

This white paper has been prepared in compliance with the requirements of the Commission Implementing Regulation 2024/2984 of 29 November 2024 implementing technical standards for the application of Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to forms, formats and templates for the crypto-asset white papers

White paper for crypto-assets other than asset-referenced tokens or e-money tokens

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.

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No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
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No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
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No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
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No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
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01	Date of notification	Date of notification	2025-08-25
02	Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114	<p>Regarding offerors:</p> <p>‘This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.’</p> <p>Regarding the persons seeking admission to trading:</p> <p>‘This crypto-asset white paper has not been approved by any competent authority in any Member State of the</p>	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.

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		<p>European Union. The person seeking admission to trading of the crypto-asset is solely responsible for the content of this crypto-asset white paper.'</p> <p>Regarding the operators of trading platforms:</p> <p>'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.'</p>	
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.'	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.'	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	'The utility token referred to in this white paper may not be exchangeable against the good or service promised in this white	True

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
	(d), of Regulation (EU) 2023/1114	paper, especially in the case of a failure or discontinuation of the crypto-asset project.'	
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.	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.
<b>SUMMARY</b>			
07	Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114	<p>'Warning</p> <p>This summary should be read as an introduction to the crypto-asset white paper.</p> <p>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.</p> <p>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.</p>	<p><b>Warning</b></p> <p>This summary should be read as an introduction to the crypto-asset white paper.</p> <p>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.</p> <p>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.</p> <p>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.</p>



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		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	A brief, clear and non-technical description of the characteristics of the crypto asset including information about rights and obligations of the purchaser, procedure and conditions for the exercise of those rights and conditions, if any, under which these rights and obligations may be modified.	<p>Pattern Engine's native crypto-asset, "\$SHAPE" or the "\$SHAPE token", is a utility token on the Shape network, an Ethereum L2 designed to facilitate the minting, transfer, and use of non-fungible tokens (NFTs).</p> <p>The \$SHAPE token holder has no rights or obligations within Pattern Engine and does not grant governance rights or enforceable obligations within Pattern Engine. It serves as an incentive mechanism for validator coordination, operator credentialing, and infrastructure growth, aligning long-term incentives for staking ecosystem participants. Governance proposals to the protocol may affect the utility of \$SHAPE post-launch.</p>
09		Only applicable if field 05 is true. Information about the quality and quantity of goods or services to which the utility tokens give access and restrictions on the transferability.	<p>The \$SHAPE token grants holders the ability to create and vote on governance proposals that affect the Shape network and its onchain activities, as well as signal opinions on protocol changes and upgrades. Proposals can be created by all holders, but in order for those affecting onchain activities to be put to a vote, proposers will require a minimum holding of no less than 100,000 tokens.</p> <p>When tokens are able to be staked, holders will be able to run hardware to participate in further decentralizing the network, which will require a staked amount of no less than 200,000 tokens.</p> <p>There are no restrictions on transferability unless the tokens are staked, at which point they would need to be unstaked to transfer.</p> <p>The \$SHAPE token does not grant governance rights or enforceable obligations within Pattern Engine.</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
10	Key information about the offer to the public or admission to trading	<p>A brief and non-technical description of the offer to the public including information about the amount of the offer, including, where applicable, any minimum and maximum target subscription goals, issue price of the crypto-asset and subscription fees, the total number of crypto-assets to be offered; prospective holders; description, where applicable, of the various phases of the offer to the public of crypto-assets, including information on discounted purchase price for early purchasers of crypto-assets and subscription period.</p> <p>When applicable, the name of the crypto-asset service provider in charge of the placing of crypto-assets and the form of such placement (with or without a firm commitment basis);</p> <p>When applicable, a brief and non-technical description of the admission to trading, including the name of the trading platform for which the admission is sought.</p>	<p>This white paper is written to support admission to trading and not for the initial offer to the public.</p> <p>The total supply of the \$SHAPE token is 10,000,000,000 tokens.</p> <p>Admission to trading:</p> <p>The trading platforms for which the admission is sought are Coinbase and Kraken.</p> <p>8% of the total supply will be used to facilitate liquidity on trading platforms.</p> <p>Initial offer to the public:</p> <p>The initial distribution of \$SHAPE tokens to the public will be via the 'airdrop', which will comprise 10% of the total supply. To be eligible for the airdrop, users will need to have participated in select onchain activities prior to the airdrop date. There will be no public sale of tokens by Pattern Engine.</p> <p>You can see more about the token distributions and airdrop programs here: <a href="https://shape.network/token">https://shape.network/token</a></p>
<i>Part A - Information about the offeror or the person seeking admission to trading</i>			
A.1	Name	Name	Pattern Engine, Inc.
A.2	Legal form	<p>Only applicable if a (LEI) is not provided in field A.6</p> <p>Legal form</p>	See field A.6

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
A.3	Registered address	Only applicable if a legal entity identifier is not provided in field A.6  Address and country of registration	131 Continental Dr, Suite 305, Newark, DE, 19713, United States
A.4	Head office	Only applicable if an LEI is not provided in field A.6  Address and country of the Head office, where different than registered address	131 Continental Dr, Suite 305, Newark, DE, 19713, United States
A.5	Registration date	Date of the registration	2020-06-11
A.6	Legal entity identifier	Legal entity identifier of the offeror or person seeking admission to trading, when available	2549009CLFQGJKN73G60
A.7	Another identifier required pursuant to applicable national law	Field to be filled in only if a legal entity identifier is not provided in field A.6.  National identifier based on the nationality of the offeror or the person seeking admission to trading, if required under the applicable national law.  This field only applies to entities for which a national identifier is required in accordance with applicable national law.	In the Delaware register: 3048971
A.8	Contact telephone number	Contact telephone number of the offeror or the person seeking admission to trading	+1 201-298-3315

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING						
A.9	E-mail address	E-mail address of the offeror or the person seeking admission to trading	hello@patternengine.xyz						
A.10	Response time (Days)	Period of days within which an investor will receive an answer via that telephone number or e-mail address	20 days						
A.11	Parent company	Field to be filled in only if a legal entity identifier is not provided in field A.6  Where applicable, the name of the parent company	Not applicable						
A.12	Members of the management body	Identity, business address and functions of each person that is member of the management body, as defined in Article 3(1), point (27), of Regulation (EU) 2023/1114, of the offeror or the person seeking admission to trading	<table><tr><td>Name</td><td>Role</td><td>Business address</td></tr><tr><td>Han Lee</td><td>CEO</td><td>9901 Brodie Ln Ste 160 PMB 7026, Austin, TX 78748, USA</td></tr></table>	Name	Role	Business address	Han Lee	CEO	9901 Brodie Ln Ste 160 PMB 7026, Austin, TX 78748, USA
Name	Role	Business address							
Han Lee	CEO	9901 Brodie Ln Ste 160 PMB 7026, Austin, TX 78748, USA							
A.13	Business activity	Business or professional activity of the offeror or person seeking admission to trading	Pattern Engine is the chain operator and developer of onchain platforms. It is also responsible for the day-to-day implementation of the strategic objectives of the Shape network, including protocol development, ecosystem support, and technological infrastructure management. The entity coordinates research and development, oversees the deployment of network-level smart contracts and onchain governance mechanisms, and facilitates community engagement and stakeholder relations.						
A.14	Parent company business activity	Where applicable, business or professional activity of the parent company, including principal activities and principal markets	Not applicable						

