MIDNIGHT TGE LTD.

NIGHT WHITE PAPER

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01	Date of notification	2025-04-14
02	Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114	This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.
03	Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114	This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 of the European Parliament and of the Council and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.
04	Statement in accordance with Article 6(5), points (a), (b), (c), of Regulation (EU) 2023/1114	The crypto-asset referred to in this crypto-asset white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
05	Statement in accordance with Article 6(5), point (d), of Regulation (EU) 2023/1114	False

06	Statement in accordance with Article 6(5), points (e) and (f), of Regulation (EU) 2023/1114	The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council or the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.
SUMMARY		
07	Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114	Warning This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto-asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.
08	Characteristics of the crypto-asset	This white paper addresses the NIGHT token, the native token of the Midnight network. Midnight is a new blockchain network designed to enable the development and deployment of decentralised applications that safeguard personal and commercial data ("**Midnight**"). There will be a supply of 24 billion NIGHT tokens, initially minted on the Cardano network by Midnight TGE Ltd. (the issuer and offeror), with a view to being mirrored on the Midnight network mainnet (once the latter is fully established). One unit of NIGHT is further divided into one million subunits called STAR. Tokens that circulate on Cardano will be locked on Midnight and vice-versa, effectively enforcing a supply of 24 billion circulating tokens across both networks (as further described in section F.2 (*Crypto-asset functionality*) below). NIGHT will maintain the same rights and utility irrespective of the chain it runs on. This property will be enforced at the protocol level and will only apply to NIGHT tokens that are natively issued on Cardano and Midnight, or that are moved across these two blockchains via a protocol-level mechanism that is expected to be developed in the future. Those NIGHT tokens that may be wrapped, bridged, or otherwise represented in these (or other) networks by third parties will not carry any of the rights or utility of the underlying tokens they represent. This mechanism is described in more detail in section F.2 (*Crypto-asset functionality*) below.

<table>
<tr><td></td><td></td><td>NIGHT is classified as an ‘other crypto-asset’ under Regulation (EU) 2023/1114 (“MICAR”) (i.e. a crypto-asset other than an asset-referenced token or e-money token), and is designed to drive the Midnight network’s incentives system and operations. The main function of the NIGHT token will be to generate DUST for NIGHT holders.

DUST will be a network resource whose only use is to pay for transaction fees that power operations on the Midnight network – that is, to enable the execution of transactions while mitigating network congestion. At any given point in time, a variable minimum amount of DUST – dynamically adjusted according to current network capacity – will be required to execute transactions via the Midnight network. While DUST will be consumed upon use, no NIGHT tokens will be expended to execute Midnight transactions.

In order to start generating DUST, a NIGHT holder must explicitly designate a DUST recipient address. DUST can only be generated in addresses on the Midnight network.

It is intended that NIGHT will also be used for block production rewards, ecosystem growth incentives, and governance in relation to the Midnight network.

NIGHT tokens will be freely transferable, capable of listing on exchanges, and being independently wrapped, bridged, and represented across various networks, including Cardano and Midnight.</td></tr>
<tr><td>09</td><td></td><td>Not applicable</td></tr>
<tr><td>10</td><td>Key information about the offer to the public or admission to trading</td><td>
<table>
<tr><td>Total offer amount</td><td>N/A</td></tr>
<tr><td>Total number of tokens to be offered to the public</td><td>24 billion NIGHT</td></tr>
<tr><td>Subscription period</td><td>2025-07-16 to 2025-10-29*

*Currently anticipated dates for start of the Glacier Drop claim phase and end of the Scavenger Mine claim phase (see E.18 (Offer phases) below for further details). Exact start and end dates are subject to change based on technical readiness for commencement of the NIGHT distribution.</td></tr>
<tr><td>Minimum and maximum subscription amount</td><td>N/A</td></tr>
<tr><td>Issue price amount and</td><td>Free</td></tr>
</table>
</td></tr>
</table>

		currency |
		Subscription fees (if any) amount and currency | N/A
		Target holders of tokens | Retail and professional
		CASP responsible for placing the token (if any) | N/A
		Form of placement | N/A
		Admission to trading | NIGHT tokens will not be listed on exchanges as part of the token distribution
		Description of offer phases | See below

Description of offer phases

The NIGHT token distribution will consist primarily of three claim phases, each of which is described in more detail in section E.18 (*Offer phases*) below.

> Glacier Drop (60 days): 100% of tokens available for claims by eligible participants who hold a minimum balance in native tokens on one or more of eight eligible networks.
>
> Scavenger Mine (30 days): a share of tokens left unclaimed after Glacier Drop can be claimed by participants that provide solutions to computational tasks that require computing power. The remaining share of Glacier Drop-unclaimed tokens will be allotted to the Midnight core constituents (and the third claim phase) as described in section E.18 (*Offer phases*) below.
>
> Lost-and-Found (four years): starting sometime after mainnet launches, Glacier Drop-eligible participants who missed their first claim window will have a second opportunity to obtain a share of their original allocations – but they must use their own technical means to place their claims.

After being claimed, token allocations from Glacier Drop and Scavenger Mine must be redeemed during the Redemption Period, over a 360-day unlocking schedule from when the Midnight mainnet launches. Tokens from the Lost-and-Found phase are immediately unlocked when that phase launches.

Part A - Information about the offeror or the person seeking admission to trading		
A.1	Name	Midnight TGE Ltd.
A.2	Legal form	A company limited by shares

A.3	Registered address	Craigmuir Chambers, Road Town, Tortola, VG, 1110, British Virgin Islands
A.4	Head office	Not applicable
A.5	Registration date	2024-12-12
A.6	Legal entity identifier	Not applicable
A.7	Another identifier required pursuant to applicable national law	2165098
A.8	Contact telephone number	+1 284 394 7550
A.9	E-mail address	legal@midnighttge.io
A.10	Response time (Days)	21
A.11	Parent company	Midnight Foundation
A.12	Members of the management body	Claire Louise Abrehart Director Business address: Craigmuir Chambers, Road Town, Tortola, VG, 1110, British Virgin Islands.
A.13	Business activity	Midnight TGE Ltd. is a BVI Business Company limited by shares whose main activity is the issuance of the NIGHT token and related activities.
A.14	Parent company business activity	The main activity for which the Midnight Foundation has been incorporated is, initially, to foster and support the Midnight network, and the Midnight Foundation has full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.
A.15	Newly established	True
A.16	Financial condition for the past three years	Not applicable
A.17	Financial condition since registration	As at the date of this white paper, Midnight TGE Ltd. has been financially stable since its registration. Midnight TGE Ltd. will receive an interest-free intercompany loan of at least US$20 million from its parent, Midnight Foundation, in 2025 to cover its operating costs.
Part B - Information about the issuer, if different from the offeror or person seeking admission to trading		
B.1	Issuer different from offeror or person seeking admission to trading	False

<table>
<tr><th colspan="3">Part D - Information about the crypto-asset project</th></tr>
<tr><td>D.1</td><td>Crypto-asset project name</td><td>Midnight</td></tr>
<tr><td>D.2</td><td>Crypto-assets name</td><td>NIGHT token</td></tr>
<tr><td>D.3</td><td>Abbreviation</td><td>NIGHT</td></tr>
<tr><td>D.4</td><td>Crypto-asset project description</td><td>Midnight is a new generation of blockchain that uses zero-knowledge (“ZK”) proof technology to offer utility without compromising data protection or ownership, enabling applications that safeguard user, commercial, and transaction data and metadata.

The Midnight protocol combines the use of a ZK proofs-based, public-private dual-state ledger architecture to protect data, with a composite, dual-component token-resource tokenomics design to protect metadata.

The NIGHT token will be the native crypto-asset of the Midnight network, designed to drive the network’s incentives systems and operation, and is therefore a key component of the Midnight network’s design.

Midnight will leverage the Cardano blockchain and its established ecosystem via the Cardano Partner Chain framework. The NIGHT token distribution will take place on Cardano, and NIGHT will be initially minted as a Cardano Native Asset (“CNA”).

