MEZO – DISCLOSURE[1]

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The following disclosure is intended to provide an overview of Mezo and the MEZO tokens. It does not purport to be complete or to contain all the information that a purchaser may consider relevant in making a decision to participate in the sale. Nothing in this disclosure should be viewed as a statement about the future of Mezo or the financial performance of the MEZO token.

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1. Project Information

Mezo is a decentralized, Bitcoin-native network purpose-built for a non-custodial BTC banking experience. Users lock bitcoin as collateral and borrow MUSD (Mezo's bitcoin-backed stablecoin) against it, maintaining BTC price exposure while accessing dollar liquidity for spending, trading, or saving. The network captures value from bitcoin velocity through loan interest on MUSD debt, swap fees on liquidity pools, and transaction fees for using the Mezo chain. The MEZO token is the native strategic coordination asset for the Mezo network, used to steer incentives, govern protocol parameters, and capture execution value generated by the chain. It can be used for the purposes described in Section 2 (Token and Token Distribution Information) below. The Mezo Earn whitepaper can be found at Mezo's documentation portal: https://mezo.org/docs/users/mezo-earn/overview.

The co-founders of Mezo are Matt Luongo and Brian Mahoney.

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[1] The content in this Disclosure has been provided by Supernormal OpCo (BVI) Ltd., a subsidiary of Supernormal Foundation, and is for general informational purposes only. Supernormal OpCo (BVI) Ltd. Supernormal OpCo (BVI) Ltd. does not make any representations or warranties, express or implied, regarding the accuracy, completeness, or timeliness of the information provided, including any external links to third-party content, and is not liable for any errors in the content or for any actions taken in reliance on this content.

The core contributors to Mezo are Supernormal Foundation and its subsidiary Supernormal OpCo (BVI) Ltd. ("Supernormal OpCo"), and River Delta Inc. ("River Delta"), a subsidiary of Thesis, Inc. ("Thesis").

Matt Luongo is the CEO of Thesis, a team that has dedicated 10+ years to expanding Bitcoin with products like tBTC, Fold, Taho, and more. Thesis is based in Atlanta, Georgia, and its subsidiary River Delta, provides core development services for the Mezo network.

Thesis is dedicated to supporting the development, decentralization, security, and adoption of the Mezo network by providing a wide range of services, including community engagement, business development, developer and user education, and marketing services.

The Supernormal Foundation is overseen by a board of directors consisting of:

- Andre Coutinho - Director
- Sean Inggs - Director
- Ramona Tudorancea - Director

Supernormal OpCo., a subsidiary of Supernormal Foundation, is the seller in the token sale. Supernormal Foundation is the sole director of Supernormal OpCo.

In December 2024, Supernormal OpCo. received $1 million in funding via a loan from River Delta. The loan was made to cover expected expenditures of Supernormal OpCo and the Supernormal Foundation into 2026. Supernormal OpCo. compensates River Delta for services on an arms-length basis. The loan was a portion of the funding that River Delta and Thesis received across their funding rounds.

The vesting schedules for MEZO tokens obtained pursuant to token warrants in the funding rounds are described below in Section 2 (Token and Token Distribution Information).

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2. Token and Token Distribution Information

The MEZO token is the native strategic coordination asset of the Mezo network with three primary functions:

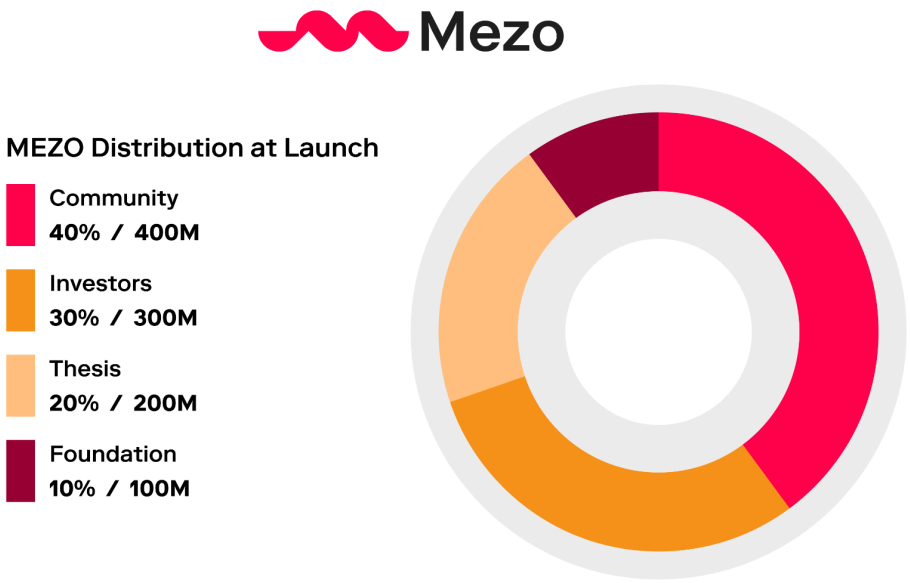
1. **Incentive Routing & Governance:** MEZO tokens, when locked as veMEZO, steer the distribution of emissions, fees, and incentives across the Mezo Earn system. veMEZO holders vote on gauge allocations that determine how chain revenue is split between liquidity providers, MUSD savers, validators, and ecosystem programs. Protocol parameter adjustments, including splitter ratios, boost coefficients, and lock durations, are governed through veMEZO voting.

2. **Boost Amplification:** veMEZO functions as a multiplicative boost on locked BTC (veBTC) positions, amplifying voting weight by up to 5x. veMEZO cannot form independent governance power — it only amplifies BTC-anchored positions. This dual-token design ensures governance remains rooted in the chain's primary base asset (BTC) while incentivizing the utility of MEZO.

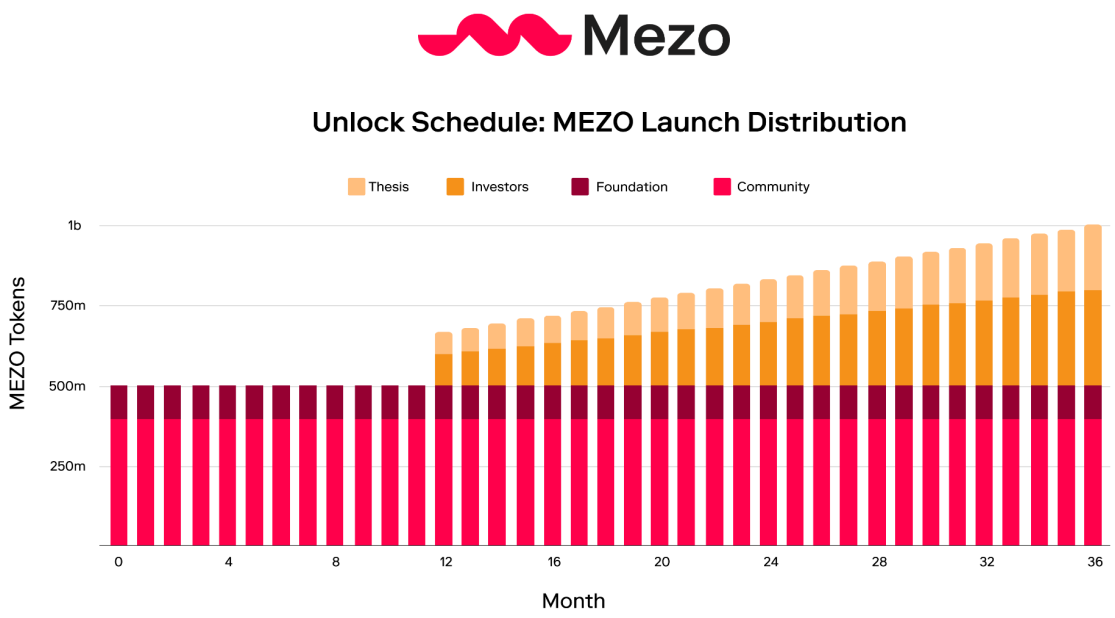
3. **Value Capture:** MEZO emissions are earned by liquidity providers, validators, and ecosystem participants. The Mezo Earn system routes swap fees, MUSD interest revenue, and bridging fees to veBTC voters, while MEZO emissions flow to stakers who elect to forego direct fee income to earn MEZO. This creates a market in which emissions may be continuously exchanged for fee rights originating from economically meaningful activity on the Mezo network.