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A.15	Newly established	Indication as to whether the offeror or person seeking admission to trading has been established for the past three years	True
A.16	Financial condition for the past three years	<p>Where the offeror or person seeking admission to trading has been established for the past three years, the financial condition of the offeror or person seeking admission to trading over the past three years.</p> <p>This shall be assessed based on a fair review of the development and performance of the business of the offeror or person seeking admission to trading and of its position for each year and interim period for which historical financial information is required, including the causes of material changes.</p> <p>The review shall be a balanced and comprehensive analysis of the development and performance of the business of the offeror or person seeking admission to trading and of its position, consistent with the size and complexity of the business.</p>	<p>Pattern Engine has had three fundraising rounds - 1 in 2021 (pre-seed) and 2 in 2022 (seed + seed extension) totalling \$15.5m. The company has a controlled burn rate and diversified treasury holding a mixture of stablecoins, ETH, and BTC.</p> <p>A portion of the sequencer fees generated by user activity on the Shape network are a revenue source for the company.</p> <p>The company has not posted traditional profits. Instead, funds have been allocated to network development, ecosystem growth, engineering, and infrastructure. While the project is not yet revenue-generating at scale, it retains sufficient treasury to sustain operations in the near to mid-term.</p>
A.17	Financial condition since registration	<p>Where the offeror or person seeking admission to trading has not been established for the past three years, description of its financial condition since the date of its registration.</p> <p>This shall be assessed based on a fair review of the development and</p>	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
		<p>performance of the business of the offeror or person seeking admission to trading and of its position for each year and interim period for which historical financial information is available, including the causes of material changes.</p> <p>The review shall be a balanced and comprehensive analysis of the development and performance of the business of the offeror or person seeking admission to trading and of its position, consistent with the size and complexity of the business.</p>	
<i>Part B - Information about the issuer, if different from the offeror or person seeking admission to trading</i>			
B.1	Issuer different from offeror or person seeking admission to trading	Indication as to whether the issuer is different from the offeror or person seeking admission to trading	False
B.2	Name	Name	Not applicable
B.3	Legal form	<p>Field to be filled in only if an LEI is not provided in field B.7</p> <p>Legal form</p>	Not applicable
B.4	Registered address	<p>Field to be filled in only if an LEI is not provided in field B.7</p> <p>Address and country of registration</p>	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
B.5	Head office	Field to be filled in only if an LEI is not provided in field B.7  Address of the Head office, where different than registered address	Not applicable
B.6	Registration date	Date of the registration	Not applicable
B.7	Legal entity identifier	Legal entity identifier of the issuer, where available	Not applicable
B.8	Another identifier required pursuant to applicable national law	Field to be filled in only if a legal entity identifier is not provided in field B.7.  National identifier based on the nationality of the issuer, if required under the applicable national law  This field only applies to entities for which a national identifier is required under applicable national law	Not applicable
B.9	Parent company	Field to be filled in only if an LEI is not provided in field B.7  Where applicable, the name of the parent company	Not applicable
B.10	Members of the management body	Identity, business address and functions of each of the persons that are members of the management body, as defined in Article 3(1), point (27), of Regulation (EU) 2023/1114, of the issuer	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
B.11	Business activity	Business or professional activity of the issuer	Not applicable
B.12	Parent company business activity	Where applicable, business or professional activity of the parent company	Not applicable
<i>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</i>			
C.1	Name	Name	Not applicable
C.2	Legal form	Field to be filled in only if an LEI is not provided in field C.6  Legal form	Not applicable
C.3	Registered address	Field to be filled in only if an LEI is not provided in field C.6  Address of registration	Not applicable
C.4	Head office	Field to be filled in only if an LEI is not provided in field C.6  Address of the Head office, where different than registered address	Not applicable
C.5	Registration date	Date of the registration	Not applicable



No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
C.6	Legal entity identifier	Legal entity identifier of the operator of the trading platform	Not applicable
C.7	Another identifier required pursuant to applicable national law	<p>National identifier based on the nationality of the issuer, if required under the applicable national law.</p> <p>This field only applies to entities for which a national identifier is required under applicable national law.</p>	Not applicable
C.8	Parent company	<p>Field to be filled in only if an LEI is not provided in field C.6</p> <p>Where applicable, the name of the parent company</p>	Not applicable
C.9	Reason for crypto-Asset white paper Preparation	The reason why the operator of the trading platform drew up the crypto-asset white paper	Not applicable
C.10	Members of the Management body	Identity (name or other identifiers), business address and functions of each of the persons that are members of the management body, as defined in Article 3(1), point (27), of Regulation (EU) 2023/1114, of the operator of the trading platform	Not applicable
C.11	Operator business activity	Business or professional activity of the operator, including principal activities and principal markets	Not applicable

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C.12	Parent company business activity	Where applicable, business or professional activity of the parent company, including principal activities and principal markets	Not applicable
C.13	Other persons drawing up the crypto-asset white paper according to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	Where different from the offeror, person seeking admission to trading, issuer, or operator of the trading platform, indication of the identity of the person drawing up the crypto-asset white paper	Not applicable
C.14	Reason for drawing the white paper by persons referred to in Article 6(1), second subparagraph, of Regulation (EU) 2023/1114	Where the white paper is drawn up by a person different from the offeror, person seeking admission to trading, issuer, or operator of the trading platform, reason for drawing up the white paper	Not applicable
<i>Part D- Information about the crypto-asset project</i>			
D.1	Crypto-asset project name	Name of the crypto-asset project, if different from the name of the offeror or person seeking admission to trading	Shape
D.2	Crypto-assets name	Field to be filled in only if a Digital Token Identifier (DTI) is not provided in field F.13.	Shape

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		Name of the crypto-assets, if different from the name of the offeror or person seeking admission to trading	
D.3	Abbreviation	Field to be filled in only if a DTI is not provided in field F.13.  Abbreviation or ticker handler	\$SHAPE
D.4	Crypto-asset project description	A brief description of the crypto-asset project	<p>The Shape network is a culture-first Ethereum L2 dedicated to NFTs and the new economies that form around them. Designed for community ownership, Shape is ready to power NFTs for the modular, interoperable future.</p> <p>The \$SHAPE token is an ERC-20 utility token on the Shape network. It grants governance rights over onchain actions, such as alterations to parameters within specific network-level smart contracts, and exists as a mechanism to support staking incentives and ecosystem-driven funding models.</p> <p>The \$SHAPE token does not grant governance rights or enforceable obligations within Pattern Engine.</p> <p>Further information is available here: <a href="https://shape.network/">https://shape.network/</a></p>
D.5	Details of all natural or legal persons involved in the implementation of the crypto-asset project	Details of advisors, development team, crypto-assets service providers and other persons involved in the implementation of the crypto-asset project, including business addresses or domicile of the company	<p>Name    Role    Business address</p> <p>Pattern Engine, Inc. (USA)    Development team    131 Continental Dr, Suite 305, Newark, DE, 19713, United States</p> <p>Alchemy (USA) Service provider    548 Market Street, PMB 49099, San Francisco, California 94104, United States</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			Optimism (USA) Service provider 3020 Bridgeway, Suite 265 Sausalito, California 94965, United States
D.6	Utility Token Classification	Indication as to whether the crypto-asset project concerns utility tokens	True
D.7	Key Features of Goods/ Services for Utility Token Projects	Where applicable, key features of the goods or services to be developed for utility tokens crypto-asset projects	<p>The Shape network is a culture-first Ethereum L2 dedicated to NFTs and the new economies that form around them. Designed for community ownership, Shape is ready to power NFTs for the modular, interoperable future.</p> <p>The first major development is the governance portal, where \$SHAPE holders can create and vote on proposals, as well as delegate their voting power. Future developments include proof-of-stake systems which help secure the network, such as user-run validators and sequencers.</p> <p>The \$SHAPE token holder has no rights or obligations within Pattern Engine. It does not grant enforceable claims or guarantees of utility. The \$SHAPE token does not grant governance rights or enforceable obligations within Pattern Engine. It serves as an incentive mechanism for validator coordination, operator credentialing, and infrastructure growth, aligning long-term incentives for staking ecosystem participants.</p>
D.8	Plans for the token	Information about the crypto-asset project, including the description of the past and future milestones	<p>\$SHAPE is the token of the Shape network. Following the airdrop, \$SHAPE will form the bedrock of governance, allowing holders to vote (or delegate) on decisions for the network, predominantly the adjustment of parameters for network-level smart contracts. The airdrop is planned to occur in Q4 2025.</p> <p>In the future, \$SHAPE will be used to further secure and decentralize the network. The first step towards this will be the introduction of user-run validators which attest to confirm the validity of transactions per block and help ensure honest sequencer operation. This system will utilize proof-of-stake, so users will need to stake \$SHAPE in order to run a</p>