Although the network will launch with a fully permissioned and trusted set of block producers/validators, it is expected that block production will gradually open and decentralize. As per the Cardano Partner Chain framework, the task of producing Midnight blocks and securing the network is then expected to transition to those Cardano Stake Pool Operators (“SPOs”) who choose to also take on the role of Midnight block producers in the future.</td></tr>
<tr><td>D.5</td><td>Details of all natural or legal persons involved in the implementation of the crypto-asset project</td><td><table><tr><td>Midnight TGE Ltd.</td><td>Craigmuir Chambers, Road Town, Tortola, VG, 1110 British Virgin Islands</td></tr><tr><td>Midnight Foundation (the “Foundation”)</td><td>Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands</td></tr></table></td></tr>
<tr><td>D.6</td><td>Utility Token Classification</td><td>False</td></tr>
<tr><td>D.7</td><td>Key Features of Goods/Services for Utility Token Projects</td><td>Not applicable.</td></tr>
</table>

		The NIGHT token does not meet the definition of a "utility token" under MICAR because, although it is intended to provide access to the functionality of the Midnight network and have utility therein, this will not entail access to goods or services provided by Midnight TGE Ltd. as the issuer of the token (which will not control, operate or manage the Midnight network), nor is this the sole intended purpose of the NIGHT token (since it may also be used, for example, in decentralized on-chain governance mechanics that are expected to be developed in relation to the Midnight network).
D.8	Plans for the token	The NIGHT token will be principally distributed via three claim phases (each of which is described in more detail in section E.18 (*Offer phases*) below): 1. Glacier Drop 2. Scavenger Mine 3. Lost-and-Found Before commencement of the Glacier Drop phase, Midnight TGE Ltd. will mint the total supply of NIGHT tokens on the Cardano network, and determine eligibility and token allocations for the Glacier Drop (see E.18 (*Offer phases*) below for further details about how eligibility and allocations will be determined). Midnight TGE Ltd. will then launch the Glacier Drop claim phase, which will run for 60 days. Following the Glacier Drop claim phase, Midnight TGE Ltd. will launch the Scavenger Mine claim phase, which will run for 30 days. Following the Scavenger Mine claim phase, the Midnight genesis block will be created and the Midnight network will be launched. Upon launch of the Midnight network: ● A mirror image of the supply of NIGHT tokens will be represented on the Midnight network, such that the NIGHT tokens will exist canonically on the Cardano network (as a Cardano Native Asset) and on the Midnight network (as a native token). A cross-chain software protocol will ensure that circulating NIGHT tokens can only be unlocked – and thus be transferable and able to perform functions – on either the Cardano network or the Midnight network at any given time. This mechanism is further detailed in section F.2 (*Crypto-asset functionality*) below. ● The Redemption Period (described in more detail in section E.18 (*Offer phases*) below) will commence, during which NIGHT tokens claimed during the Glacier Drop and Scavenger Mine claim phases will thaw (unlock) over a period of up to 360 days. The NIGHT Claim Portal – via which Glacier Drop and Scavenger Mine claimants may check the status of their claims and transfer unlocked claimed tokens to their destination address (as discussed

		further in E.29 (*Purchaser's technical requirements*) below) – will remain operational for 90 days following thawing (unlocking) of the last NIGHT tokens claimed during the Glacier Drop and Scavenger Mine claim phases. ● NIGHT token balances will be able to generate DUST (described in section F.2 (*Crypto-asset functionality)* below) on the Midnight network. Sometime after the launch of the Midnight network: ● The Lost-and-Found claim phase will begin. It will run for a four-year period or until all remaining claimable NIGHT tokens have been claimed (described in more detail in section E.18 (Offer phases) below). ● It is expected that, as part of the network's evolution, NIGHT tokens in the Reserve (as defined in section E.18 (*Offer phases*) below) will begin to be distributed as block rewards to block producers on the Midnight network, in accordance with the network's block reward distribution logic (as described in section H.5 (*Incentive mechanisms and applicable fees*) below). ● It is also anticipated that decentralized on-chain governance mechanics will be developed, through which NIGHT tokens will function as governance tokens for the Midnight network. It is expected that such governance mechanics will, among other things, govern the award of grants of NIGHT tokens that may be held in the Treasury (as defined in section E.18 (*Offer phases*) below) from time-to-time to third parties, for the purposes of advancement and development of the Midnight network. The Midnight Foundation may also make grants of NIGHT tokens to third parties from a Midnight Foundation-controlled Treasury for the same purposes. Further features may also be developed in relation to the Midnight network that entail new functionalities or features for the NIGHT token (e.g., staking mechanics). ● As the Midnight network matures and its governance framework evolves, it is intended that all components of the system, including critical elements such as monetary policy, may become subject to change through on-chain governance, provided a predefined voting threshold is met. NIGHT tokens will not be listed on exchanges as part of the token distribution. However, NIGHT is capable of listing on exchanges and it is intended that NIGHT will be listed on exchanges in the future.

D.9	Resource allocation	Midnight TGE Ltd. will receive an interest-free intercompany loan of at least US$20 million from its parent, Midnight Foundation, in 2025.
D.10	Planned use of collected funds or crypto-assets	Not applicable. No funds or crypto-assets will be collected from participants by Midnight TGE Ltd. during any of the phases of the NIGHT token distribution.
Part E - Information about the offer to the public of crypto-assets or their admission to trading		
E.1	Public offering or admission to trading	OTPC
E.2	Reasons for public offer or admission to trading	NIGHT will be the native token for the Midnight network, designed to drive the network's incentives system and operations. Distribution of NIGHT via the claim phases described in this white paper is intended to result in the broad dissemination of the NIGHT token among participants engaged in the Web3 space. Such broad dissemination is intended to facilitate decentralization of the Midnight network, via a broad and diverse community having the means to access, operate, and contribute to Midnight, and no single person or group being able to exert overwhelming influence over the network.
E.3	Fundraising target	Not applicable
E.4	Minimum subscription goals	Not applicable
E.5	Maximum subscription goals	Not applicable
E.6	Oversubscription acceptance	False
E.7	Oversubscription allocation	Not applicable
E.8	Issue price	Not applicable
E.9	Official currency or any other crypto-assets determining the issue price	Not applicable
E.10	Subscription fee	Not applicable
E.11	Offer price determination method	Not applicable
E.12	Total number of offered/traded crypto-assets	24,000,000,000
E.13	Targeted holders	ALL
E.14	Holder restrictions	Eligibility criteria established for each of the three claim phases will govern who may participate in each phase.

		For the Glacier Drop claim phase, eligibility will be determined based on holding eligible tokens in Eligible Networks at the time of a historical snapshot, **taken on 11 June 2025**, before any announcements and prior to the publication of the whitepaper (as further detailed in section E.18 (*Offer phases*) below). The following eligibility restrictions will also apply: ● **Sanctioned addresses**: sanctioned addresses – based on data from a reputable blockchain forensics provider, such as Chainalysis – will not be eligible. ● **Small balances**: addresses containing balances of native tokens of the relevant Eligible Network with a token monetary value under 100 USD (or EUR equivalent) at the time of the snapshot will not be eligible. Token monetary value for these purposes will be assessed based on the rates on CoinMarketCap at the time of the historical snapshot. ● **No undue burden or harm:** addresses whose inclusion, as determined by Midnight TGE Ltd., would pose undue burden or harm to the Midnight community or its ecosystem will not be eligible. For the Scavenger Mine claim phase, eligibility will extend to anyone who successfully completes one or more specified computational tasks via the NIGHT Claim Portal. For the Lost-and-Found claim phase, eligibility will be restricted to those initially eligible for Glacier Drop, but who did not claim their allocations during the 60-day initial eligibility period.
E.15	Reimbursement notice	Not applicable
E.16	Refund mechanism	Not applicable
E.17	Refund timeline	Not applicable
E.18	Offer phases	The NIGHT token distribution will consist primarily of three claim phases and a redemption period. **Claim phase 1: Glacier Drop (60 days)** In the first phase, the Glacier Drop, 100% of the total supply will be allocated to the community of eligible participants. Glacier Drop eligibility will be assessed on the basis of control over blockchain addresses within Eligible Networks (as defined below), using purely on-chain data; no personally identifiable registration is required, and no non-public personal information is required to participate. Addresses may be eligible for the claim if they meet the following criteria:

		• **Eligible Networks**: addresses pertaining to any of the following networks - Cardano, Bitcoin, Ethereum, Solana, Ripple, BNB Chain, Avalanche, and Brave ("**Eligible Networks**"). • **Minimum balance**: at the time of the snapshot (discussed below), the address shall hold the equivalent value of at least 100 USD (or EUR equivalent) in native tokens of the respective network (ADA, BTC, ETH, SOL, XRP, BNB, AVAX, and BAT). Token monetary value will be assessed based on the rates on CoinMarketCap at the time of the snapshot. • **Unsanctioned**: blockchain addresses matching those listed on the Specially Designated Nationals (SDN) list of the US Department of the Treasury's Office of Foreign Assets Control (OFAC) – based on assessment by Chainalysis, a reputable blockchain forensics provider, at the time of the snapshot – will not be eligible. • **No undue burden or harm**: addresses whose inclusion, as determined by the Midnight TGE Ltd., would pose undue burden or harm to the Midnight community or its ecosystem will not be eligible. The same person may claim using multiple qualifying addresses. The NIGHT token supply will be apportioned between network participants in the following proportions: • 50% of the total supply allocated to Cardano participants • 20% of the total supply allocated to Bitcoin participants • The remainder of the total supply will be divided among the remaining Eligible Networks in proportion to the relative monetary value of the token holdings (as per CoinMarketCap data) of eligible participants at the time of the snapshot. Eligibility will be determined and allocations calculated before commencement of the Glacier Drop phase. To mitigate the risk of exploitation of potential information asymmetries, a historical date was selected — **11 June 2025**, prior to the publication of the whitepaper — at which time a snapshot of each Eligible Network was taken to determine eligible addresses and their claimable NIGHT allocations. On or around commencement of the Glacier Drop phase, a website (the "**NIGHT Claim Portal**") will be published, through which

		participants will be able to make and follow the status of their claims. Detailed instructions on how to participate in Glacier Drop will be provided on the NIGHT Claim Portal. Once Glacier Drop begins, eligible participants may claim the NIGHT tokens allocated to them by using the NIGHT Claim Portal to (i) demonstrate control over their respective eligible blockchain addresses by signing a message using their private keys, and (ii) provide an unused Cardano address (i.e., with no previous transactions at the time of the claim) to serve as the destination address for receiving the claimed NIGHT tokens (see further section E.29 (*Purchaser's technical requirements*) below). Accordingly, the currently anticipated start date for submission of Glacier Drop claims via the NIGHT Claim Portal (which is subject to change based on technical readiness for commencement of the NIGHT distribution) has been included in section E.21 (*Subscription period beginning*) and F.9 (*Starting date of offer to the public or admission to trading*) below. During Glacier Drop, claimed tokens will be allotted to successful claimants, but will initially be frozen (locked) in a redemption smart contract on the Cardano network and will not be transferable before they gradually thaw (unlock) during the Redemption Period (see further below). After Glacier Drop, the token distribution will move on to the second claim phase. **Claim phase 2: Scavenger Mine (30 days)** The second phase, Scavenger Mine, will offer eligible participants the opportunity to claim a share of unclaimed tokens from the Glacier Drop phase. To be eligible, prospective participants must successfully complete one or more specified computational tasks via the NIGHT Claim Portal. They do not need to have participated in (or meet the eligibility criteria set for) the Glacier Drop phase (although Glacier Drop participants will be able to participate). Like Glacier Drop, detailed instructions on how to participate in Scavenger Mine will be published on the NIGHT Claim Portal. Once Scavenger Mine begins, participants may make their claims by using the NIGHT Claim Portal to (i) demonstrate successful completion of the relevant computational work, and (ii) provide an unused Cardano address (i.e., with no previous transactions at the time of the claim) to serve as the destination address for receiving the claimed NIGHT tokens (see further section E.29 (*Purchaser's technical requirements*) below). The 30-day process will be divided into 30 one-day slots, each beginning at 0:00 UTC. The pool of unclaimed tokens will be split into 30 equal daily portions, and rewards will be calculated and allocated at the end of each day.

		During Scavenger Mine, all tokens that were left unclaimed during Glacier Drop will be processed and allotted. A share of the unclaimed Glacier Drop tokens will be allocated for claiming by Scavenger Mine participants, while the remainder will be allocated for allotment to the core Midnight network ecosystem constituents and to the third claim phase. These amounts are variable and depend on the participation levels in the first claim phase as outlined below. Successful participants will be allotted NIGHT tokens from the unclaimed Glacier Drop tokens allocated to Scavenger Mine participants in proportion to the amount of computational work units they complete out of the total number of work units completed by all Scavenger Mine participants in a given day. NIGHT tokens claimed by Scavenger Mine participants will initially be frozen (locked) in a redemption smart contract on the Cardano network in the same fashion as Glacier Drop-claimed tokens. For every Scavenger Mine allotment to a participant, a share of the unclaimed Glacier Drop tokens will be allotted by the Scavenger Mine smart contract to the core Midnight network ecosystem constituents and to the third claim phase. The share of tokens allotted to each can be calculated as follows: ● Let *S* be the total supply of NIGHT; ● Let *G* be the amount of tokens claimed during Glacier Drop; ● Let *M* be the amount of tokens apportioned to participants during the Scavenger Mine phase, and calculated as: $$M = max(\frac{S}{100}, \frac{S}{10} - \frac{G}{2})$$ ● Let *A* be the amount of tokens apportioned to the core network constituents and third claim phase, calculated as: $$A = (S - G - M)$$ Then, core network constituents and the third phase will each be apportioned tokens as follows: ● *[35% ÷ A]* to the **Midnight Foundation**, to be used in support of the growth of the ecosystem and its further development. ● *[30% ÷ A]* ***to*** the "**Reserve**", a pool of NIGHT tokens held and governed autonomously by the Midnight protocol, whose only function is to issue block production rewards to block producers on the Midnight network. In case claims during Glacier Drop are such that the sum of all subsequent allotments to core network constituents surpass 100%, then the amount of tokens apportioned to the Reserve will be reduced by the excess amount.

		• *[10% ÷ A]* to **Midnight TGE Ltd.**, reserved for commercial partnerships to provide liquidity and support the growth of the network. Any allocated tokens not used for this purpose are intended to be returned to the Reserve at a later date. • *[5% ÷ A]* to the on-chain "**Treasury**", a pool of NIGHT tokens, stored in the ledger, belonging to the protocol and initially locked, with a view to being subject to the control of the decentralized on-chain governance mechanisms that are expected to be developed, the purpose of which is to fund Midnight network ecosystem growth activities and projects that are selected via the on-chain governance mechanics. • *[M%]* to the **Lost-and-Found claim phase** token pool. The amount of tokens available to this phase will be the same as the amount of tokens apportioned as rewards for Scavenger Mine participants. Following the Scavenger Mine phase, the Midnight genesis block will be created, the Midnight mainnet will be launched and the Redemption Period will begin. The end of the Scavenger Mine phase will constitute the end of the period during which participants may claim tokens in the token distribution described in this white paper via the NIGHT Claim Portal (although it will remain available for the purposes of redemptions during the Redemption Period, as described below). Accordingly, the currently anticipated end date for Scavenger Mine (which is subject to change based on technical readiness for commencement of the NIGHT distribution) has been included in section E.22 (*Subscription period end*) below. As discussed below, later claims via Lost-and-Found will need to be conducted by participants using their own means to interact directly with the relevant smart contracts and networks. **Redemption Period (360 + 90 days)** The Redemption Period will begin as soon as the Midnight mainnet launches. During this period, successfully claimed Glacier Drop and Scavenger Mine tokens will thaw (unlock) following a four-installment staggered schedule over the course of 360 days. The date of the first installment for each successful claim will be randomly determined to fall over a range of 1-90 days, with subsequent installments following every 90 days. Token unlocks will happen in equal 25% shares at each thaw. Once tokens have thawed (unlocked), they may be transferred by claimants from the redemption smart contract exclusively to the Cardano address each claimant provided during the claim (i.e., each claimant's destination address) via the NIGHT Claim Portal as described in E.27 (*Transfer of purchased crypto-assets)* below.

		The exact date of the first unlock will depend on a random number that is generated and assigned to each successful claim before the Redemption Period starts. For example: ● A day-1 schedule would unlock 25% (or ¼) of the tokens on days 1, 91, 181, and 271. ● A day-25 schedule would unlock 25% (or ¼) of the tokens on days 25, 115, 205, and 305. Any residual amounts (in case the number of tokens is not divisible by four) will be unlocked in the last cycle. The thaw schedule count will start from the genesis block of the Midnight mainnet (day zero). NIGHT tokens claimed during Glacier Drop or Scavenger Mine by participants will be subject to the thawing schedule (lockup) described above. All other NIGHT distributions will not be subject to the thawing schedule (i.e., they will not be locked and may be transferred immediately). The Redemption Period concludes with a 90-day grace period, starting on the date of the last thaw (unlock) of NIGHT tokens, during which the NIGHT Claim Portal website will remain operational, allowing redemptions to continue beyond the thawing of the last tokens. Following this period, the NIGHT Claim Portal will cease to be operational, and participants in Glacier Drop and Scavenger Mine who have not yet redeemed their tokens will have to use their own means to interact with the Cardano network to do so. **Claim phase 3: Lost-and-Found (four years)** The Lost-and-Found phase will begin sometime after the Midnight mainnet launches, giving original Glacier Drop-eligible participants (who did not claim during the initial 60-day claim period) another chance to claim a share of their original allocations. Participants claiming during this phase will have to use their own means to interact with the Midnight network smart contract that will hold their allocated tokens, and to submit and process their claims. Lost-and-Found allocations will be a fraction of the original Glacier Drop allocations. Tokens claimed via Lost-and-Found will be redeemable directly on the Midnight network and will not be subject to the thawing schedule (i.e., the tokens will not be locked and may be transferred immediately).