MEZO tokens do not represent 1) equity, ownership, or profit-sharing rights in Thesis or its subsidiaries and affiliates, including River Delta, Supernormal Foundation, Supernormal OpCo, or any other organization, or 2) any entitlement to Mezo protocol revenue.

As a memberless foundation company, Supernormal Foundation does not have any equity holders. Investors in Thesis or its subsidiary River Delta, for-profit corporations, received equity interests in these entities, and warrants to purchase MEZO tokens. The rights and value accrual mechanisms associated with the MEZO token and any equity in Thesis or River Delta are separate and distinct. Any value accrual in Thesis or River Delta is tied solely to revenue earned by Thesis and River Delta for services and not to the performance of the Mezo network or MEZO token.



Estimated Token Release Schedule



Unlocked Tokens

At TGE, 500,000,000 MEZO tokens from the community and foundation buckets (50% of the total supply) will be unlocked. Of this, 10% allocated to the foundation and 40% to the community. Tokens allocated to the community are solely for the community, and confer no benefit to insiders, team members, employees, or other affiliates. For clarity, “unlocked” means tokens are not subject to protocol-level transfer or vesting restrictions at TGE, but does not necessarily mean such tokens are in public circulation. Of the unlocked amount, 250,000,000 MEZO (25% of total supply) will be designated as circulating at TGE and allocated for community-facing uses, including liquidity provisioning, ecosystem incentives, Mezo Earn gauge rewards, and airdrops to early participants (see Section 3: Airdrop Information for eligibility criteria and distribution details). The remaining 250,000,000 MEZO (25% of total supply) will be unlocked but non-circulating at TGE and allocated to the Supernominal Foundation treasury and project grants. These tokens may be used for strategic initiatives, grants, operational expenses, and related ecosystem support, but are not treated as circulating supply at TGE.

Locked Tokens

Tokens for all investors and team members are locked at launch and are subject to defined unlock and vesting schedules to ensure long-term alignment with the success of the project.

Contributors and Team: 200,000,000 MEZO (20%) are fully locked at TGE. At the 1-year anniversary of TGE, vested tokens (~66,660,000 MEZO) unlock. The remaining tokens vest linearly over the following 24 months with monthly unlocks. Total vesting duration: 36 months from TGE.

Investors: 300,000,000 MEZO (30%) are fully locked at TGE. At the 1-year anniversary of TGE, 33.33% of the investor allocation (100,000,000 MEZO) unlocks. The remaining tokens vest linearly over the following 24 months with monthly unlocks. Total vesting duration: 36 months from TGE.

Grant Cliffs and Vesting:

Tokens from grants and warrants can be locked by recipients. Tokens subject to vesting may have the full balance locked for the full vesting period to enable participation in the Mezo Earn economic system. For example, an investor with a warrant carrying a 36 month vesting period can lock all of those tokens for at least 36 months to participate in Mezo Earn.

These tokens cannot be partially locked into Mezo Earn; if tokens are locked into Mezo Earn, the full balance is locked for at least as long as it would have taken for the full balance to vest. Additionally, the grantee can choose to lock their grant tokens for longer, up to the 4-year maximum allowed by the system, and can optionally enable a perpetual 4-year lock until they decide to start the 4-year unlock timer. This increases their vote weight in the system.

Token Supply Changes

Total supply is subject to inflation via block-level emissions and deflation via burning of tokens, should it occur.

Inflation (Emissions): New MEZO tokens are emitted on a piecewise linear decay schedule. In the initial bootstrap phase (Years 0–2), annualized inflation begins at 25% and declines linearly to 12.5%. From Years 2–4, the rate declines from 12.5% to 6.25%. In the maturity phase (Years 4–8), emissions continue to decay. After Year 8, emissions stabilize at approximately 2% annualized inflation.

Deflation: There is currently no deflationary mechanism built into the MEZO token supply. However, this is not restrictive. Future governance decisions may choose to create deflationary actions, should the consensus agree.

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3. Airdrop Information

Supernormal OpCo expects to distribute MEZO tokens through airdrops with the following characteristics:

- **Initial airdrop claimed amount:** approximately 31.4M MEZO (~3.1% of initial total supply).
- **Initial airdrop recipients (CSV):** MEZO received per unique address
- **Eligibility criteria:** Includes early Mezo users, listed program and campaign participants, and non-Mezo users who previously borrowed against BTC on Ethereum.
- **Distribution mechanics:** MEZO tokens in the initial airdrop will be distributed at or around the public launch of the Mezo token.
- **Future airdrops:** Following launch of the Mezo network, Supernormal OpCo may, in its discretion, distribute tokens to incentivize discovery and use of the Mezo network, MUSD adoption, and participation in the Mezo Earn system.