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			<p>validator. In return they will receive network rewards in a proportion determined by governance. This is planned to launch in Q2 2026.</p> <p>The next step will be another proof-of-stake system where users stake \$SHAPE to operate their own sequencer, fully decentralizing the network.</p> <p>All planned uses of \$SHAPE remain subject to market conditions, regulatory compliance, and the evolving needs of the Shape protocol ecosystem and/or Pattern Engine.</p>
D.9	Resource allocation	Where applicable, information about resources, including financial resources, already allocated to the project	<p>Pattern Engine is responsible for managing the financial resources and operational budget of the Shape protocol ecosystem, ensuring its sustainable funding and development.</p> <p>1. Use of Funds</p> <p>Since its registration, Pattern Engine has allocated resources across the following categories:</p> <ul style="list-style-type: none"> <li>• Research &amp; Development (R&amp;D): Funding for the continued development of the Shape protocol and its underlying smart contracts, including blockchain development, security audits, and testing infrastructure, including collaborations with third-party research teams and protocol contributors.</li> <li>• Operational Expenses: Covering infrastructure costs, legal and compliance efforts, and personnel necessary to support the technical and strategic goals of the Shape protocol ecosystem.</li> <li>• Ecosystem Incentives: Allocation of \$SHAPE tokens to support operator participation, retroactive funding for public goods, and staking reward mechanisms.</li> <li>• Treasury Management: Holding a mix of stablecoins, ETH, BTC, and \$SHAPE tokens, ensuring financial flexibility and long-term sustainability.</li> </ul> <p>2. Budgeting &amp; Financial Planning</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			<p>Pattern Engine operates with a structured budget and financial strategy to ensure its treasury is managed prudently. The treasury is not actively seeking external funding beyond planned \$SHAPE token sales, and future resource allocation remains subject to market conditions and community needs.</p> <p>3. Financial Controls &amp; Oversight</p> <p>To ensure transparency and accountability:</p> <ul style="list-style-type: none"> <li>• The treasury strategy prioritizes long-term sustainability over short-term capital deployment.</li> <li>• Any major financial decisions, such as additional funding rounds or treasury utilization, follow internal governance and compliance reviews.</li> </ul> <p>All resource allocation decisions are made to support the core mission of the Shape protocol ecosystem and/or Pattern Engine.</p>
D.10	Planned use of Collected funds or crypto-Assets	Where applicable, planned use of any funds or other crypto-assets collected	Not applicable, as this white paper was drawn up for the admission to trading and not for collecting funds for the crypto-asset-project.
<i>Part E - Information about the offer to the public of crypto-assets or their admission to trading</i>			
E.1	Public offering or admission to trading	Indication as to whether the crypto-asset white paper concerns an offer to the public of crypto-assets or their admission to trading	ATTR
E.2	Reasons for public offer or admission to trading	The reasons for the offer to the public or for seeking admission to trading, including the planned use of the funds or other crypto assets collected	The issuer seeks admission of the \$SHAPE token to trading on multiple exchanges in order to create a liquid market for the token and encourage users to exert efforts towards contribution and participation in the ecosystem, thereby creating a mutually beneficial system where every participant is fairly compensated for its efforts. The primary goal is to support the long-term sustainability and operational needs of Pattern

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			Engine by funding research and development, validator coordination infrastructure, and ecosystem growth initiatives.
E.3	Fundraising target	Where applicable, the amount that the offer to the public intends to raise in funds or in any other crypto-asset in an official currency or any other crypto-assets	Not applicable
E.4	Minimum subscription goals	Where applicable, minimum subscription goals set for the offer to the public of the crypto-assets in an official currency or any other crypto-assets	Not applicable
E.5	Maximum subscription goals	Where applicable, any maximum target subscription goals set for the offer to the public of the crypto-assets in an official currency or any other crypto-assets	Not applicable
E.6	Oversubscription acceptance	Indication whether oversubscriptions are accepted	Not applicable
E.7	Oversubscription allocation	Where oversubscriptions are accepted, a description of how they are allocated	Not applicable
E.8	Issue price	The issue price of the crypto-asset being offered to the public in an official currency or any other crypto-assets	Not applicable
E.9	Official currency or any other crypto-assets determining the issue price	The official currency or any other crypto-assets on the basis of which the issue	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
		price of the crypto asset is being offered to the public	
E.10	Subscription fee	Any applicable subscription fee in an official currency or any other crypto-assets	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
E.11	Offer price determination method	Method in accordance with which the offer price will be determined	Once the token is admitted to trading its price will be determined by demand (buyers) and supply (sellers).
E.12	Total number of offered/traded crypto-assets	Where applicable, the total number of crypto-assets to be offered to the public or admitted to trading	800,000,000 \$SHAPE will be used to provide initial liquidity on exchanges.
E.13	Targeted holders	Indication of the prospective holders targeted by the offer to the public of the crypto-asset or admission of such crypto-asset to trading	ALL
E.14	Holder restrictions	Indication of any restriction as regards the type of holders for such crypto-asset	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	'Purchasers participating in the offer to the public of crypto-asset will be able to be reimbursed if the minimum target subscription goal is not reached at the end of the offer to the public, if they exercise the right to withdrawal provided for in Article 13 of Regulation (EU) 2023/1114	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.