		Any Lost-and-Found allocations not claimed by the end of the four-year period will be reallocated to the Treasury.
E.19	Early purchase discount	Not applicable
E.20	Time-limited offer	True
E.21	Subscription period beginning	2025-07-15
E.22	Subscription period end	2025-10-28
E.23	Safeguarding arrangements for offered funds/crypto-Assets	Not applicable
E.24	Payment methods for crypto-asset purchase	Not applicable
E.25	Value transfer methods for reimbursement	Not applicable
E.26	Right of withdrawal	Not applicable
E.27	Transfer of purchased crypto-assets	Although claiming NIGHT tokens will not involve a purchase of the tokens by the claimant, to complete the process and receive their claimed NIGHT tokens, successful Glacier Drop and Scavenger Mine claimants will need to redeem them – i.e., transfer them from the redemption smart contract on the Cardano network to the destination address on the Cardano network they supplied when making their claim. During the Redemption Period, successful Glacier Drop and Scavenger Mine claimants may use the NIGHT Claim Portal to redeem their NIGHT tokens – as the relevant tokens unlock, following the schedule outlined in section E.28 (*Transfer time schedule*) below – to their destination Cardano address. Claimants may choose to redeem each share of their allotted tokens as they unlock, or wait until their tokens fully unlock to redeem the whole allotment at once. Each transfer of NIGHT tokens from the redemption smart contract (whether effected via the NIGHT Claim Portal or otherwise) will require that the claimant pays a Cardano network fee, as described in section E.37 (*Offer expenses*). Participants claiming during the Lost-and-Found phase will have to use their own means to submit and execute their claims. For each Lost-and-Found claim, participants will have to input cryptographic proof of control of the relevant Glacier Drop-eligible address to a smart contract hosted on the Midnight network. This proof will unlock the Lost-and-Found claim associated with that address,

		allowing the immediate transfer of a relevant amount of NIGHT tokens to a Midnight destination address of the claimant's choosing. This transfer will be facilitated by DUST generated by the Lost-and-Found smart contract. No support or resources are anticipated to be provided by Midnight TGE Ltd. in relation to this phase.
E.28	Transfer time schedule	See E.18 (*Offer phases*) above for details of the Redemption Period and thawing schedule (lockup) that will apply in relation to NIGHT tokens claimed during Glacier Drop and Scavenger Mine. NIGHT tokens claimed during the Lost-and-Found phase will not be subject to the thawing schedule (lockup) and will be immediately transferable.
E.29	Purchaser's technical requirements	For Glacier Drop and Scavenger Mine claims, participants will be required to provide an unused destination address on the Cardano network (i.e., an address without any transaction history), to which NIGHT tokens will be transferred when they are redeemed. NIGHT claimed during these phases can only be redeemed to Cardano addresses. Participants are responsible for securely storing their private keys to ensure access to their destination address. Lost-and-Found claimants, and Glacier Drop or Scavenger Mine participants redeeming their claimed allocations after the Redemption Period, will have to use their own means to submit and execute their claims or redemptions (as the case may be), as the NIGHT Claim Portal will not be available after the end of the Redemption Period, and will not support Lost-and-Found claims. Lost-and-Found claims will be redeemable directly on the Midnight network, and not on Cardano. Participants during this phase must provide a Midnight destination address. DUST transaction fees for redemptions made during this phase will be covered directly by the Lost-and-Found smart contract.
E.30	Crypto-asset service provider (CASP) name	Not applicable
E.31	CASP identifier	Not applicable
E.32	Placement form	NTAV
E.33	Trading platforms name	Not applicable
E.34	Trading platforms Market identifier code (MIC)	Not applicable
E.35	Trading platforms access	Not applicable

E.36	Involved costs	Not applicable
E.37	Offer expenses	NIGHT tokens will be offered for free. However, the redemption of each Glacier Drop and Scavenger Mine claim will require that the claimant executes a transaction on the Cardano network, thus requiring a nominal transaction fee to be paid in Cardano's native token, ADA. Cardano does not have a single, fixed transaction fee. Instead, the minimum fee for any given transaction is calculated using a formula defined by the protocol. For a typical simple transaction on Cardano, as of 2025-06-25 the minimum transaction fee is around 0.16 to 0.17 ADA – around 0.08 EUR as of that same date. Further details on Cardano fees can be found at the Cardano documentation website.
E.38	Conflicts of interest	The Midnight Foundation, which is the parent of Midnight TGE Ltd., will receive a significant proportion of NIGHT tokens as part of the token distribution. Such tokens will not be subject to thawing (lockup), and the Midnight Foundation will have discretion as to the transfer or use of such tokens. In determining how to transfer or use such tokens, Midnight Foundation will act in accordance with its purpose of advancing the development of the Midnight ecosystem and its own legal (including contractual) and regulatory obligations, and in doing so it may take decisions or actions that conflict with the interests of one or more other holders of NIGHT, or that favour the interests of one or more holders of NIGHT over others. Midnight TGE Ltd. will also be the recipient of a NIGHT token allocation, whose size will depend on the share of the supply that is effectively claimed during the distribution, corresponding to the percentage outlined in section E.18 (*Offer phases*) above. This pool of NIGHT tokens will be reserved for use in commercial partnerships to provide liquidity and support the growth of the network at Midnight TGE Ltd.'s discretion. In administering this pool of tokens, Midnight TGE Ltd. will comply with its legal and regulatory obligations with regard to conflicts of interests and treatment of token holders.
E.39	Applicable law	The offer to the public of NIGHT in the EEA shall be governed by and interpreted in accordance with the laws of the British Virgin Islands (the "**Applicable Laws**").
E.40	Competent court	Any dispute arising in connection with the offer to the public of NIGHT in the EEA shall be subject to the non-exclusive jurisdiction of the courts of the British Virgin Islands. For the avoidance of doubt, however, any recipient or holder of NIGHT may commence a dispute in any court of competent jurisdiction located in that recipient or holder's jurisdiction of domicile in circumstances where submission to a local court is required or permitted by applicable consumer law.
Part F - Information about the crypto-assets		
F.1	Crypto-asset type	NIGHT tokens are crypto-assets under Title II of MICAR, being a crypto-asset other than an asset-referenced token or e-money token.

F.2	Crypto-asset functionality	NIGHT will be the Midnight network's native token, whose main function will be to generate DUST – the Midnight network resource that will be required to execute transactions on the Midnight network. It is intended that NIGHT will also be used for block production rewards, ecosystem growth incentives, and on-chain governance in relation to the Midnight network. The key features of NIGHT are expected to be as follows: ● **Unshielded**: the NIGHT token will be unshielded, meaning NIGHT transactions will be stored and publicly visible on the blockchain – including metadata, such as wallet addresses, values, and timestamps. ● **Transferable**: NIGHT will be freely transferable between wallets, capable of listing on exchanges, and being independently bridged across various networks (including Cardano and Midnight). Although NIGHT will not be listed on exchanges as part of the token distribution, it is intended that it will be listed on exchanges in the future. ● **Non-expendable**: NIGHT will not be expendable to facilitate transactions. ● **Disinflationary**: The expansion of the circulating supply of NIGHT via block rewards will slow down over time, until the full supply is circulating and no more inflation occurs. ● **Multi-chain**: In contrast with wrapped token representations, NIGHT will exist and maintain the same canonical properties and rights both on Cardano, as a Cardano Native Asset, and on Midnight, as the network's native token. **Genesis states** The NIGHT token will have a supply of 24 billion tokens. One unit of NIGHT will be further divided into one million subunits called STAR. The total NIGHT supply will be minted on the Cardano blockchain at the beginning of the token distribution, after which tokens can exist in either one of two states: uncirculated or circulating. ● **Uncirculated tokens** consist of NIGHT tokens allocated for block production rewards held by the Reserve. ● **Circulating tokens** consist of all other tokens, including those belonging to the community and other core network constituents, like the Midnight Foundation, Midnight TGE Ltd., and Treasury.

