demand and user activity within the product ecosystem.

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

Collected Funds or Crypto-Assets are used to maintain the VELO ecosystem and stability of stable tokens within the VELO ecosystem. Profit from Operation will then be used for VELO ecosystem development and, potentially, token buyback program.

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

While VELO is classified as “Other Crypto-Assets” under MiCA and does not require a white paper, this initiative supports compliance readiness and aligns with MiCA’s high disclosure standards. This filing facilitates market access and institutional adoption by removing uncertainty for institutional investors and regulated entities seeking to engage with VELO in a compliant manner. It further supports the broader market adoption and integration of VELO into the regulated financial ecosystem.

Admission to trading improves accessibility of VELO token and enables VELO’s use in PayFi protocols. Admitting VELO to trading on compliant platforms is intended to facilitate broad market access and liquidity for the token. By enabling VELO to be traded on regulated exchanges, the Velo Finance project aims to reach a wide audience of users and investors. Widespread trading also allows VELO’s value to be discovered via market forces, supporting transparency, regulatory clarity, and investor confidence.

E.3 Fundraising Target

Not applicable

E.4 Minimum Subscription Goals

Not applicable

E.5 Maximum Subscription Goal

Not applicable

E.6 Oversubscription Acceptance

Not applicable

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

17,563,876,115 VELO in circulation supply, and 23,999,998,827 VELO in total supply.

E.13 Targeted Holders

ALL

E.14 Holder Restrictions

The Holder restrictions are subject to the rules applicable to the Crypto asset service provider as well as additional restrictions the Crypto asset service providers might set in force.

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

Not applicable

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

The payment methods are subject to the capabilities of the Crypto Asset Service Provider listing the crypto-asset.

E.25 Value Transfer Methods for Reimbursement

Not applicable

E.26 Right of Withdrawal

Not applicable

E.27 Transfer of Purchased Crypto-Assets

The transfer of purchased crypto-assets are subject to the respective capabilities of the Crypto Asset Service Provider listing the crypto-asset.

E.28 Transfer Time Schedule

Not applicable

E.29 Purchaser's Technical Requirements

The technical requirements that the purchaser is required to fulfil to hold the crypto-assets are subject to the respective capabilities of the Crypto Asset Service Provider listing the crypto-asset.

E.30 Crypto-asset service provider (CASP) name

Payward Global Solutions LTD

E.31 CASP identifier

LEI: 9845003D98SCC2851458

E.32 Placement Form

NTAV

E.33 Trading Platforms name

Kraken

E.34 Trading Platforms Market Identifier Code (MIC)

MIC is PGSL.

E.35 Trading Platforms Access

VELO is widely traded on multiple regulated and unregulated trading platforms globally. As a decentralized crypto-asset with no central issuer, VELO is not restricted to a single exchange and can be accessed by retail and institutional investors worldwide. To trade VELO, users must register, complete KYC (Know Your Customer) verification, and comply with platform-specific requirements.

E.36 Involved Costs

Not applicable

E.37 Offer Expenses

Not applicable

E.38 Conflicts of Interest

Velo Labs Technology Ltd. and crypto asset service providers implement robust measures to identify, prevent, manage and disclose conflicts of interest that might arise in their operations. They are required to establish comprehensive policies and procedures that systematically address potential conflicts at every level of their business activities. Potential investors are strongly encouraged to thoroughly review the conflict of interest policy of their respective counterparty before proceeding with any transactions or engagements.

E.39 Applicable Law

The VELO Token complies with MiCA regulations in the EU and relevant AML, CTF, and investor protection laws. Regulatory and tax obligations vary by jurisdiction, and users should review local laws before trading.

E.40 Competent Court

Not applicable

F. PART F - INFORMATION ABOUT THE CRYPTO-ASSETS

F.1 Crypto-Asset Type

VELO is a utility token, “crypto-asset other than asset-referenced tokens or e-money tokens” under MiCAR.