No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
		of the European Parliament and of the Council or if the offer is cancelled'	
E.16	Refund mechanism	Detailed description of the refund mechanism	Not applicable
E.17	Refund timeline	Expected timeline of when the refunds will be completed	Not applicable
E.18	Offer phases	Information about the various phases of the offer to the public of the crypto-asset	Not applicable
E.19	Early purchase discount	Information on discounted purchase price for early purchasers of the crypto-asset - (pre-public sales) and in the case of discounted purchase price for some purchasers, an explanation as to why the purchase prices may be different and a description of the impact on the other investors	Pattern Engine issued token warrants in connection with various fundraising efforts from 2021 until 2025. The token warrants were each issued for a nominal value (\$500) and did not involve any promises for specific numbers of tokens.
E.20	Time-limited offer	Indication whether the offer is time-limited	False
E.21	Subscription period beginning	For time-limited offers, the beginning of the subscription period during which the offer to the public is open	Not applicable
E.22	Subscription period end	For time-limited offers, the end of the subscription period during which the offer to the public is open	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
E.23	Safeguarding arrangements for offered funds/crypto-Assets	The arrangements to safeguard funds or other crypto-assets as referred to in Article 10 of Regulation (EU) 2023/1114 during the time-limited offer to the public or during the withdrawal period	Not applicable
E.24	Payment methods for crypto-asset purchase	Methods of payment to purchase the crypto-assets	The payment methods are subject to the respective capabilities of the Crypto Asset Service Provider listing the crypto-asset.
E.25	Value transfer methods for reimbursement	Methods of transfer of the value to the purchasers when they are entitled to be reimbursed	Not applicable
E.26	Right of withdrawal	In the case of offers to the public, information on the right of withdrawal as referred to in Article 13 of Regulation (EU) 2023/1114	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
E.27	Transfer of purchased crypto-assets	Manner of transferring purchased crypto-assets to the holders	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	Time schedule of transferring purchased crypto-assets to the holders	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
E.29	Purchaser's technical requirements	Information about technical requirements that the purchaser is required to fulfil to hold the crypto-assets	<p>The technical requirements that the purchaser is required to fulfil to hold the crypto-assets of purchased crypto-assets are subject to the respective capabilities of the Crypto Asset Service Provider listing the crypto-asset.</p> <p>The token holders need to have an EVM compatible wallet.</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
E.30	Crypto-asset service provider (CASP) name	Where applicable, the name of the crypto-asset service provider (CASP) in charge of the placing of crypto-assets	Not applicable
E.31	CASP identifier	The legal entity identifier of the crypto-asset service provider in charge of the placing of crypto-assets	Not applicable
E.32	Placement form	Where applicable, the form of the placement	NTAV
E.33	Trading platforms name	Where applicable, the name of the trading platforms for crypto-assets where admission to trading is sought	The trading on relevant MiCAR-compliant trading platforms is sought, such as Coinbase and Kraken.
E.34	Trading platforms Market identifier code (MIC)	Segment MIC for the trading platform where the admission to trading of the crypto-assets is sought.	Coinbase: FREX Kraken: PGTP
E.35	Trading platforms access	Where applicable, information about how investors can access the trading platforms	This depends on the trading platform listing the crypto-asset.
E.36	Involved costs	Where applicable, information about the costs involved in relation to the access of investors to the trading platforms	This depends on the trading platform listing the crypto-asset. Furthermore, costs may occur for making transfers out of the platform (i.e. "transaction costs" for blockchain network use that may exceed the value of the crypto-asset itself).
E.37	Offer expenses	Expenses related to the offer to the public of crypto-assets, in an official currency or any other crypto-assets. If more than one	Not applicable, as this crypto-asset white paper concerns the admission to trading and not the offer of the token to the public.

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
		type of offer expense, expenses should be presented in a tabular format	
E.38	Conflicts of interest	Potential conflicts of interest of the persons involved in the offer to the public or admission to trading, arising in relation to the offer or admission to trading	MiCA-compliant Crypto Asset Service Providers shall have strong measurements in place in order to manage conflicts of interests. Due to the broad audience this white-paper is addressing, potential investors should always check the conflicts of interest policy of their respective counterparty.
E.39	Applicable law	The law applicable to the offer to the public of the crypto-asset	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
E.40	Competent court	Competent court	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
<i>Part F - Information about the crypto-assets</i>			
F.1	Crypto-asset type	The type of crypto-asset that will be offered to the public or for which admission to trading is sought	<p>The crypto-asset described in the white paper is classified as a crypto-asset under the Markets in Crypto-Assets Regulation (MiCAR) but does not qualify as an electronic money token (EMT) or an asset-referenced token (ART). The crypto-asset described in the white paper qualifies as a utility token, as it is only intended to provide access to a good or a service supplied by its issuer. It is a digital representation of value that can be stored and transferred using distributed ledger technology (DLT) or similar technology.</p> <p>The crypto-asset does not aim to maintain a stable value by referencing an official currency, a basket of assets, or any other underlying rights. Instead, its valuation is entirely market-driven, based on supply and demand dynamics, and not supported by a stabilization mechanism. It is neither pegged to any fiat currency nor backed by any external assets, distinguishing it clearly from EMTs and ARTs.</p> <p>Furthermore, the crypto-asset is not categorized as a financial instrument, deposit, insurance product, pension product, or any other</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			regulated financial product under EU law. It does not grant financial rights, voting rights, or any contractual claims to its holders, ensuring that it remains outside the scope of regulatory frameworks applicable to traditional financial instruments.
F.2	Crypto-asset functionality	A description of the functionality of the crypto-assets being offered or admitted to trading	<p>\$SHAPE is a governance token for the Shape protocol, and in the future will be used to secure the network via proof-of-stake mechanisms.</p> <p>The \$SHAPE token holder has no rights or obligations within Pattern Engine. It does not grant enforceable claims or guarantees of utility. The \$SHAPE token does not grant governance rights or enforceable obligations within Pattern Engine. It serves as an incentive mechanism for validator coordination, operator credentialing, and infrastructure growth, aligning long-term incentives for staking ecosystem participants.</p>
F.3	Planned application of functionalities	Information about when the functionalities of the crypto-assets being offered or admitted to trading are planned to apply	See row D.8. Timelines subject to change and development times.
<i>A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article</i>			
F.4	Type of crypto-asset white paper	The type of white paper notified	OTHR
F.5	The type of submission	Type of submission	NEWT
F.6	Crypto-asset characteristics	A description of the characteristics of the crypto-asset	<p>ERC-20 - \$SHAPE is a ERC-20 utility token deployed on Shape mainnet</p> <p>Fixed supply of 10,000,000,000 \$SHAPE tokens</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
F.7	Commercial name or trading name	Field to be filled in only if a DTI is not provided in field F.13.  Commercial name or trading name of the issuer.	Pattern Engine, Inc.  \$SHAPE
F.8	Website of the issuer	Website of the issuer	<a href="https://shape.network/">https://shape.network/</a>
F.9	Starting date of offer to the public or admission to trading	Starting date or, if not available at the time of the notification by the competent authority, the intended starting date of offer to the public or admission to trading.	2025-09-30 (intended)
F.10	Publication date	Effective or intended publication date of the crypto-asset white paper or of the modified white paper	2025-09-30
F.11	Any other services provided by the issuer	Any other services provided by the issuer not covered by Regulation (EU) 2023/1114, with a reference to the applicable Union or national legal acts regulating those services	Not applicable
F.12	Language or languages of the crypto-asset white paper	Language or languages in which the crypto-asset white paper is drafted  When multiple languages have been used, this field shall be reported as many times as necessary	English
F.13	Digital token identifier code	Code used to uniquely identify the crypto-asset or each of the several crypto assets	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
	used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available	to which the crypto-asset white paper relates, where available	
F.14	Functionally fungible group digital token identifier, where available	Code used to uniquely identify the functionally fungible group to which the digital asset belongs (i.e., common to each of the several assets to which the white paper relates, i.e. Code used to identify the white paper ISO 24165 DTI of type = 3 (i.e., functionally fungible group), where available	Not applicable
F.15	Voluntary data flag	Flag indicating the mandatory or voluntary nature of the crypto-asset white paper provided for in Article 4(8) of Regulation (EU) 2023/1114	Not applicable, as this white paper is written to support admission to trading and not for the initial offer to the public.
F.16	Personal data flag	Flag indicating if the submitted white paper contains personal data	True
F.17	LEI eligibility	Indication that the issuer is eligible for a Legal Entity Identifier	True
F.18	Home Member State	Home Member State as defined in Article 3(1), point (33), of Regulation (EU) 2023/1114	Ireland