		NIGHT tokens may enter into circulation in two ways: as part of the token distribution process described in this white paper, or as block production rewards. All issuance of tokens into circulation outside the token distribution will happen in the form of block production rewards coming from the pool of uncirculated tokens in the Reserve. **Multi-chain token** When the Midnight network launches, the genesis block will contain a mirror image of the NIGHT tokens that have been minted on the Cardano network. As a result, NIGHT will exist canonically on Cardano (as a Cardano Native Asset) and on the Midnight mainnet (as a native token). Circulating NIGHT tokens will manifest in one of two states - *protocol-locked* and *protocol-unlocked* (note this will be the case on an ongoing basis from the point that Midnight network is launched, and is different from NIGHT claimed in the Glacier Drop and Scavenger Mine being "frozen" prior to thawing): ● **Protocol-locked** tokens cannot be moved or perform any functions, such as generating DUST resources or being used for governance actions. ● **Protocol-unlocked** tokens can be moved by their owners and carry full utility. Every *protocol-unlocked* token on Cardano will initially be *protocol-locked* on Midnight, and vice-versa. This ensures an initial state where no token will be unlocked on both chains at once. A cross-chain software protocol will then ensure that whenever tokens are issued/put in circulation on Midnight, a corresponding amount of tokens will be automatically locked on Cardano, such that this constraint is never violated on an ongoing basis. This is designed to ensure that the effective total supply of NIGHT can never exceed 24 billion. There is a planned protocol-level bridge that will enable one-way transfers of NIGHT tokens natively from Cardano to Midnight. These tokens will enter circulation in the *protocol-unlocked* state on the Midnight network (thus becoming *protocol-locked* on Cardano, as per the cross-chain software protocol). However, there will not be, by mainnet launch, a protocol-level bridging mechanism to facilitate transfers of NIGHT tokens natively from Midnight to Cardano. It is expected that a two-way bridging mechanism will be developed after the launch. However, any third party can potentially build independent bridges or their own cross-chain applications to represent NIGHT tokens across any network they choose. Such third party solutions have no negative effect on the integrity of the cross-chain software protocol and fall outside the control of this offer.

		Block production rewards When expected developments in the network enable the conditions that allow the distribution of block rewards to begin, Reserve tokens will enter circulation in both networks, in a *protocol-locked* state on Cardano and a *protocol-unlocked* state on Midnight. This pool is finite; once the Reserve is exhausted, the circulating supply will match the total supply in accordance with the rules encoded and enforced by the protocol itself. **Decentralized on-chain governance** Following the launch of the Midnight network, a phased approach is expected to be implemented to progressively decentralize the Midnight governance framework, expanding on-chain governance participation. This approach aims to enable the creation and establishment of a comprehensive set of community-centric governance tools and processes, including the drafting and submission of proposals, Treasury access to fund such proposals, voting mechanisms, vote tallying, outcome communication, and automated protocol updates for proposals approved through governance action. The governance framework will be designed to uphold high standards of security, and to ensure the integrity of the Midnight network while enabling remediation capabilities through decentralized means. The full specification and mechanics of such governance are expected to be detailed in a future document. **Resource generation: NIGHT generates DUST** NIGHT tokens will generate DUST, a shielded network resource whose only use will be to pay for transaction fees that power operations on the Midnight network – that is, to enable the execution of transactions while mitigating network congestion. NIGHT will generate DUST indefinitely, meaning DUST is akin to a renewable resource (in contrast with the traditional subtractive approach that requires tokens to be expended when making a transaction). At any given point in time, a variable minimum amount of DUST – dynamically adjusted according to current network capacity – will be required to execute transactions via the Midnight network. While DUST will be consumed upon use, no NIGHT tokens will be expended to execute Midnight transactions. Conceptually, this means that whoever holds NIGHT can effectively execute transactions on Midnight for free for as long as they hold enough NIGHT tokens to generate the minimum required DUST. The more NIGHT someone holds, the more DUST they generate for each period of time. This means that the higher the NIGHT holding, the higher the *density of transactions* – i.e., the number of transactions per unit of time – the holder has.

		In order to start generating DUST, the token holder who controls a NIGHT balance will need to explicitly designate a DUST recipient address. DUST can only be generated in addresses on the Midnight network.
F.3	Planned application of functionalities	The NIGHT-generates-DUST functionality, whereby NIGHT holders designate a DUST address for resource generation, will be operational from Midnight mainnet launch. DUST will be required to execute transactions in the Midnight mainnet. Neither the use of NIGHT to incentivize block producers as block production rewards, the use of NIGHT for governance purposes, nor the use of NIGHT from the on-chain Treasury to promote ecosystem growth initiatives will be available at mainnet launch. These functionalities are expected to be developed and implemented in the future, as outlined in section F.2 (*Crypto-asset functionality*) above.
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article		
F.4	Type of crypto-asset white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-asset characteristics	NIGHT is a fungible, transferable crypto-asset falling under Title II of MICAR, as a crypto-asset other than an asset-referenced token or an e-money token. See section F.2 (*Crypto-asset functionality*) above for further details about NIGHT.
F.7	Commercial name or trading name	Midnight TGE Ltd.
F.8	Website of the issuer	https://www.midnight.gd/
F.9	Starting date of offer to the public or admission to trading	2025-07-15
F.10	Publication date	2025-06-30
F.11	Any other services provided by the issuer	None, beyond using NIGHT tokens allocated to it during the Scavenger Mine claim phase for commercial partnerships to provide liquidity and support the growth of the network.
F.12	Language or languages of the crypto-asset white paper	English

F.13	Digital token identifier code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available	Not available
F.14	Functionally fungible group digital token identifier, where available	Not applicable
F.15	Voluntary data flag	False
F.16	Personal data flag	True
F.17	LEI eligibility	True
F.18	Home Member State	Malta
F.19	Host Member States	Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.
Part G - Information on the rights and obligations attached to the crypto-assets		
G.1	Purchaser rights and obligations	The distribution of NIGHT tokens as described in this white paper will not involve the purchase of NIGHT tokens by participants. Nonetheless, holders of NIGHT tokens will have the ability to access and use features within the Midnight network once operational, including generating DUST resources (thus allowing them to execute transactions and interact with applications in the network). In the future, it is anticipated that NIGHT holders will be entitled to participate in the network's to-be-developed decentralized on-chain governance mechanics – and potentially any other mechanics that may be designed and developed in relation to the Midnight network (e.g., staking mechanics). Persons claiming or redeeming NIGHT during the Glacier Drop and Scavenger Mine claim phases via the NIGHT Claim Portal must abide by the terms and conditions relating to their use of the portal that will be made available via the NIGHT Claim Portal.

		Additionally, all NIGHT holders, including those who do not obtain NIGHT via the Glacier Drop and Scavenger Mine claim phases, may be subject to global terms or community guidelines relating to their holding and use of NIGHT from time-to-time.
G.2	Exercise of rights and obligations	In order to generate DUST resources, NIGHT holders will have to manually designate a DUST-specific address on the Midnight network as a DUST recipient address, as described in section F.2 (*Crypto-asset functionality*) above. Both the Cardano Native Asset NIGHT and the Midnight-native NIGHT can generate DUST; however, DUST can only exist on the Midnight network. NIGHT holders will be able to freely transfer, exchange, and otherwise make use of their tokens across third party applications on Cardano and/or on Midnight. These might include, for example, decentralized exchanges, third-party bridges, lending applications, and any other applications that may be developed.
G.3	Conditions for modifications of rights and obligations	Prior to the launch of the Midnight mainnet, the Midnight network's codebase will be made open-source, and a decentralized governance system is expected to be developed and implemented with a view to gradually decentralizing the network's operations. Before phasing into the development of a decentralized governance mechanism, the network will adopt a federated governance structure, whereby a select committee of stakeholders with equal governance powers will be able to submit and vote on proposals and protocol upgrades. A specific governance threshold of their combined approvals will be required to pass governance actions on Midnight parameters and protocol upgrades. This will be represented through a multisig mechanism. This committee is expected to be composed of various entities that have yet to be identified or formed, and is expected to be responsible for, among other things, the following: ● Updating Midnight-related parameters on the Cardano network (e.g., governance committee members, federated block producers). ● Updating the Midnight protocol (version upgrades and hard forks) and the protocol's core parameters (e.g., block size, ledger parameters). As the Midnight network matures and its governance framework evolves, it is intended that all components of the system, including critical elements such as monetary policy, may become subject to change through on-chain governance, provided a predefined voting threshold is met. After a decentralized governance system is implemented, any Midnight protocol modifications that may affect rights and obligations of NIGHT holders will be subject to governance action and the future rules established therein. Such governance system may also be able to effect changes to any global terms or