4. Conflict of Interest Information

No related-party transactions involving the token other than the token allocations described in this disclosure have occurred.

5. Market Makers & Liquidity Information

Supernormal OpCo entered into loan agreements with the following market makers with the following loan sizes and contract durations, which may be subject to change or modification by the parties:

Contracted Market Maker	Loan Size (in MEZO)	Duration of Loan
Sense Capital	5,000,000	12 months
Hallingdal Labs	5,000,000	12 months
TopHash	7,500,000	12 months

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6. Security Information & Resources

No hacks or material security breaches involving the Mezo network or the MEZO Token have been reported to date.

Mezo has undergone nine independent security audits across four major system components, conducted by five different audit firms. The results of all completed audits are publicly available at https://mezo.org/docs/users/resources/audits/.

Mezo App and Passport (Deposit Infrastructure)

The Mezo App smart contracts — including the Portal deposit contract and the Passport identity contracts — were audited by two firms prior to the network's mainnet launch:

- Quantstamp — Mezo App (Passport) Smart Contracts Audit (May 2024): https://mezo.org/docs/audits/2024-05-03%20-%20Quantstamp%20-%20Passport%20contracts.pdf
- Thesis Defense — Mezo App (Portal) Smart Contracts Audit (March 2024): https://mezo.org/docs/audits/2024-03-14%20-%20Thesis%20Defense%20-%20Portal%20contract.pdf
- Thesis Defense — Mezo App (Passport) Smart Contracts Audit (April 2024): https://mezo.org/docs/audits/2024-04-19%20-%20Thesis%20Defense%20-%20Passport%20contracts.pdf

mezod (Chain Client)

The Mezo chain client (`mezod`), which was forked from the LGPL version of Evmos and heavily modified, was audited twice by Halborn:

- Halborn — mezod Audit (October 2024): https://mezo.org/docs/audits/2024-10-18%20-%20Halborn%20-%20mezod.pdf
- Halborn — mezod Audit (January 2025): https://mezo.org/docs/audits/2025-01-31%20-%20Halborn%20-%20mezod.pdf

MUSD (Stablecoin Contracts)

The MUSD stablecoin smart contracts were audited by Cantina:

- Cantina — MUSD Audit (April 2025): https://mezo.org/docs/audits/2025-04-15%20-%20Cantina%20-%20MUSD.pdf

Bridge

The Mezo bridge infrastructure received three independent audits from separate firms:

- OtterSec — Bridge Audit (March 2025): https://mezo.org/docs/audits/2025-03-18%20-%20OtterSec%20-%20Bridge%20Audit.pdf

- Thesis Defense — Bridge Audit (September 2025): https://mezo.org/docs/audits/2025-09-10%20-%20Thesis%20Defense%20-%20MezoBridge%20contract.pdf
- Halborn — Bridge Audit (September 2025): https://mezo.org/docs/audits/2025-09-18%20-%20Halborn%20-%20Mezo%20Native%20Bridge.pdf

Mezo Earn Contracts

The Mezo Earn system — including veBTC/veMEZO NFT contracts, gauge contracts, splitter contracts, and the matching market — is a fork of Aerodrome's ve(3,3) codebase with structural modifications. The Earn contracts were audited by Thesis Defense:

- Thesis Defense — Mezo Earn Audit (January 2026): https://github.com/mezo-org/audits/blob/main/2026-01-30%20-%20Thesis%20Defense%20-%20Earn.pdf

Open Source Code

The source code for core Mezo infrastructure is open source and can be found at the following locations:

- Mezo chain client (mezod): https://github.com/mezo-org/mezod
- MUSD smart contracts: https://github.com/mezo-org/musd
- Mezo App contracts (Portal/Passport): https://www.npmjs.com/package/@mezo-org/contracts (GPL-3.0 license)

The Mezo chain client codebase was forked from the LGPL version of Evmos and heavily modified for Bitcoin-native functionality, including Proof of HODL consensus and native BTC gas support. The MUSD contracts and developer documentation are available in the MUSD repository.