F.2 Crypto-Asset Functionality

VELO token is used for minting stable assets in the VELO Ecosystem. It can also be used as an additional collateral asset in the VELO Ecosystem to improve market volatility sustainability. This helps VELO Ecosystem users to visualize and manage their portfolio and risk more effectively.

F.3 Planned Application of Functionalities

VELO token holders will benefit from application fee discount when using VELO Ecosystem and can have more privilege when participate in any VELO campaigns.

F.4 Type of white paper

OTHER

F.5 The type of submission

NEWT

F.6 Crypto-Asset Characteristics

VELO is a digital asset designed as utility tokens in VELO Ecosystem where users can mint, redeem, trade, transfer and make payment more easily and efficiently. It operates on the Stellar blockchain, an efficient decentralized ledger technology known for being fast and cost effective with clear payment protocol via Stellar anchor platform.

VELO also extends its operation to Binance Smart Chain, an EVM compatible decentralized blockchain for programmable, self-executing digital agreements capability. This creates more flexibility for VELO Ecosystem with standard and compatibility using the 1st and most well-known blockchain programming language, solidity.

Security is at the core of VELO Ecosystem with a lot of investment has been put into development and external audits. This also comes with transparency on blockchain transactions and publicly verified solidity source codes.

F.7 Commercial name or trading name

VELO

F.8 Website of the issuer

<https://www.velo.org/>

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

September 2020

F.10 Publication date

September 2020

F.11 Any other services provided by the issuer

Not applicable

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

Not available - VELO has not been assigned a DTI as of the date of this filing

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

Not applicable

F.15 Voluntary data flag

True

F.16 Personal data flag

False

F.17 LEI eligibility

False

F.18 Home Member State

Ireland

F.19 Crypto-Asset Type

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, 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

VELO token holders are granted limited functional rights within the VELO ecosystem. These rights include participation in protocol governance and related non-redeemable coordination activities. Velo Labs does not grant service access or rights of redemption to token holders. VELO tokens do not entitle holders to equity, voting rights in the company, profit sharing, or any legal claim on the issuer's assets. Purchasers are obligated to use the token in accordance with its stated purpose and in full compliance with applicable laws and regulations, including those related to anti-money laundering (AML), counter-terrorist financing (CFT), sanctions, and data protection. Misuse of tokens, including fraudulent activity or circumvention of legal obligations, may result in restrictions on the use of VELO services or forfeiture of access rights.

G.2 Exercise of Rights and Obligation

Rights associated with the VELO token are exercised primarily through blockchain-based mechanisms. Token holders can interact with smart contracts on supported networks to access services, cast votes in governance proposals through smart contracts deployed by the community. Rights may be exercised at any time, subject to network availability and compliance with relevant technical and legal standards. The exercise of rights is non-custodial, decentralized, and occurs on-chain, meaning that execution depends on the operability of the blockchain infrastructure and the integrity of the associated smart contracts.

G.3 Conditions for Modifications of Rights and Obligations

The rights and obligations of VELO token holders may be modified under clearly defined conditions to ensure regulatory compliance, ecosystem evolution, or technical upgrades. Modifications proposed for ecosystem reasons, such as changes to governance frameworks, or utility parameters, must be approved through the VELO on-chain governance process, which is open to token holders who meet the voting eligibility criteria. Regulatory-driven modifications may be implemented by Velo Labs without prior vote if required to comply with applicable EU or national legislation. Any material changes will be communicated transparently through official channels, with a notice period of at least 30 days when feasible, unless immediate action is required for legal or security reasons.

G.4 Future Public Offers

Not applicable

G.5 Issuer Retained Crypto-Assets

Not applicable

G.6 Utility Token Classification

Yes

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

VELO tokens are utility tokens designed to transfer value on the Velo Ecosystem and ensure stable settlement. The VELO token's utility lies in its double feature as both collateral and as an entrance requirement to the VELO ecosystem.

G.8 Utility Tokens Redemption

VELO Token can be used to redeem stable asset in VELO Ecosystem.