		community guidelines that holders of NIGHT may be subject to relating to their holding and use of NIGHT.
G.4	Future public offers	Not applicable
G.5	Issuer retained crypto-assets	*[10% ÷ A]* of the share of the supply of NIGHT that is not claimed during Glacier Drop and Scavenger Mine, as per section E.18 (*Offer phases*) above. Any allocated tokens not used for this purpose is intended to be returned to the Reserve at a later date.
G.6	Utility token classification	False
G.7	Key features of goods/services of utility tokens	Not applicable
G.8	Utility tokens redemption	Not applicable
G.9	Non-trading request	False
G.10	Crypto-assets purchase or sale modalities	NIGHT tokens will not be bought or sold as part of the token distribution. NIGHT tokens will not be listed on exchanges as part of the token distribution. However, NIGHT is transferable by holders and it is intended that NIGHT will be listed on exchanges in the future. Holders may therefore be able to transact in NIGHT on the secondary market (either over-the-counter or on-exchange).
G.11	Crypto-assets transfer restrictions	After Midnight mainnet launch and during the Redemption Period, NIGHT tokens that have been claimed in the Glacier Drop and Scavenger Mine phases will become freely transferable as they thaw (unlock) – see E.18 (*Offer phases*) above for more details. NIGHT tokens claimed in the Lost-and-Found phase will not be subject to thawing (lockup) and will be immediately transferable. NIGHT tokens allotted to the Midnight Foundation and the Midnight TGE Ltd. will be immediately transferable and capable of being used in pursuit of advancing the development of the Midnight ecosystem. NIGHT tokens allotted to the Reserve will be held and controlled by the protocol itself, and will not be transferable except as block production rewards following the rules described in section H.5 (*Incentive mechanisms and applicable fees*) when that expected functionality is operational. NIGHT tokens allotted to the Treasury will be stored in the ledger, owned by the protocol, and initially locked, with a view to being unlocked when the expected on-chain decentralized governance mechanism for the Midnight network is implemented.

G.12	Supply adjustment protocols	Not applicable
G.13	Supply adjustment mechanisms	Not applicable
G.14	Token value protection schemes	False
G.15	Token value protection schemes description	Not applicable
G.16	Compensation schemes	False
G.17	Compensation schemes description	Not applicable
G.18	Applicable law	The offer to the public of NIGHT in the EEA shall be governed by and interpreted in accordance with the Applicable Laws (i.e. the laws of the British Virgin Islands)**.**
G.19	Competent court	Any dispute arising in connection with the offer to the public of NIGHT in the EEA shall be subject to the non-exclusive jurisdiction of the courts of the British Virgin Islands. For the avoidance of doubt, however, any recipient or holder of NIGHT may commence a dispute in any court of competent jurisdiction located in that recipient or holder's jurisdiction of domicile in circumstances where submission to a local court is required or permitted by applicable consumer law.
Part H – Information on the underlying technology		
H.1	Distributed ledger technology (DLT)	Midnight is a new generation of blockchain technology that enables applications that protect user, commercial, and transaction metadata. Midnight utilizes the TypeScript-based Compact programming language to segregate the application layer from the data layer, abstracting an application's smart contract code from the computationally intensive cryptographic operations of the network. Midnight's ZK technology (based on zkSNARKs) enables succinct proofs that support efficient verification, attestations (e.g., for proofs and roll-ups), and trustless transfers. Midnight leverages the well-established Halo2 framework while elevating it using BLS (Barreto-Lynn-Scott) cryptography curves to support recursion and easy interoperability with non-ZK blockchains (such as Ethereum and Cardano). These capabilities make the Midnight blockchain a versatile and interoperable platform for multi-chain (hybrid) applications.

		As per the Cardano Partner Chain framework, the NIGHT token distribution will take place on Cardano, and NIGHT will be initially minted as a Cardano Native Asset ("**CNA**"). As the expected implementation of that framework progresses, Midnight intends to leverage Cardano's security infrastructure through its network of stake pool operators ("SPOs"), who will be able to permissionlessly choose to also take on the role of Midnight block producers and produce Midnight blocks sometime after mainnet launch. For more information see the Midnight Network documentation [see Midnight documentation]
H.2	Protocols and technical standards	**Kachina** Kachina is a formal framework for verifying privacy-preserving smart contracts within a UTXO-based blockchain architecture. Kachina enables users to achieve confidential and general-purpose smart contract functionality without sacrificing decentralization characteristics. Kachina offers a practical protocol for realizing data-protecting smart contracts, utilizing only non-interactive zero knowledge. By design, contracts are structured in a way that gives developers a clear separation between the personal data that stays on the user's machine, and the data that is processed publicly on-chain. At the core of the Kachina model is the concept of bridging the gap between the blockchain and users' local machines. This is achieved by representing the system through two distinct states: ● A public state, which resides on the blockchain and is accessible to all participants; and ● A private state, which exists locally on each user's machine. Kachina's contribution is to provide a model that connects the private and public states using zero-knowledge proofs. The contract itself can update both the public state and the private state simultaneously. [See Kachina – Foundations of Private Smart Contracts paper] **Compact language** Compact is a Typescript-based programming language designed for privacy-preserving smart contracts, derived from the ideas outlined in Kachina, that maintains decentralization while bridging public and private data. It enables developers to create applications where data owners can interact with both on-chain public state and off-chain private state (e.g. local machine or server), while other parties can only access public components. Compact leverages zero-knowledge SNARK proofs to validate private data correctness without revealing sensitive information. While its compiler generates the cryptographic materials required for these proofs. [See The Compact Language - Midnight Network documentation]

Impact virtual machine

The Midnight Network uses a virtual machine called Impact to perform public ledger state updates. These updates can happen both locally in a decentralized application (DApp) and on-chain when a transaction is submitted to the network. Impact code is presented to the network in a binary format which forms a stable application binary interface (ABI). The intent of Impact is to separate the on-chain runtime from the specific details of the Compact programming language.

[See The impact VM - Midnight Network documentation]

ZKIR

ZKIR ("ZK Intermediate Representation") is a representation of the low-level structure of a contract's entry points. It is used by the Compact compiler to generate prover and verifier keys for zkSNARKs, and it is also used by a proof server to generate the zkSNARKs themselves. ZKIR is given to the proof server in a binary representation which forms a stable ABI. The intent of ZKIR is to separate the proof server and underlying cryptographic libraries from the specific details of the Compact programming language.

[Public documentation will be forthcoming]

Zswap

Midnight uses Zswap – a transaction scheme that provides a provably secure and data-protecting mechanism for atomic asset swaps. Based on the Zerocash protocol, Zswap enables the merging of transactions while preserving the confidentiality of data. Zswap provides a mechanism for supporting multiple asset types and facilitating atomic swaps, thereby offering a scalable and secure solution for DeFi applications.

[See Zswap: ZK Snark Based Non-Interactive Multi-Asset Swaps' research paper]

Cardano Native Assets (NIGHT token)

Cardano Native Assets are a core feature of the Cardano blockchain protocol, enabling the creation and management of custom tokens directly on the ledger without the need for smart contracts. The network supports multi-asset capability along with tokens to be transacted, stored, and managed with the same efficiency as the native asset, ADA. Each native asset is uniquely defined by a policy ID and an asset name, forming its fully qualified identifier on-chain. The issuance and control of these assets are governed by monetary policy scripts, which enforce minting and burning conditions, such as time locks or required signatures, at the protocol level.

		[See Cardano Native Tokens documentation] **Polkadot SDK (Substrate)** Substrate is an open-source, modular, and extensible blockchain development framework developed by Parity Technologies conceived for the Polkadot network. It is designed to support the rapid creation of customized, interoperable blockchains. Substrate features a highly customizable runtime environment, which enables the definition of chain-specific logic, including consensus, governance, token economics, and smart contract functionality [See Polkadot SDK, Module Substrate documentation]
H.3	Technology used	See sections H.1 (*Distributed ledger technology (DLT)*) and H.2 (*Protocols and technical standards*) above.
H.4	Consensus mechanism	The Midnight network intends to leverage a novel multi-resource consensus mechanism, which will enable validators from different blockchain networks to produce blocks on Midnight. At launch, the task of producing blocks and securing the network will be performed exclusively by a set of trusted, permissioned nodes, with a view to progressive decentralize and gradually become permissionless over time — opening up consensus participation to those Cardano SPOs who elect to also participate as Midnight block producers, and thus receive block production rewards. As part of the Substrate framework, the Midnight network leverages Grandpa (GHOST-based recursive Ancestor Deriving Prefix Agreement) to determine which blocks are finalized and AURA (Authority Round) to determine who produces the next block, using a round-robin system where validators take turns producing blocks at regular time intervals.
H.5	Incentive mechanisms and applicable fees	Midnight's dual-component tokenomics segregates block production rewards from transaction fees, and splits these functions between the NIGHT token and the DUST resource. **Transaction fees** Transactions on the Midnight network will be executed via use of the DUST resource (see section F.2 (*Crypto-asset functionality*) for more details). No transaction fees will be collected by block producers; any DUST expended to pay for transactions will be burned. In contrast with single-token networks, there will not be an optional "tipping" mechanism as additional reward payouts to block producers. Neither DUST resources nor NIGHT tokens will be paid from users to block producers during transactions. **Block production rewards**