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
F.19	Host Member States	Host Member State as defined in Article 3(1), point (34), of Regulation (EU) 2023/1114	Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Iceland, Norway and Liechtenstein
<i>Part G - Information on the rights and obligations attached to the crypto-assets</i>			
G.1	Purchaser rights and obligations	A description of the rights and obligations, if any, of the purchaser	<p>\$SHAPE holders can participate in governance of the Shape protocol.</p> <p>Purchasers of the \$SHAPE token do not acquire any governance rights or enforceable obligations within Pattern Engine. The \$SHAPE token serves as a utility token, allowing holders to participate in network-related activities such as staking incentives and access to decentralized validator infrastructure.</p>
G.2	Exercise of rights and obligations	Procedure and conditions for the exercise of rights	<p>To participate in governance of the Shape protocol, holders will need to interact with the governance portal on the Shape website. This includes connecting their wallet which holds the tokens to the portal.</p> <p>Purchasers of the \$SHAPE token do not acquire any governance rights or enforceable obligations within Pattern Engine. The \$SHAPE token serves purely as a utility token, allowing holders to participate in network-related activities such as staking incentives and access to decentralized validator infrastructure.</p>
G.3	Conditions for modifications of rights and obligations	Description of the conditions under which the rights and obligations may be modified	<p>Creating and voting on protocol related governance proposals requires a threshold of tokens and quorum of vote results, which can both be altered from governance proposals themselves.</p> <p>The rights and obligations of the \$SHAPE token holders may be modified under certain conditions as determined by Pattern Engine in accordance with Pattern Engine's governance and operational needs. Any changes will be communicated to purchasers in a transparent manner.</p>



No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
G.4	Future public offers	Where applicable, information on the future offers to the public of crypto-assets by the issuer	Not applicable
G.5	Issuer retained crypto-assets	Where applicable, information on the number of crypto-assets retained by the issuer itself	505,183,774 \$SHAPE tokens
G.6	Utility token classification	Indication as to whether the offer to the public of crypto-assets or their admission to trading concerns utility tokens	True
G.7	Key features of goods/services of utility tokens	Information about the quality and quantity of goods or services to which the utility tokens give access	<p>The Shape network is a culture-first Ethereum L2 dedicated to NFTs and the new economies that form around them. The network is ready to power NFTs for the modular, interoperable future and, as a scaling solution, functions as a low-cost and high-throughput alternative to L1 for onchain objects.</p> <p>\$SHAPE provides governance rights and voting power for protocol-level proposals, and the ability to participate in future proof-of-stake systems.</p> <p>The \$SHAPE token does not grant governance rights or enforceable obligations within Pattern Engine. It serves as an incentive mechanism for validator coordination, operator credentialing, and infrastructure growth, aligning long-term incentives for staking ecosystem participants.</p>
G.8	Utility tokens redemption	<p>Only applicable if field G.6 is true.</p> <p>Information on how utility tokens can be redeemed for goods or services to which they relate</p>	<p>No redemptions are possible.</p> <p>When staking is available, stakers which do not match consensus will forfeit a portion of their stake through 'slashing'.</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
G.9	Non-trading request	Indication whether an admission to trading is sought	True
G.10	Crypto-assets purchase or sale modalities	Where an admission to trading is not sought, information on how and where the crypto-assets can be purchased or sold after the offer to the public	Not applicable, as the admission to trading of the tokens is sought.
G.11	Crypto-assets transfer restrictions	Restrictions on the transferability of the crypto-assets that are being offered or admitted to trading	<p>The \$SHAPE token may be subject to certain transfer restrictions to comply with legal, regulatory, and operational requirements. These restrictions ensure that the token remains compliant with Regulation (EU) 2023/1114 and any relevant jurisdictional laws.</p> <ul style="list-style-type: none"> <li>• Jurisdictional Restrictions: \$SHAPE tokens cannot be transferred or sold to individuals or entities located in prohibited jurisdictions, as defined by Pattern Engine and the Crypto Asset Service Providers. This includes jurisdictions under sanctions or areas where the transfer or trading of crypto-assets may be restricted due to legal or regulatory requirements (e.g. Russia).</li> <li>• AML/KYC Compliance: Transfers of \$SHAPE tokens may be restricted if the purchaser's identity cannot be verified through the required AML/KYC procedures. Transactions involving unverified users may be blocked or reversed to maintain compliance with anti-money laundering and counter-terrorism financing regulations.</li> <li>• Token Lock-up Periods: Certain \$SHAPE tokens may be subject to lock-up periods or vesting schedules as part of the \$SHAPE token sale terms. During these periods, \$SHAPE tokens cannot be transferred or traded. These restrictions will be clearly communicated to purchasers prior to the sale.</li> <li>• Secondary Market Restrictions: \$SHAPE tokens may face restrictions on secondary market trading depending on the platform and applicable regulations. The Crypto Asset Service</li> </ul>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			<p>Providers can impose their own restrictions in agreements they enter with their clients. The Crypto Asset Service Providers may impose restrictions to buyers and sellers in accordance with applicable laws and internal policies and terms.</p> <p>These transfer restrictions are designed to protect both the purchasers and the broader ecosystem, ensuring that the \$SHAPE token remains compliant with legal obligations and functions securely within its intended use.</p> <p>While the listed restrictions and protections are in-place for the initial distribution of the \$SHAPE token and will be ongoing via centralized exchanges' own procedures, Pattern Engine cannot reverse or restrict onchain transactions at the token contract level.</p>
G.12	Supply adjustment protocols	Indication as to whether the crypto-asset has protocols for the increase or decrease of its supply in response to changes in demand	False
G.13	Supply adjustment mechanisms	Where the crypto-asset has protocols for the increase or decrease of its supply in response to changes in demand, a description of the functioning of such protocols	Not applicable
G.14	Token protection schemes	Indication as to whether the crypto-asset has a protection scheme protecting the value of the crypto-asset	False
G.15	Token protection schemes description	Where the field G.14 is true, a description of the protection schemes protecting the value of the crypto-assets	Not applicable

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
G.16	Compensation schemes	Indication as to whether the crypto-asset has a compensation scheme	False
G.17	Compensation schemes description	Where the field G.16 is true, a description of the compensation schemes	Not applicable
G.18	Applicable law	The law applicable to the crypto-assets	<p>Applicable law likely depends on the location of any particular transaction with the token.</p> <p>The applicable laws governing \$SHAPE transactions, trading, and compliance depend on the legal requirements of each country, including the EU Markets in Crypto-Assets Regulation (MiCA), anti-money laundering (AML) laws, and securities regulations, where applicable.</p> <p>Any claims and disputes related to the terms of Pattern Engine will be governed by and under the laws of California.</p>
G.19	Competent court	Competent court	<p>Competent court likely depends on the location of any particular transaction with the token.</p> <p>As \$SHAPE operates in a decentralized manner, it does not fall under the jurisdiction of any specific legal framework.</p> <p>Any claims and disputes related to the terms of Pattern Engine will be governed by and under the laws of California.</p>
<i>Part H – information on the underlying technology</i>			
H.1	Distributed ledger technology (DLT)	<p>Field to be filled in only if a DTI is not provided in field F.13.</p> <p>Information on the technology used, including distributed ledger technology</p>	Distributed Ledger Technology ("DLT") refers to a digital system for recording transactions in which the transactions and their details are recorded in multiple places at the same time. Unlike traditional databases, distributed ledgers have no central data store or administration functionality. Instead, the ledger is decentralized, and consensus on the transactions is achieved through a process that involves multiple nodes, each maintaining its own copy of the ledger. The