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7. Risks and Disclosures

Key risks relating to the Supernormal Foundation and Supernormal OpCo (“Supernormal Entities”), Thesis and its subsidiaries and affiliates, including River Delta, the MEZO Token, the Mezo Earn system, the Mezo project, and the technology underlying the Mezo network include the following:

Market and Trading Risks

The structure of the MEZO token's underlying protocol, the Mezo network, may evolve due to ongoing technical, regulatory, and industry developments. Unforeseen risks may arise, and new

challenges or opportunities may necessitate changes in the project's strategies, goals, and structure.

1. **Regulatory Compliance Risks:** Although the MEZO token and the Mezo network are designed to comply with existing regulations, evolving regulatory landscapes could impact classification, trading status, or market acceptance of MEZO tokens and the specifications and operation of the Mezo network.
2. **Market Volatility:** MEZO tokens may be subject to significant price fluctuations, influenced by speculation, market sentiment, and broader industry trends. External factors, such as regulatory announcements or technological developments, may further contribute to volatility, potentially leading to financial losses for holders. Authorities in relevant jurisdictions could reach different conclusions about the application of legal and regulatory requirements to the MEZO token distribution, which could impact the value of the MEZO token or the ability for holders to stake, transfer, or transact in the MEZO token, including on secondary markets.
3. **Liquidity Risks:** The ability to buy and sell MEZO tokens depends on trading activity on decentralized exchanges (DEXs) and centralized exchanges (CEXs). Limited liquidity may result in difficulties executing large trades without significant price impact, increasing the risk of loss.
4. **Risk of Trading Platforms:** When token holders trade on exchanges, the Supernormal Entities do not act as a contractual party to these transactions. All legal relationships regarding these trading platforms are subject to their respective terms and conditions, with no responsibility assumed by the Supernormal Entities for their operations, services, or outcomes.
5. **Risk of Delisting:** There is no guarantee that MEZO tokens will remain listed on any exchange. Delisting could significantly hinder the ability to trade tokens, reducing liquidity and market value.
6. **Exchange Insolvency Risk:** The exchanges or trading platforms where MEZO tokens are listed may become insolvent or cease operations, potentially resulting in a loss of access to funds or tokens.

Mezo Earn System Risks

The Mezo Earn system is the economic engine of the Mezo network. It introduces novel mechanisms, including a dual-token matching market, a splitter hierarchy for emission routing, and per-position boost gauges, that carry risks distinct from standard DeFi protocols.

1. **Dual-Token Matching Market Risks:** The pairing of veBTC and veMEZO through per-position boost gauges is a novel mechanism without precedent at scale. The matching market depends on rational price discovery between BTC-heavy and MEZO-heavy participants.
2. **Governance Apathy Risks:** If a large fraction of veBTC holders fail to vote, emissions and fee flows could be determined by a small minority of active participants. Passive veBTC positions continue to receive bridging fees but do not control where emissions are allocated or where swap and MUSD-related fees are routed. While the opportunity

cost of inactivity is designed to be high, the system depends on sustained active participation to function as intended. Strategy vaults and liquid lockers may emerge to address this, but these introduce their own smart contract and centralization risks.

3. **Fee Diversion Risks:** When LPs stake their LP tokens into a staking gauge, their underlying fee share is diverted from them and credited to veBTC voters. LPs receive MEZO emissions instead. If the market value of MEZO emissions falls below the value of diverted fees, staking may become economically irrational, and LPs may withdraw — reducing liquidity depth and fee generation in a self-reinforcing cycle.

Entity-Related Risks

The Mezo ecosystem depends on two distinct entities: Supernormal OpCo, the operating company responsible for building and deploying Mezo's core technology via its contracts with the development company, and the Supernormal Foundation, the ecosystem steward responsible for grants, ecosystem building, governance decentralization, and long-term protocol support. This dual-entity structure introduces risks specific to each organization and to the coordination between them.