G.9 Non-Trading Request

True

G.10 Crypto-Assets Purchase or Sale Modalities

Not applicable

G.11 Crypto-Assets Transfer Restrictions

The crypto-assets as such do not have any transfer restrictions and are generally freely transferable. The crypto asset service providers can impose their own restrictions in agreements they enter with their clients in accordance with applicable laws and internal policies and procedures, terms and conditions.

G.12 Supply Adjustment Protocols

Fixed total supply.

G.13 Supply Adjustment Mechanisms

Total supply was all minted when launched and cannot be minted anymore after that.

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

VELO is not classified as a financial instrument, electronic money, or security under EEA law and is treated as an "Other Crypto Asset" under MiCA. The applicable law for regulatory purposes is the law of the jurisdiction where the Crypto-Asset Service Provider (CASP) or issuer operates. However, due to the decentralized and permissionless nature, user interactions are governed primarily by the rules encoded in smart contracts, subject to overarching compliance with applicable laws and regulations in each user's jurisdiction of residence or operation.

G.19 Competent Court

For on-chain activities carried out independently by users within the decentralized VELO network, no centralized legal recourse may apply. Users interacting with CASPs or other intermediaries should refer to the specific terms and legal agreements of those service providers, which may define separate jurisdictions for dispute resolution based on their location and licensing.

H. PART H – INFORMATION ON THE UNDERLYING TECHNOLOGY

H.1 Distributed ledger technology

The VELO token is issued and operates on public, permissionless distributed ledgers, specifically the Binance Smart blockChain, and Stellar blockChain, which serves as the foundational infrastructure for the VELO ecosystem.

H.2 Protocols and Technical Standards

The VELO token is implemented as an ERC-20 standard token on the EVM compatible blockchains with OpenZeppelin library to enhance security. The ERC-20 standard ensures broad compatibility with wallets, decentralized applications (dApps), exchanges, and other smart contract-based services within the EVM compatible ecosystems.

The technical design of the VELO token adheres to the following protocols and standards:

ERC-20 Token Standard (EIP-20):

Ensures that the VELO token supports standardized functions for balance tracking, transfers, and approvals, enabling seamless integration with EVM compatible platforms.

Ethereum Virtual Machine (EVM) Compatibility:

All VELO smart contracts are deployed in verified EVM-compatible bytecode, ensuring portability, scalability, and auditability across multiple chains and infrastructure providers.

Token Supply Immutability:

The smart contract governing the VELO token enforces a fixed total supply of 30,000,000,000 VELO, with no minting or inflation functions enabled, ensuring transparency and predictability in token economics.

Security and Verification Standards:

The VELO contracts were developed following secure software development practices and had undergone third-party audits by Peckshield, Slomist, Inspex, Tokenine. The code is publicly verifiable and open to community scrutiny.

Interoperability Protocols:

VELO is compatible with token bridges, allowing cross-chain operability and lower-cost transactions where needed. These implementations rely on standardized bridging frameworks and comply with EVM execution rules. All deployed contracts and related interfaces adhere to the latest industry norms to ensure compliance, interoperability, and long-term sustainability for robustness and traceability.

H.3 Technology Used

The VELO token is built on top of the EVM compatible blockchains, utilizing the ERC-20 token standard to ensure interoperability, security, and broad ecosystem support. These blockchain ecosystems are public, permissionless distributed ledgers, offering decentralized validation, high uptime, and robust on-chain data integrity.

The VELO token smart contract is developed in Solidity, Ethereum's native programming language for writing secure and verifiable smart contracts. The token is deployed on the Binance Smart Chain mainnets ensuring that it benefits from one of the most secure and well-established infrastructures in the blockchain space. The smart contract enforces a fixed supply of 30,000,000,000 VELO, and includes basic ERC-20 functions such as transfer, approve, and transferFrom.

To enhance user accessibility and compatibility, VELO tokens are supported by major EVM Compatibility wallets (e.g., MetaMask, Ledger, Trust Wallet), and can be integrated with decentralized exchanges, DeFi platforms, and custody solutions. VELO Labs. may also extend support for Layer 2 scaling solutions and cross-chain bridges using secure interoperability frameworks, improving

transaction efficiency while maintaining alignment with EVM Compatibility security model.