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			<p>benefits of DLT include increased transparency, enhanced security, improved traceability, and greater efficiency of transactions.</p> <p>One of the most well-known forms of DLT is a blockchain, which is a subtype characterized by its use of a chain of blocks to manage the ledger. Each block contains a list of transactions and is cryptographically linked to the previous block, ensuring that the data, once recorded, cannot be altered retroactively without altering all subsequent blocks.</p> <p>Blockchains also introduce features like smart contracts, notably to automate and enforce pre-defined transactions and logic through code, thereby reducing the need for intermediaries and further boosting efficiency.</p> <p>Blockchains offer significant benefits for consumer choice and interoperability as well. Consumers have the advantage of accessing the open-source code of these blockchains, allowing them to review, verify, and select the platform that best suits their needs. This transparency empowers users to make more informed decisions. Additionally, the open nature of blockchains promotes interoperability, meaning that any type of application that follows the same technical standards can integrate with the blockchain without anyone's permission. This flexibility enables a wide range of applications to work seamlessly together, fostering innovation and making it easier for different services to connect and interact within the blockchain ecosystem.</p> <p>Pattern Engine issues \$SHAPE tokens on the Shape network blockchain, which is intrinsically linked to the Ethereum blockchain in order to leverage these benefits. More specifically, Shape is built on the OP Stack, which is a standardized, shared, and open-source development stack. This is an optimistic rollup which inherits its security from Ethereum, using the L1 as its data availability and settlement layer.</p>
H.2	Protocols and technical standards	Information about protocols and technical standards used	Pattern Engine will support \$SHAPE tokens on the Shape network blockchain.

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
			<p>Shape is built on the OP Stack, which is a standardized, shared, and open-source development stack. Shape is an optimistic rollup which inherits its security from Ethereum, using the L1 as its data availability and settlement layer.</p> <p>Pattern Engine does not have any ability or obligation to prevent or mitigate attacks or resolve any other issues that might arise with any \$SHAPE supported blockchain.</p>
H.3	Technology used	Other information on the technology used	<p>The \$SHAPE token uses the existing ERC-20 token standard.</p> <p>Shape uses a sequencer which orders and batches transactions before submitting them to L1.</p>
H.4	Consensus mechanism	Information on the consensus mechanism, where applicable	<p>Blockchains rely on consensus mechanisms to ensure their decentralized network of nodes can reach agreement around transaction validity and ordering. Ethereum relies on Proof-of-Stake consensus, which requires that validators stake the native token (e.g. ETH) as collateral in order to qualify as a validator. Validators can lose some of the staked token if they have been shown to sign invalid transactions ('slashing').</p> <p>The Shape network currently inherits this consensus from Ethereum.</p>
H.5	Incentive mechanisms and applicable fees	Information on incentive mechanisms to secure transactions and any fees applicable	<p>The Ethereum blockchain from which the Shape network inherits consensus has a sequencer that requires payment of gas fees to accept and execute transactions.</p> <p>Currently, the Shape network sequencer does not require incentives to run. In the future, \$SHAPE tokens will be used to incentive participation in proof-of-stake systems which secure the network. A minimum of 30% of the total \$SHAPE supply is committed for this purpose.</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
H.6	Use of distributed ledger technology	Indication as to whether the crypto-assets are issued, transferred and stored using distributed ledger technology that is operated by the issuer, the offeror or a third-party acting on their behalf	Pattern Engine does not operate the DLT that is Ethereum, however, Pattern Engine does operate the DLT that is the Shape network. Shape is a layer 2 blockchain that is powered by a “sequencer”, which is currently operated by Pattern Engine’s rollup-as-a-service provider Alchemy.
H.7	DLT functionality description	If the DLT is operated by the issuer or a third party acting on the issuer’s behalf, a detailed description of the functioning of such distributed ledger technology	<p>The Shape network is a layer 2 blockchain which operates as an “optimistic rollup”.</p> <p>An optimistic rollup is an Ethereum scaling solution that moves computation and state storage off of layer 1. All transactions on the layer 2 are deterministically executed and are considered to be valid at the point of execution (hence “optimistic”), and are then bundled together in batches and submitted to Ethereum. The Shape sequencer builds blocks and executes transactions on the Shape network, and posts batched transaction data to layer 1 as calldata or in blobs.</p> <p>Optimistic rollups rely on a “fraud-proving” scheme to detect cases where transactions are not calculated correctly. After a rollup batch is submitted on Ethereum, there's a time window (a “challenge period”) during which the results of a rollup transaction can be challenged by computing a fraud proof.</p> <p>If the fraud proof succeeds, the transaction(s) will be re-executed on the Shape network and its state will be updated accordingly. If the rollup batch remains unchallenged after the challenge period elapses (i.e. all transactions were correctly executed), the batch is deemed valid and accepted on Ethereum.</p> <p>The operation of Shape, like all optimistic rollups, is controlled by smart contracts running on Ethereum. This includes contracts that store rollup blocks, monitor state updates on the rollup, and track user deposits. This is why optimistic rollups are described as “hybrid scaling solutions” - they operate as separate protocols, but their security properties are derived from Ethereum. Ethereum guarantees the correctness of Shape’s computation, as well as providing data availability and settlement.</p>

No	FIELD	CONTENT TO BE REPORTED	FORM AND STANDARDS TO BE USED FOR REPORTING
H.8	Audit	Indication as to whether an audit of the technology used was conducted	<p>As we are understanding the question relating to "technology" to be interpreted in a broad sense, the answer to whether an audit of "the technology used" was conducted is "no", we cannot guarantee, that all parts of the technology used have been audited. This is due to the fact this report focusses on risk, and we cannot guarantee that each part of the technology used was audited.</p> <p>All available audit information for relevant elements of the Shape network can be seen via the following links:</p> <p>Gasback (network-level smart contract on the Shape network):  <a href="https://github.com/trailofbits/publications/blob/master/reviews/2025-01-shape-gasback-securityreview.pdf">https://github.com/trailofbits/publications/blob/master/reviews/2025-01-shape-gasback-securityreview.pdf</a></p> <p>OP Stack (technical stack the Shape network is built upon):  <a href="https://github.com/ethereum-optimism/optimism/tree/develop/docs/security-reviews#security-reviews">https://github.com/ethereum-optimism/optimism/tree/develop/docs/security-reviews#security-reviews</a></p>
H.9	Audit outcome	If an audit was conducted, information on the outcome of the audit of the technology used	<p>Not applicable.</p> <p>All available audit information is available via the following links:</p> <p>Gasback (network-level smart contract on the Shape network):  <a href="https://github.com/trailofbits/publications/blob/master/reviews/2025-01-shape-gasback-securityreview.pdf">https://github.com/trailofbits/publications/blob/master/reviews/2025-01-shape-gasback-securityreview.pdf</a></p> <p>OP Stack (technical stack the Shape network is built upon):  <a href="https://github.com/ethereum-optimism/optimism/tree/develop/docs/security-reviews#security-reviews">https://github.com/ethereum-optimism/optimism/tree/develop/docs/security-reviews#security-reviews</a></p>
Part I – Information on risks			