1. **Early-Stage Entity Risk:** The Supernormal Entities have only recently been established. There is no assurance that the Supernormal Entities will be able to continue operating successfully or to deliver planned contributions to the Mezo network and ecosystem, including grants, technical support, go-to-market assistance, and ecosystem incentives.
2. **Dual-Entity Coordination Risk:** Mezo's development and ecosystem stewardship are split between the Supernormal OpCo via its relationship with the development company and the Supernormal Foundation. Misalignment between these entities on priorities, timelines, technical direction, or resource allocation, could result in fragmented decision-making, delayed upgrades, or conflicting signals to ecosystem participants. There is no guarantee that the relationship between the two entities will remain productive.
3. **Decentralization Transition Risk:** The Supernormal Foundation is committed to gradually expanding governance and decision-making to make the ecosystem increasingly community-led. This transition introduces execution risk. There is no guarantee that the decentralization process will proceed as planned or achieve its intended outcomes.
4. **Limited Impact Risk:** The Mezo network is a decentralized network. While the Supernormal Entities steward ecosystem development, neither entity operates, controls, oversees, or manages the functioning of the Mezo network. Validators could decide not to adopt proposals supported by either entity or to adopt proposals opposed by either entity.
5. **Token Correlation Risks:** MEZO tokens do not represent ownership of, or ownership interests in, the Supernormal Foundation or Supernormal OpCo, or any other entity or any MEZO token holder.
6. **Regulatory Compliance Risks:** Evolving regulatory landscapes could impact classification, trading status, or market acceptance of MEZO tokens and the

specifications and operation of the Mezo network. Authorities in relevant jurisdictions could reach different conclusions about the application of legal and regulatory requirements to the Supernormal Entities, and changes in legislation, regulatory enforcement, or compliance obligations could occur, any of which may necessitate modifications to either entity's operations, structure, or governance.

7. **Operational Risks:** Risks associated with the Supernormal Entities' internal processes, personnel, and technologies may impact the ability to manage internal token operations, ecosystem grants, and protocol development effectively. Failures in operational integrity at either entity could lead to disruptions, financial losses, or reputational damage.
8. **Financial Risks:** The Supernormal Entities may each face financial risks, including liquidity shortages, credit risks, or market fluctuations, which could affect their ability to continue operations or meet their obligations. The Supernormal Foundation's ability to fund grants, incentives, and ecosystem support depends on its treasury resources and the market value of its MEZO holdings.
9. **Legal Risks:** The Supernormal Entities may be exposed to lawsuits, investigations, or adverse rulings. The application of regulations to blockchain protocols and crypto-assets remains uncertain in many jurisdictions. Such uncertainties or negative legal outcomes could materially affect either entity, including operational challenges and costs or the risk of regulatory fines or other legal liabilities.
10. **Reputational Risks:** Negative publicity directed at the Supernormal Entities, whether due to operational failures, security breaches, perceived failures, or allegations of misconduct, could damage the Mezo ecosystem's reputation and, by extension, impact the adoption and market value of MEZO tokens.

MEZO Token-Related Risks

1. **Technology and Development Risks:** MEZO tokens operate through the Mezo network and Mezo Earn system, both of which employ novel technology. The Mezo Earn system is a fork of Aerodrome's ve(3,3) codebase with structural modifications including a dual-token matching market, splitter hierarchies, and BTC-native governance anchoring. While the Supernormal Entities and other contributors have engaged third-party auditors and remain focused on security, early-stage blockchain technology carries inherent risks of bugs, security vulnerabilities, and performance issues that could affect token functionality or value.
2. **Adoption and Network Demand Risks:** The long-term success of the Mezo network is dependent on widespread adoption, including BTC holders willing to lock collateral, MUSD borrowers, liquidity providers, validators, and ecosystem developers. There is no guarantee of sufficient demand for MEZO tokens or the Mezo network. If adoption fails to grow as expected, particularly demand for BTC-backed MUSD loans, MEZO token utility or value may be significantly impacted.
3. **Speculative Nature:** No assurances of future value, performance, or rewards are made regarding MEZO tokens. The token's value depends entirely on network utility, validator participation, user adoption, market demand, and community engagement. The token's

value is highly speculative and subject to fluctuations based on external perceptions and market conditions.