H.4 Consensus Mechanism

VELO token is developed and deployed on Binance Smart Chain, an EVM-Compatible chain, using Proof-of-Stake (PoS) Consensus Mechanism, offering security and energy efficiency.

H.5 Incentive Mechanisms and Applicable Fees

VELO, as a utility token, gives holders the privilege to participate in the VELO finance ecosystem. Staking is also an incentive program for VELO holders to benefit from all the application fees generated by the VELO ecosystem. Fix supply is also another incentive model to reinforcing VELO's long-term value.

H.6 Use of Distributed Ledger Technology

True

H.7 DLT Functionality Description

The VELO token is issued and operates on a public, permissionless distributed ledger, specifically the Binance Smart Chain, which serves as the foundational infrastructure for the VELO ecosystem. Binance Smart Chain is a decentralized network of nodes that maintain a synchronized and immutable ledger of all transactions, governed by a consensus mechanism currently based on Proof-of-Stake (PoS).

H.8 Audit

Yes

H.9 Audit Outcome

During the first phase of our audit, we study the smart contract source code and run our in-house static code analyzer through the codebase. The purpose here is to statically identify known coding bugs, and then manually verify (reject or confirm) issues reported by our tool. We further manually review business logics, examine system operations, and place DeFi-related aspects under scrutiny to uncover possible pitfalls and/or bugs.

Overall, these smart contracts are well-designed and engineered. And there is no security issue in current implementation. In the meantime, we emphasize that for any user-facing applications and services, it is always important to develop necessary risk-control mechanisms and make contingency plans, which may need to be exercised before the mainnet deployment. The risk-control mechanisms should kick in at the very moment when the contracts are being deployed on mainnet.

Conclusion in the audit, we have analyzed the design and implementation of the VELO protocol, which is a blockchain financial protocol to enable digital credit issuance and border-less asset transfers for businesses. The current code base is well structured and neatly organized. Those identified issues are promptly confirmed and addressed.

I. PART I – INFORMATION ON RISKS

I.1 Offer-Related Risks

a. General Risk Factors Associated with Crypto-Asset Offerings

The admission to trading of crypto-assets, including VELO, is subject to general risks inherent to the broader cryptocurrency market.

b. Market Volatility Risks

The value of VELO may experience substantial fluctuations driven by investor sentiment, macroeconomic developments, and market conditions.

c. Regulatory Risks

Changes in legislation, applicable laws, compliance requirements or the implementation of new regulatory frameworks could affect the availability, trading, or use of such assets.

d. Security Risks

The risk of exploitation, hacking or security vulnerabilities of the underlying protocol and/or contracts of the token leading to a loss.

e. Reputational Risks

The potential for damage to an organization's credibility or public trust, which can negatively impact stakeholder confidence and overall business viability.

I.2 Issuer-Related Risks

a. Management Risks

The issuer's governance structure, decision-making processes, and leadership stability directly impact project development and execution. Changes in organizational leadership or strategic direction could affect development priorities, resource allocation, and token utility. The issuer's ability to maintain operational continuity depends on retaining key personnel with specialized expertise in blockchain technology and PayFi systems.

b. Financial Stability Risks

The issuer's financial resources directly impact its capacity to support ongoing development marketing, and operational requirements. Market volatility affecting treasury holdings could constrain development resources and operational capabilities. There are risks associated with budget allocation, treasury management practices, and long-term financial sustainability that could affect project implementation timelines and quality.

c. Regulatory Exposure Risks

As an entity operating in a rapidly evolving regulatory landscape, the issuer faces on going compliance challenges across multiple jurisdictions. Regulatory actions targeting the issuer could have cascading effects on token operations and ecosystem development. The issuer's ability to adapt to changing regulatory requirements may necessitate modifications to operational strategies and token distribution mechanisms.

d. Transparency and Disclosure Risks

The issuer's communication practices and disclosure policies directly impact community trust and market perception. Information asymmetry between the issuer and token holders regarding development challenges, strategic changes, or technical limitations could affect market sentiment. The quality, frequency, and accuracy of public disclosures may influence token valuation and market dynamics.

e. Strategic Execution Risks

The issuer's ability to execute its roadmap, meet development milestones, and adapt to market feedback carries inherent risks. Strategic pivots or reprioritization could alter token utility or ecosystem functionality. The issuer's responsiveness to competitive pressures and emerging market opportunities may impact long-term project viability.