		Block production rewards on the Midnight network will come exclusively from NIGHT tokens allotted to the Reserve. Unlike some other blockchains, no new tokens will be minted as block rewards. Distribution of block rewards will be governed by objective parameters included in the code of the Reserve smart contract, which will operate autonomously once deployed, and may not be amended except via the decentralized on-chain governance mechanics that are expected to be developed for the Midnight network. The parameters will be such that: ● The base block reward for a given block will be determined by the application of a "base distribution rate" to the number of NIGHT tokens in the Reserve at the moment of the production of the relevant block. The base distribution rate is a system constant that will be calculated by reference to the number of NIGHT tokens allotted to core Midnight network components during the Scavenger Mine claim phase (further described in section E.18 (*Offer phases*) above), an inflation rate for the circulating supply of NIGHT tokens, and the Midnight network's blocktime (i.e., the average time in seconds it takes for block producers to produce one block in the network). Since the number of tokens in the Reserve will decrease as block rewards are distributed, but the base distribution rate will remain constant with respect to the number of tokens in the Reserve, the number of NIGHT tokens comprising the base reward for each block will decrease exponentially over time. ● The base block reward will be split into two components: a fixed proportion distributed entirely to the successful block producer, and a variable proportion split between the successful block producer and the Treasury. The split between the fixed proportion and the variable proportion will be determined by reference to a "subsidy rate", a protocol-level system parameter which is anticipated may be amended via the decentralized on-chain governance mechanics that are anticipated to be developed for the Midnight network. The split of the variable proportion between the successful block producer and the Treasury will depend on the "fullness" of the relevant block (i.e., how much of the maximum block space has been utilized) - the "fuller" the relevant block is, the more of the variable proportion will be distributed to the successful block producer. The intention behind splitting the base block reward in this way is to incentivize the production of "fuller" blocks by block producers. **Producing Midnight blocks** At mainnet launch, the task of producing Midnight blocks and securing the Midnight network will rest with a trusted, permissioned set of block producers. These initial block producers will not receive block production rewards.

		As the implementation of the Cardano partner chain framework progresses, this task is expected to decentralize and transition to an open, permissionless system, under the responsibility of those Cardano Stake Pool Operators ("**SPOs**") who choose to also take on the role of Midnight block producers. This means that Midnight will eventually be secured by Cardano's decentralized proof-of-stake system. At that point, Midnight block production rewards will start to be paid to those Cardano SPOs acting as Midnight block producers who produce blocks according to the parameters outlined above. **Capacity leasing** At launch, it will be possible for NIGHT holders to designate their DUST generation to a DUST address owned by someone else. This may open up the opportunity for users to enter into bilateral leasing agreements of their DUST generation. These peer-to-peer agreements could enable the sponsoring of Midnight transactions via payments denominated in other tokens and even on other networks, and would be entirely up to each party. In the future, upgrades to the protocol, designed and developed following decentralized governance processes, may extend this capability to be incorporated at the protocol level – enabling on-chain capacity leasing and even the advent of an on-chain capacity marketplace for DUST resources. Such upgrades may conceivably lead to the creation of a protocol-level source of inflows into the on-chain Treasury that, when coupled with the multichain-enabling technology underlying Midnight, would enable greater interoperability and sustainability for the Midnight network.
H.6	Use of distributed ledger technology	False
H.7	DLT functionality description	Not applicable
H.8	Audits	True
H.9	Audit outcome	Four partial third party audits have been completed on the Midnight network's technology, the development of which is ongoing. Those audits identified various issues that have been incorporated into design improvements of the technology as appropriate. Audits are a routine part of the ongoing development practices on Midnight. Other audit(s) are expected to be completed on the technology prior to launch.
Part I – Information on risks		
I.1	Offer-related risks	**Legal and regulatory risk**: The legal and regulatory environment relating to crypto-assets (including public offerings) may vary across jurisdictions where the NIGHT token distribution is conducted and is subject to change (such as the introduction of new

		regulatory requirements or changes in law that could influence the offeror's ability to execute the distribution in certain jurisdictions). Legal and regulatory change may impact participation in the distribution and the amount of NIGHT tokens that are claimed. **Market risk**: As a new network project, the success of the Midnight network is dependent on participant involvement. Low rates of participation in the token distribution may impact the success of the Midnight network launch. **Risks related to thawing (lockup) and redemption**: The gap between the first two claim phases and the end of the Redemption Period may result in exposure for participants to price fluctuations in the ADA tokens required to transfer NIGHT to a participant's destination address from the redemption smart contract on the Cardano network. The cost of transfer of NIGHT tokens during the Redemption Period may differ substantially from those anticipated as at the date of this white paper or during the claim phases. **Smart contract risks**: The successful completion of the NIGHT token distribution is reliant on the correct design and operation of smart contracts, which may be exposed to technical vulnerabilities or issues that could lead to participants being unable to claim their NIGHT tokens, not being able to redeem claimed NIGHT tokens during the Redemption Period, or both. Errors in smart contract design and implementation could also result in eligible participants not being allocated NIGHT tokens or being unable to claim or redeem NIGHT tokens. **Concentration risk**: It is possible that the token distribution may not result in the intended broad dissemination of NIGHT tokens across a diverse group of holders (for example, as a result of low levels of participation), which may impact the adoption, operations, success, and/or decentralization of the Midnight network.
I.2	Issuer-related risks	**Reputational risk**: The reputation of the issuer and the Foundation is vital to the success of the Midnight network and the token distribution. There is a risk of negative public perception of both the issuer and the Foundation through negative publicity, which may reduce confidence in the NIGHT token and the Midnight network and impact the success of the project. **Third-party risks**: The issuer relies on service providers within its group and externally to provide essential services and funding for its activities in relation to the token distribution and the Midnight network. Any issues faced by such third parties could directly impact the issuer's ability to execute the token distribution. **Legal and regulatory risk**: Issuers of crypto-assets such as NIGHT are subject to an evolving global legal and regulatory landscape. Shifting regulatory regimes may impact the operation of the issuer,

		requiring the issuer to obtain regulatory licences or cease offering the NIGHT tokens. Compliance with varying regulatory requirements across different jurisdictions can be complex and may lead to operational challenges and costs or the risk of regulatory fines or other legal liabilities for the issuer. **Issuer sunset risk**: Midnight TGE Ltd. is a special purpose entity established for the purpose of issuing the NIGHT token and conducting the token distribution. Once the token distribution has been completed, responsibility for stewardship of the Midnight network will be the responsibility of the Midnight Foundation, and Midnight TGE Ltd. may become dormant or cease to exist altogether. **Environmental, Social, and Governance (ESG) risk**: The growing global focus on ESG factors creates the risk that failing to uphold sustainable and ethical practices could harm the issuer reputationally. New ESG obligations could impose compliance requirements on the issuer which are costly to implement, such as regulation of certain consensus mechanisms impacting the operation of the Midnight network.
I.3	Crypto-assets-related risks	**Loss of access to NIGHT**: A participant's ability to access their NIGHT tokens is subject to the participant's safeguarding of their own private keys (including, with respect to claims during the Glacier Drop and Scavenger Mine, the private keys to Cardano address supplied as the destination address for claimed NIGHT tokens at the time of the claim). NIGHT tokens are vulnerable to the risk of loss where participants lose their private keys or rely on unproven or vulnerable wallet or custody services. **Irreversibility of blockchain transactions**: NIGHT transactions may be irreversible and users may lose some or all of their NIGHT if they execute a transfer to an unintended blockchain address. **Scam risk:** Malicious actors may set up fake or fraudulent websites and attempt to defraud potential claimants during the NIGHT token distribution. As NIGHT tokens become freely transferable, holders may be susceptible to scam or fraud attempts from malicious actors, leading to losses for holders of NIGHT where NIGHT is transferred from a holder's wallet or address. **Liquidity risk**: NIGHT is primarily intended for use on the Midnight network, including block production rewards, ecosystem growth incentives and governance on the Midnight network, as well as generation of DUST. The potential for a secondary market for NIGHT depends on future developments, which cannot be guaranteed at this time and there may be no secondary market for the sale of NIGHT.