4. **Security Risks:**

    a. **Smart Contract Vulnerabilities:** Despite third-party security audits, unforeseen vulnerabilities in the Mezo Earn gauge contracts, splitter contracts, veBTC/veMEZO NFT contracts, or MUSD lending contracts could lead to security breaches, impacting token security, boost mechanics, or emission distribution.
    b. **Private Key Management:** Token holders are solely responsible for safeguarding their private keys and recovery phrases. Loss of wallet credentials will result in the permanent loss of tokens, as blockchain transactions are irreversible.
    c. **Scam and Fraud Risks:** Token holders are exposed to risks associated with scams, phishing attacks, fake giveaways, impersonation of the Supernormal Foundation, Thesis, or team members, counterfeit tokens, and fraudulent airdrops.
    d. **Cybercrime and Theft Risks:** Blockchain-based assets may be exposed to cyberattacks, including hacking, phishing, or malware threats. Compromised wallets, exchanges, or smart contracts could lead to asset theft, loss of funds, or disruptions in token functionality.

5. **Blockchain Dependency Risks:** The MEZO token operates on the Mezo network. Any disruptions, such as network congestion, downtime, or security vulnerabilities, could impact the ability to transfer, store, lock, vote, or trade tokens. Changes to blockchain infrastructure, governance, or transaction fees may also influence token usability.
6. **Wallet and Storage Risks:** Token holders must use blockchain-compatible wallets. The method chosen to store MEZO tokens, like any crypto asset, carries inherent risks related to the security and management of the storage solution and incompatibility with specific wallet software, network malfunctions, or wallet provider shutdowns may affect access to and usability of MEZO tokens.
7. **Regulatory and Compliance Risks:**

    a. **Evolving Legal Frameworks:** Regulations governing crypto-assets differ across jurisdictions and are subject to change. New legal requirements may impact classification, availability, or functionality of the MEZO token.
    b. **Jurisdictional Restrictions:** Some jurisdictions may impose restrictions or prohibitions on the trading or use of MEZO tokens, limiting accessibility for certain users. While MEZO tokens do not create or confer any contractual or other obligations against any party, certain regulators may nevertheless classify them as securities, financial instruments, or payment instruments under their respective frameworks.
    c. **Regulatory Enforcement Risks:** Government agencies may take enforcement actions if MEZO tokens are deemed unregistered securities or if other financial laws are found to have been violated.

d. **AML & CTF Risks:** Crypto transactions may be scrutinized for potential links to illicit activities, affecting the ability of token holders to use or trade their assets.

8. **Taxation Risks:** The tax treatment of the MEZO token varies by jurisdiction, and MEZO token holders are solely responsible for understanding and complying with applicable tax laws. Any appreciation, conversion, or sale of the MEZO token may trigger tax obligations that differ depending on the jurisdiction.
9. **Vesting and Token Release Risks:** MEZO tokens allocated to investors and affiliates' employees are subject to vesting schedules. When these MEZO tokens are released into circulation, they may introduce potential selling pressure, which could impact market prices. Additionally, the emissions schedule introduces new MEZO supply over time , which contributes to ongoing dilution even with the anti-dilution rebase mechanism.
10. **Data Corruption Risks:** The reliability of blockchain data could be compromised due to software bugs, human error, or deliberate tampering, affecting transaction records, network integrity, and user confidence.
11. **Technological Obsolescence Risks:** The blockchain and crypto industries evolve rapidly. The emergence of new technologies, changes in market demand, or advancements in competing protocols could render MEZO tokens or the underlying Mezo infrastructure less competitive, reducing adoption and utility.
12. **Unanticipated Risks:** In addition to the risks outlined in this Section, unforeseen risks may arise.

Project Implementation-Related Risks

1. **Technical Development Risks:**

    a. **Smart Contract Issues:** Despite robust security measures, unforeseen vulnerabilities or bugs in the Mezo Earn contracts, including gauge contracts, splitter contracts, veBTC/veMEZO NFT implementations, the boost calculation, and the matching market, could disrupt token distribution, emission routing, or governance functions.
    b. **Blockchain Dependency:** MEZO Tokens operate on the Mezo chain. Any network congestion, downtime, or security breaches could impact the project's implementation and functionality.
    c. **Dual-Token Matching Market Risks:** The dual-token design (veBTC + veMEZO) is novel and has not been tested at scale. Unknown edge cases in the boost formula, per-position gauge mechanics, or the veBTC–veMEZO pairing market could lead to unintended governance outcomes, inefficient emission allocation, or exploitable behavior.
    d. **Splitter Hierarchy Risks:** The multi-level splitter system governing emission routing between validators, staking gauges, and ecosystem gauges introduces complexity. Bugs in splitter logic, misconfigured inertia bounds, or governance manipulation of splitter ratios could misallocate emissions.
    e. **MUSD Stablecoin Risks:** The MUSD stablecoin is backed by BTC collateral. Rapid BTC price declines could trigger mass liquidations, destabilize the MUSD

peg, and reduce confidence in the broader Mezo system. The MUSD savings vault deploys deposited MUSD into approved strategies, introducing additional smart contract and counterparty risk.