I.3 Crypto-Assets-Related Risks

a. Market Volatility Risks

The crypto-asset market is subject to significant price volatility, which may affect the value of VELO. Prices can fluctuate rapidly and unpredictably due to various factors, including market sentiment, economic indicators, technological developments, regulatory news, and macroeconomic trends. This high level of volatility may lead to sudden gains or losses and can impact the liquidity and tradability of the crypto-asset.

b. Liquidity Risks

Liquidity refers to the ability to buy or sell a crypto-asset without causing significant price impact. VELO may experience periods of low liquidity, meaning that it could be difficult to enter or exit positions at desired prices or volumes. Reduced liquidity may result from limited market participation, exchange restrictions, or broader market conditions. This can lead to increased price volatility, slippage, and difficulty in executing transactions.

c. Cybersecurity & Technology Risks

Risks arising from vulnerabilities in the blockchain technology used by the project or platforms, forking scenarios, compromise of cryptographic algorithms.

d. Adoption Risks

The risk associated with the project not achieving its goals leading to lower than expected adoption and use within the ecosystem, the impact leading to a reduced utility and value proposition.

e. Custody & Ownership Risks

The risk related to the inadequate safekeeping and control of crypto-assets e.g. loss of private keys, custodian insolvency leading to a loss.

I.4 Project Implementation-Related Risks

a. Development Delays or Shortfalls

Projects in the VELO ecosystem are already delivered and live. We are still working with partners integration and enhancements to make the VELO ecosystem more broad in functionalities and provide more diversification and backup plan for all types of ecosystem users. Most of the development risks are related to the internal adjustment to meet regulatory compliance requirements.

b. Reliance on Third-Party Technology

VELO ecosystem uses Cloud service as infrastructure together with Binance Smart Chain. When these infrastructure experiences downtime, security issues, or withdraws support, VELO ecosystem services could be disrupted. Additionally, core functionality changes in Binance Smart Chain when hard fork could also impact VELO ecosystem functionality and require development to keep up with those changes.

c. Scaling and Infrastructure

As usage and supported assets grow, VELO ecosystem will need to scale its infrastructure. If the team fails to scale the technology appropriately, users might face poor performance or downtime. Any significant technical outages or data inaccuracies on the platform can erode user trust.

d. Regulatory Compliance

As the project progresses, it may encounter regulatory challenges that impact its design, implementation, or operation. Evolving legal and compliance requirements could necessitate changes to the project's architecture, user interface, or overall business model, potentially resulting in development delays, increased costs, or the need to rework key components.

I.5 Technology-Related Risks

a. Smart contract risks

VELO uses smart contracts to facilitate automated transactions and processes. While these contracts enhance efficiency and decentralization, they also introduce specific technical risks. Vulnerabilities such as coding errors, design flaws, or security loopholes within the smart contract code may be exploited by malicious actors. Such exploits could result in the loss of assets,

unauthorized access to sensitive information, or unintended and irreversible execution of transactions.

b. Blockchain Network Risks

VELO operates on a public blockchain infrastructure, which is maintained by a decentralized network of participants. The functionality and reliability of the crypto-asset are dependent on the performance and security of the underlying blockchain. Risks may include network congestion, high transaction fees, delayed processing times, or, in extreme cases, outages and disruptions. Additionally, vulnerabilities or failures in the consensus mechanism, attacks on the network (e.g., 51% attacks), or protocol-level bugs could impact the operation and availability of VELO.