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I.1	Offer-related risks	A description of the risks associated with the offer to the public of crypto-assets or their admission to trading	<p>1. Regulatory and Compliance</p> <p>This white paper has been prepared with utmost caution; however, uncertainties in the regulatory requirements and future changes in regulatory frameworks could potentially impact the token's legal status and its tradability. There is also a high probability that other laws will come into force, changing the rules for the trading of the token. Therefore, such developments shall be monitored and acted upon accordingly.</p> <p>2. Operational and Technical</p> <p>Blockchain Dependency: The token is entirely dependent on the blockchain the crypto-asset is issued upon. Any issues, such as downtime, congestion, or security vulnerabilities within the blockchain, could adversely affect the token's functionality.</p> <p>Smart Contract Risks: Smart contracts governing the token may contain hidden vulnerabilities or bugs that could disrupt the token offering or distribution processes.</p> <p>Connection Dependency: As the trading of the token also involves other trading venues, technical risks such as downtime of the connection or faulty code are also possible.</p> <p>Human errors: Due to the irrevocability of blockchain-transactions, approving wrong transactions or using incorrect networks/addresses could result in funds not being accessibly anymore.</p> <p>Custodial risk: When admitting the token to trading, the risk of losing clients' assets due to hacks or other malicious acts is given. This is due to the fact the token is hold in custodial wallets for the clients of Crypto Asset Service Providers such as centralized exchanges.</p> <p>3. Market and Liquidity</p>

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			<p>Volatility: The token will most likely be subject to high volatility and market speculation. Price fluctuations could be significant, posing a risk of substantial losses to holders.</p> <p>Liquidity Risk: Liquidity is contingent upon trading activity levels on decentralized exchanges (DEXs) and potentially on centralized exchanges (CEXs), should they be involved. Low trading volumes may restrict the buying and selling capabilities of the tokens.</p> <p>4. Counterparty</p> <p>As the admission to trading involves the connection to other trading venues, counterparty risks arise. These include, but are not limited to, the following risks:</p> <p>General Trading Platform Risk: The risk of trading platforms not operating to the highest standards is given. Examples like FTX show that especially in nascent industries, compliance and oversight-frameworks might not be fully established and/or enforced.</p> <p>Listing or Delisting Risks: The listing or delisting of the token is subject to the trading partner's internal processes. Delisting of the token at the connected trading partners could harm or completely halt the ability to trade the token.</p> <p>5. Liquidity</p> <p>Liquidity of the token can vary, especially when trading activity is limited. This could result in high slippage when trading a token.</p> <p>6. Failure of one or more Counterparties</p> <p>Another risk stems from the internal operational processes of the counterparties used. As there is no specific oversight other than the typical due diligence check, it cannot be guaranteed that all counterparties adhere to the best market standards.</p>

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			Counterparties could go bankrupt, possibly resulting in a total loss for the clients' assets held at that counterparty.
I.2	Issuer-related risks	A description of the risks associated with the issuer, if different from the offeror or person seeking admission to trading	<p>1. Insolvency</p> <p>As with every other commercial endeavor, the risk of insolvency of the issuer is given. This could be caused by but is not limited to lack of interest from the public, lack of funding, incapacitation of key developers and project members, force majeure (including pandemics and wars) or lack of commercial success or prospects.</p> <p>2. Counterparty</p> <p>In order to operate, the issuer has engaged in different business relationships with one or more third parties on which it strongly depends on. Loss or changes in the leadership or key partners of the issuer and/or the respective counterparties can lead to disruptions, loss of trust, or project failure. This could result in a total loss of economic value for the crypto-asset holders.</p> <p>3. Legal and Regulatory Compliance</p> <p>Cryptocurrencies and blockchain-based technologies are subject to evolving regulatory landscapes worldwide. Regulations vary across jurisdictions and may be subject to significant changes. Non-compliance can result in investigations, enforcement actions, penalties, fines, sanctions, or the prohibition of the trading of the crypto-asset impacting its viability and market acceptance. This could also result in the issuer to be subject to private litigation. The aforementioned would most likely also lead to changes with respect to trading of the crypto-asset that may negatively impact on the value, legality, or functionality of the crypto-asset.</p> <p>4. Operational</p> <p>Failure to develop or maintain effective internal control, or any difficulties encountered in the implementation of such controls, or their</p>

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			<p>improvement could harm the issuer's business, causing disruptions, financial losses, or reputational damage.</p> <p>5. Reputational</p> <p>The issuer faces the risk of negative publicity, whether due to, without limitation, operational failures, security breaches, or association with illicit activities, which can damage the issuer's reputation and, by extension, the value and acceptance of the crypto-asset.</p> <p>6. Competition</p> <p>There are numerous other crypto-asset projects in the same realm, which could have an effect on the crypto-asset in question.</p> <p>7. Unanticipated Risk</p> <p>In addition to the risks included in this section, there might be other risks that cannot be foreseen. Additional risks may also materialize as unanticipated variations or combinations of the risks discussed.</p>
I.3	Crypto-assets-related risks	A description of the risks associated with the crypto-assets	<p>1. Valuation</p> <p>The primary mechanism to determine the price of the token is supply and demand. Historically, most crypto-assets have dramatically lost value and were not a beneficial investment for the investors. Therefore, investing in these crypto-assets poses a high risk, and the loss of funds can occur.</p> <p>2. Market Volatility</p> <p>Crypto-asset prices are highly susceptible to dramatic fluctuations influenced by various factors, including market sentiment, regulatory changes, technological advancements, and macroeconomic conditions. These fluctuations can result in significant financial losses within short periods, making the market highly unpredictable and challenging for</p>

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			<p>investors. Investors should be prepared to lose the complete amount of money invested in the respective crypto-assets.</p> <p>3. Liquidity Challenges</p> <p>Some crypto-assets suffer from limited liquidity, which can present difficulties when executing large trades without significantly impacting market prices. This lack of liquidity can lead to substantial financial losses, particularly during periods of rapid market movements, when selling assets may become challenging or require accepting unfavorable prices.</p> <p>4. Asset Security</p> <p>Crypto-assets face unique security threats, including the risk of theft from exchanges or digital wallets, loss of private keys, and potential failures of custodial services. Since crypto transactions are generally irreversible, a security breach or mismanagement can result in the permanent loss of assets, emphasizing the importance of strong security measures and practices.</p> <p>5. Scams</p> <p>The irrevocability of transactions executed using blockchain infrastructure, as well as the pseudonymous nature of blockchain ecosystems, attracts scammers. Therefore, investors in crypto-assets must proceed with a high degree of caution when investing in if they invest in crypto-assets. Typical scams include – but are not limited to – the creation of fake crypto-assets with the same name, phishing on social networks or by email, fake giveaways/airdrops, identity theft, among others.</p> <p>6. Blockchain Dependency</p>

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			<p>Any issues with the blockchain used, such as network downtime, congestion, or security vulnerabilities, could disrupt the transfer, trading, or functionality of the crypto-asset.</p> <p>7. Privacy Concerns</p> <p>All transactions on the blockchain are permanently recorded and publicly accessible, which can potentially expose user activities. Although addresses are pseudonymous, the transparent and immutable nature of blockchain allows for advanced forensic analysis and intelligence gathering. This level of transparency can make it possible to link blockchain addresses to real-world identities over time, compromising user privacy.</p> <p>8. Regulatory Uncertainty</p> <p>The regulatory environment surrounding crypto-assets is constantly evolving, which can directly impact their usage, valuation, and legal status. Changes in regulatory frameworks may introduce new requirements related to consumer protection, taxation, and anti-money laundering compliance, creating uncertainty and potential challenges for investors and businesses operating in the crypto space. Although the crypto-asset do not create or confer any contractual or other obligations on any party, certain regulators may nevertheless qualify the crypto-asset as a security or other financial instrument under their applicable law, which in turn would have drastic consequences for the crypto-asset, including the potential loss of the invested capital in the asset.</p> <p>Furthermore, this could lead to the sellers and its affiliates, directors, and officers being obliged to pay fines, including federal civil and criminal penalties, or make the crypto-asset illegal or impossible to use, buy, or sell in certain jurisdictions. On top of that, regulators could take action against the issuer as well as the trading platforms if the regulators view the token as an unregistered offering of securities or the operations otherwise as a violation of existing law. Any of these outcomes would negatively affect the value and/or functionality of the crypto-asset and/or</p>