I.4	Project implementation-related risks	**Midnight is still under development**: The Midnight network and related technology are still under development, and will continue to be under development at launch and during the NIGHT token distribution. There can be no guarantee that development of the Midnight network and related technology will be completed as intended, in a timely fashion, or at all. Delays in development, changes to designs or technical specifications, or failure to complete development of one or more components of the Midnight network may result in delay, material change to, or non-occurrence of one or more of the following as contemplated in this white paper: the claim phases (including the Redemption Period and the ability of participants to redeem NIGHT tokens even if successfully claimed); the launch of the Midnight network; and the expected features and functionality of the NIGHT token. Any forward-looking statements in this white paper about the NIGHT tokens or the Midnight network (including, for example, statements using terms such as "may", "will", "expected", "anticipated", "intended", the negative of such terms, or similar expressions) are therefore only predictions, based largely on the offeror's understanding and expectations about the plans for development and launch of the Midnight network and the NIGHT token as at the date of this white paper, but which are inherently subject to known and unknown risks, uncertainties, and other important factors (which may be beyond the knowledge or control of the offeror) that may impact the actual outcomes in each case. Accordingly, any forward-looking statements in this white paper should not be relied on as reliable or accurate statements about future events. The events and circumstances set forth in any forward-looking statements may not be achieved or occur and actual results could differ materially from those stated. **Competition risk**: There are an ever-growing number of crypto-asset projects (including those seeking to leverage ZK proof technology to provide the same or similar functionality as the Midnight protocol), which may compete with the Midnight network for participants and adoption. Low participation or adoption due to competition from other projects may impact the launch of the Midnight network, its continuing operation post-launch, or the overall success of the project. The project may be unable to compete with larger or better resourced projects, which may negatively impact the success of the project.
I.5	Technology-related risks	**Reliance on Cardano network**: NIGHT tokens will be initially minted on the Cardano network and subject to vulnerabilities of the Cardano network. Disruptions, outages, or security breaches in the Cardano network could impact the minting, availability or functionality of NIGHT tokens. Disruptions in the Cardano network may impact a participant's ability to transfer redeemed tokens to their destination address. **Smart contract risks**: The smart contracts deployed to mint and redeem NIGHT tokens or to ensure the transfer of NIGHT tokens, including to other networks, may be exposed to technical

		vulnerabilities that could lead to losses for participants or NIGHT holders. **Network transition risks**: Moving NIGHT tokens from Cardano to Midnight (or vice versa) will require making use of a cross-chain mechanism that has not yet been designed, and will likely incur some risk depending on that mechanism's design. **Network governance**: Faulty governance models can lead to ineffective decision-making, slow responses to issues, and potential network forks, undermining stability and integrity. Moreover, there is a risk of concentration that may lead to the disproportionate influence by a group of stakeholders, centralized power and decisions that may not align with the broader public's interests. In addition, at launch, the Midnight network is expected to be governed by a concentrated group of select stakeholders via a federated governance structure - there is a risk such stakeholders may act in concert to exert control over the Midnight network which may impact the success of the project or result in actions being taken by such stakeholders in their own interests and not in the interests of other NIGHT holders. **Network attacks and cyber security risks**: Blockchain networks can be vulnerable to a variety of cyber-attacks, including 51% attacks, where an attacker gains control of the majority of the network's consensus, Sybil attacks, or DDoS attacks. These can disrupt the network's operations and compromise data integrity, affecting its security and reliability. **Economic self-sufficiency and operational parameters**: A blockchain network might not reach the critical mass in transaction volume necessary to sustain self-sufficiency and remain economically viable to incentivize block production. In failing to achieve such inflection point, a network might lose its relevance, become insecure, or result in changes to the protocol's operational parameters, such as the monetary policy, fee structure and consensus rewards, governance model, or technical specifications such as block size or intervals. **Consensus Failures or Forks**: Faults in the consensus mechanism or schisms within the community can lead to network halts or unintended network forks (where multiple versions of the ledger coexist, creating uncertainty around which version should be canonical) potentially destabilizing the network and reducing trust among participants. **Unknown or unforeseen risks**: Blockchain technology and crypto-assets are relatively new and untested technologies. Unknown or unforeseen risks may therefore arise either instead of or in addition to the risks set out in this section of the white paper. Additional risks may also materialise as a result of unanticipated variations or combinations of the risks discussed in this section.

I.6	Mitigation measures	With respect to the different risks discussed in this Part I (*Information on risks*), the offeror will take steps to mitigate certain of these risks as follows: 1. Mitigation measures concerning offer-related risks **Legal and Regulatory Risk:** The offeror will maintain close relationships with legal counsel to ensure legal implications pursuant to issuance and distribution of NIGHT are appropriately monitored and addressed. **Smart Contract Risks:** The source code of the smart contracts governing the operation of the distribution will be publicly available in real time. Smart contracts relating to NIGHT will be comprehensively audited. In the event of a modification to the source code, the smart contract will be audited again to ensure that no potential security exploit can happen. 2. Mitigation measures concerning issuer-related risks **Third-Party Risks:** When the issuer relies on a third party to provide important services, it generally enters into an agreement containing specific clauses ensuring that the service provider cannot terminate the business relationship without notice. Third parties with whom Midnight contracts may also be subject to due diligence procedures to ensure their financial viability and to limit any other risks of non-compliance. 3. Mitigation measures concerning crypto-assets-related risks **Scam Risk**: The offeror cannot directly prevent scams related to NIGHT. At the same time, it or the Foundation will regularly educate users about NIGHT tokens, how to claim and use them, as well as about scam risks and how to avoid them via various channels. **Irreversibility of blockchain transactions**: The offeror cannot directly control for this possibility based on user error, but it or the Foundation will inform users about this risk in the context of the token distribution. 4. Mitigation measures concerning project implementation-related risks **Governance Issues:** Following the launch of Midnight mainnet, a phased approach will be implemented to progressively decentralize the Midnight governance framework, expanding on-chain governance participation. The governance framework will be designed to uphold high standards of security, and to ensure the

		integrity of the Midnight network while enabling remediation capabilities through decentralized means. 5. Mitigation measures concerning technology-related risks The software development process used to develop Midnight technologies demonstrates known best practices for engineering secure systems. The software artifacts delivered must be of high quality and meet standards relevant to the requirements of our users, regulators, and ourselves. The codebase contributors strive to provide high-quality software with minimal vulnerability risk, mitigated by routine scans, audits, and the practices implemented produce well-secured software. These practices include: ● Design software to meet security requirements and mitigate security risks ● Review the software design to verify compliance with security requirements and risk information ● Reuse existing, well-secured software when feasible instead of duplicating functionality ● Create source code by adhering to secure coding practices ● Configure the compilation, interpreter, and build processes to improve executable security ● Review and/or analyze human-readable code to identify vulnerabilities and verify compliance with security requirements ● Test executable code to identify vulnerabilities and verify compliance with security requirements ● Configure software to have secure settings by default These practices apply to the artifacts produced.
Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts		
J.1	Adverse impacts on climate and other environment-related adverse impacts	At launch, the network will rely on a small set of trusted, permissioned nodes. This setup will have a negligible impact on energy consumption and the environment. As network development evolves, it is expected that Midnight will come to rely mostly on existing Cardano SPOs for consensus and security. As per the partner chain framework, participating Cardano SPOs will run Midnight block-producing nodes in parallel with validating blocks on Cardano. Cardano and Midnight are both proof-of-stake systems, and as such, many orders of magnitude more energy-efficient than proof-of-work systems such as Bitcoin. The environmental impact of proof-of-stake systems is linear and increases with the number of computers running network nodes (unlike the unbounded energy consumption required by proof-of-work). Accurately assessing Midnight's environmental impact can be challenging, since:

		• It is not possible to estimate how many SPOs will also run Midnight, as each SPO decides whether they want to also become a block producer or not, and becoming one does not require permission from anyone. • The setup, scale, and energy matrix composition can vary enormously between SPOs, making it impossible to calculate the impact of each one. However, it is possible to use the impact of Cardano itself as an approximation. Given that: • Running the setup to produce blocks on Midnight has similar requirements to running a Cardano node; • Only Cardano SPOs can become Midnight block producers; • Not all SPOs may choose to run Midnight nodes, It follows that the number of Midnight block producers will necessarily equal to, or smaller than, the number of Cardano SPOs – and that any impact Midnight may have is capped by the collective impact of running Cardano SPOs. As a reference, in July 2024, the Crypto Carbon Ratings Institute released a MiCA-compliant sustainability indicators report for Cardano, which can be used to gauge the environmental impact of Midnight at launch.