c. Cryptographic Advances Risks

VELO's security (like that of most blockchain tokens) depends on standard cryptographic algorithms. Advances in computing, such as the development of quantum computers, could in the future render these cryptographic techniques less secure. While this is a long-term and industry-wide risk; it is worth noting that if encryption standards were broken or significantly weakened, the security of all blockchain assets, including VELO, would be at risk. This could potentially allow bad actors to forge signatures or otherwise manipulate the blockchain.

d. Privacy Risks

Transactions involving VELO are recorded on a public blockchain, where transaction data is transparent and permanently accessible. While public addresses do not directly reveal personal identities, transaction histories can be analyzed and, in some cases, linked to individuals through data aggregation or external information sources. This transparency may pose privacy concerns for users seeking confidentiality in their financial activity. Transaction data on public blockchains is not inherently private and could be subject to scrutiny by third parties, including regulators, analytics firms, or malicious actors.

I.6 Mitigation Measures

VELO chose reputable blockchain networks (BNB Chain and Stellar Chain) for VELO. They have undergone extensive security audits across their core components to ensure security. While this does not guarantee safety, it means the foundational infrastructure is maintained by experienced entities and is subject to scrutiny from the wider blockchain community.

It must be stressed that, despite these mitigation efforts, risks remain. The measures above reduce the likelihood or impact of certain events but cannot remove risk entirely from VELO. Token holders and users should remain prudent and aware of the residual risks described in this white paper.

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

J.1 Adverse impacts on climate and other environment-related adverse impacts

VELO operates on both BNB Smart Chain and Stellar Chain.

VELO operates on an OP Stack rollup secured by the BNB Smart Chain's Proof-of-Stake validators. Based on published BNB Chain benchmarks, total annual energy consumption is estimated at <500,000 kWh annually. The underlying network employs a limited set of 21 Super Pools with optimized staking infrastructure, enabling low hardware demands and minimal transaction processing costs. The system avoids reliance on energy-intensive mechanisms such as Proof-of-Work and does not encourage high-frequency computational activity. No carbon-intensive physical infrastructure is deployed thus making the overall environmental impact of the network minimal.

VELO also operates on the Stellar blockchain, which utilizes the Stellar Consensus Protocol (SCP) - an energy-efficient mechanism based on Federated Byzantine Agreement (FBA). This infrastructure is specifically designed for high-speed, low-cost financial transactions and the issuance of asset-backed

tokens. The token's minimal carbon footprint and sustainable infrastructure are central to its compliance with MiCA's environmental standards for Distributed Ledger Technologies (DLTs). This efficiency stems directly from the SCP consensus model, which does not rely on energy-intensive mining or staking rewards. The Stellar network's energy consumption remains exceptionally low. The estimated annual electricity use for the Stellar network (Core + Horizon) is approximately 481,324 kWh. This high energy efficiency directly addresses the sustainability disclosure requirements under MiCA, positioning the asset as a leader in environmentally responsible digital finance. Furthermore, the Stellar Development Foundation is committed to Carbon Dioxide Removal (CDR), actively offsetting the network's historical carbon footprint since 2015.

General information

S.1 Name

Velo Labs Technology Ltd.

S.2 Relevant legal entity identifier (LEI)

Not applicable

S.3 Name of the crypto-asset

VELO

S.4 Consensus mechanism

The consensus mechanism, as reported in field H.4 .

S.5 Incentive mechanisms and applicable fees

The consensus mechanism, as reported in field H.5 .

S.6 Beginning of the period to which the disclosure relates

2025-12-01

S.7 End of the period to which the disclosure relates

2026-11-30

S.8 Energy consumption

Estimated to be less than 500,000 kWh/year.

S.9 Energy consumption sources and methodologies

BNB Smart Chain and Stellar Chain benchmarks, and Level 2 operational efficiency assumptions. VELO employs an optimistic rollup model, which processes transactions off-chain and submits them to the BNB Smart Chain only when necessary. This approach reduces the computational load on the mainnet, leading to lower energy consumption per transaction. VELO's design and operational efficiencies consume significantly less energy per transaction compared to traditional Layer 1 blockchains like Bitcoin or pre-Merge Ethereum.