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			<p>could cause a complete loss of funds of the invested money in the crypto-asset for the investor.</p> <p>9. Counterparty risk</p> <p>Engaging in agreements or storing crypto-assets on exchanges introduces counterparty risks, including the failure of the other party to fulfill their obligations. Investors may face potential losses due to factors such as insolvency, regulatory non-compliance, or fraudulent activities by counterparties, highlighting the need for careful due diligence when engaging with third parties.</p> <p>10. Reputational concerns</p> <p>Crypto-assets are often subject to reputational risks stemming from associations with illegal activities, high-profile security breaches, and technological failures. Such incidents can undermine trust in the broader ecosystem, negatively affecting investor confidence and market value, thereby hindering widespread adoption and acceptance.</p> <p>11. Technological Innovation</p> <p>New technologies or platforms could render \$SHAPE's design less competitive or even break fundamental parts (i.e., quantum computing might break cryptographic algorithms used to secure the network), impacting adoption and value. Participants should approach the crypto-asset with a clear understanding of its speculative and volatile nature and be prepared to accept these risks and bear potential losses, which could include the complete loss of the assets' value.</p> <p>12. Community and Narrative</p> <p>Trading activity is primarily based on the intended market value and is heavily dependent on its community and the popularity of its narrative. Declining interest or negative sentiment could significantly impact the token's value.</p>

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			<p>13. Interest Rate Change</p> <p>Historically, changes in interest, foreign exchange rates, and increases in volatility have increased credit and market risks and may also affect the value of the crypto-asset. Although historic data does not predict the future, potential investors should be aware that general movements in local and other factors may affect the market, and this could also affect market sentiment and, therefore most likely also the price of the crypto-asset.</p> <p>14. Taxation</p> <p>The taxation regime that applies to the trading of the crypto-asset by individual holders or legal entities will depend on the holder's jurisdiction. It is the holder's sole responsibility to comply with all applicable tax laws, including, but not limited to, the reporting and payment of income tax, wealth tax, or similar taxes arising in connection with the appreciation and depreciation of the crypto-asset.</p> <p>15. Anti-Money Laundering/Counter-Terrorism Financing</p> <p>It cannot be ruled out that crypto-asset wallet addresses interacting with the crypto-asset have been, or will be used for money laundering or terrorist financing purposes, or are identified with a person known to have committed such offenses.</p> <p>16. Market Abuse</p> <p>It is noteworthy that crypto-assets are potentially prone to increased market abuse risks, as the underlying infrastructure could be used to exploit arbitrage opportunities through schemes such as front-running, spoofing, pump-and-dump, and fraud across different systems, platforms, or geographic locations. This is especially true for crypto-assets with a low market capitalization and few trading venues, and potential investors should be aware that this could lead to a total loss of the funds invested in the crypto-asset.</p>



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			<p>17. Timeline and Milestones</p> <p>Critical project milestones could be delayed by technical, operational, or market challenges.</p>
I.4	Project implementation-related risks	A description of the risks associated with project implementation	As this white paper relates to the "admission to trading" of the crypto-asset, the implementation risk is referring to the risks on the Crypto Asset Service Providers side. These can be, but are not limited to, typical project management risks, such as key-personal-risks, timeline-risks, and technical implementation-risks.
I.5	Technology-related risks	A description of the risks associated with the technology used	<p>As this white paper relates to the "admission to trading" of the crypto-asset, the technology-related risks mainly lie in the settling on the Shape protocol.</p> <p>1. Blockchain Dependency Risks</p> <p>Shape protocol Downtime: Potential outages or congestion of the Shape protocol could interrupt onchain token transfers, trading, and other functions.</p> <p>Private Key Management: Token holders must securely manage their private keys and recovery phrases to prevent permanent loss of access to their tokens, which includes trading venues, who are a prominent target for dedicated hacks.</p> <p>2. Network Security Risks</p> <p>Attack Risks: The Shape protocol may face threats such as denial-of-service (DoS) attacks or exploits targeting its underlying consensus mechanism or validation system, which could compromise network integrity.</p> <p>3. Evolving Technology Risks</p>

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			Technological Obsolescence: The fast pace of innovation in blockchain technology may make the Shape protocol less competitive or become outdated, potentially impacting the usability or adoption of the token.
I.6	Mitigation measures	Mitigation measures of the risks associated with the technology, if any	<p>All smart contracts deployed by the core team are audited pre-deployment. If not immutable, the deployed smart contracts are also upgradable to fix any unforeseen issues.</p> <p>Ethereum has a range of clients available to prevent a single client bug threatening the network. Once staking is available, Shape will also use a multi-client approach.</p> <p>The OP Stack allows withdrawals from the network to Ethereum even if the sequencer is not operational.</p> <p>However, it cannot be ensured that the implemented mitigation measures address and/or mitigate all the risks associated with the technology. Uncertainties in the regulatory requirements and future changes in regulatory frameworks could potentially impact the token's legal status and its tradability.</p>
<i>Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts</i>			
J.1	Adverse impacts on climate and other environment-related adverse impacts	Information referred to Commission Delegated Regulation establishing technical standards adopted pursuant to Article 6(12), fourth subparagraph, Article 19(11), fourth subparagraph, Article 51(15), fourth subparagraph, and Article 66(6), fourth subparagraph of Regulation (EU) 2023/1114 of the European Parliament and of the Council	<p>Shape intends to have minimal impact on the environment. Where possible, Pattern Engine seeks to operate the most energy efficient and least environmentally impactful product. With this objective in mind, Ethereum - the blockchain from which the Shape network derives its security - uses a proof-of-stake consensus mechanism for transaction verification. Once staking is available on Shape, the network will remain energy efficient by relying on its own native proof-of-stake (rather than proof-of-work) consensus algorithms.</p> <p>Proof-of-stake (PoS) is a consensus algorithm used in blockchain networks as an alternative to proof-of-work (PoW). PoS relies on validators holding a certain amount of cryptocurrency to secure the network and validate transactions, as opposed to the energy-intensive</p>

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			<p>mining process used in PoW. Compared to PoW, PoS has a much lower environmental impact. PoW requires miners to solve complex mathematical problems using large amounts of computational power, which consumes a significant amount of electricity. This has led to concerns about the environmental impact of PoW, as it contributes to greenhouse gas emissions and climate change.</p> <p>In contrast, PoS requires much less energy to operate, as validators are not required to perform complex calculations. This means that the environmental impact of PoS is significantly lower than that of PoW.</p> <p>Additionally, some PoS networks have implemented various sustainability measures, such as using renewable energy sources or carbon offsets, to further reduce their environmental impact.</p> <p>However, it is worth noting that PoS is not without environmental impact. While it may not consume as much energy as PoW, PoS still requires the use of computers and servers, which have their own environmental impact in terms of manufacturing and disposal.</p> <p>Additionally, the energy consumption of PoS networks can increase as the number of validators and transactions on the network grows.</p> <p>Overall, PoS is a more environmentally friendly alternative to PoW. The Ethereum Foundation estimated that existing PoW systems consume 5.13 gigawatts on a continuing basis, whereas the PoS system consumes 2.62 megawatts on a continuing basis, meaning it uses about 99.95% less energy than PoW.</p>