f. **Validator Model Risks:** Mezo currently operates under a proof-of-authority validator set that is not yet backed by a complete proof-of-stake mechanism or slashing. Validators receive MEZO rewards through non-staking gauges. There is a risk that the validator set is too centralized and that misbehavior goes unpunished. The planned transition to proof-of-stake governance — to be managed by the Supernormal Foundation — introduces additional migration risk. When slashing is introduced, only MEZO will be slashable.

g. **Bitcoin Bridging Risks:** Users must bridge BTC to the Mezo chain to participate. The bridging mechanism introduces trust assumptions around custody, multisig security, and bridge contract integrity. A bridge exploit could result in loss of locked BTC.

h. **Fork Dependency Risks:** The Mezo Earn system is a fork of Aerodrome's ve(3,3) codebase. While battle-tested in its original context (Base/Ethereum L2), porting to a Bitcoin-native chain introduces new interaction surfaces and potential incompatibilities.

2. **Regulatory and Compliance Risks:**

a. **Regulatory Actions:** MEZO Tokens and the underlying Mezo network could be impacted by regulatory inquiries or actions.

b. **Evolving Regulations:** New and changing regulations related to financial securities, consumer protection, data privacy, and cybersecurity could materially impact the project. The classification of BTC-backed stablecoins (MUSD) is also subject to regulatory uncertainty.

c. **Governance Risks:** Decision-making mechanisms in the Mezo Earn system may be inefficient, slow, or disproportionately influenced by specific stakeholders. The 1% per-epoch inertia constraint on splitter ratios limits rapid response to emergencies.

3. **Adoption Risks:**

a. **Competitive Environment:** The blockchain space is highly competitive. Mezo competes with other Bitcoin DeFi platforms, BTC-backed lending protocols, and Layer-1/Layer-2 networks for BTC deposits and developer attention. Low participation or adoption could impact the viability of the Mezo network and the Mezo Earn flywheel. Neither the Supernormal Foundation's ecosystem support nor Thesis's technical development can guarantee adoption outcomes.

b. **Community Engagement Risks:** Success depends heavily on active gauge voting participation. If a large fraction of veBTC holders fail to vote, emissions and fee flows could be determined by a small minority of active participants, resulting in misaligned outcomes. Passive veBTC positions continue to receive bridging fees but do not control emission allocation.

4. **Ecosystem Risks:** The project relies on ecosystem participants such as liquidity providers, MUSD borrowers, protocol developers, infrastructure providers, exchanges, market makers, and other third-party service providers. Any delay or failure to perform by participants could result in the disruption to the viability of the network.
5. **Network Security Risks:**

    a. **Network Attacks and Cybersecurity Threats:** The Mezo network can be vulnerable to cyberattacks, Sybil attacks, or distributed denial-of-service (DDoS) attacks.
    b. **Vote and Incentive Manipulation:** A coordinated group of large holders might attempt to direct emissions to gauges that do not generate real fees, extracting value from the system. While achieving high influence requires capital commitments in both BTC and MEZO, and splitter inertia constraints limit reallocation speed, sustained manipulation campaigns remain possible.

6. **Economic and Governance Risks:**

    a. **Emission Sustainability:** The long-term sustainability of the Mezo ecosystem depends on sufficient BTC velocity and fee generation to support the transition from emission-driven to fee-driven economics. If organic fees remain low as emissions decay (from 25% to ~2% annualized), participant incentives may be insufficient.
    b. **Incentive Model Risks:** Changes to emission schedules, boost multipliers, splitter ratios, or governance models may be required to maintain network participation. Governance decisions could result in modifications that impact MEZO Token holders.
    c. **Governance Apathy:** If active voting participation is low, a small minority could control emission allocation and fee routing. While the opportunity cost of inactivity is designed to be high, sustained apathy remains a risk.
