

COSMOS STAKING POOL UPDATE
DOUBLE-SIGNING INCIDENT AND COMPENSATION TO AFFECTED USERS

The Board of Directors ("**Board**") of OIO Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform that on 19 September 2023, the Cosmos Staking Pool operated by its wholly owned subsidiary, Moonstake Limited ("**ML**"), had experienced a Double-Signing¹ incident.

ML had operated a staking pool on the Cosmos Blockchain Network under which users/delegators who have staked with ML's staking pool would be able to earn rewards in ATOM². The operation, maintenance and validation responsibilities of the staking pool had been outsourced to an external service provider ("**Service Provider**").

Due to a misconfiguration that occurred during the validator server migration process, the Service Provider carrying out the validation responsibilities had, on 19 September 2023, mistakenly performed a Double-Signing on ML's Cosmos Staking Pool, resulting in the slashing³ of the ATOM amount the users/delegators had staked with ML's Cosmos Staking Pool. Based on the terms of the Cosmos Blockchain Network, arising from this incident, ML's Cosmos Staking Pool would no longer be generating any rewards to the users/delegators. Users/delegators are recommended to un-stake from ML's Cosmos Staking Pool and stake with other staking pools/validators.

It was estimated that the ATOM lost by the affected users/delegators were around 5,768.40 ATOM, or S\$71,181⁴.

¹ Double-Signing

Based on information extracted from <https://www.coinbase.com/cloud/discover/solutions/double-signing-protection>, double signing occurs when a validating entity (private key) submits two signed messages for the same block. This can happen if a node operator or infrastructure provider optimizes their node configuration to prevent downtime by having a highly available backup entity running at the same time as a primary entity.

² ATOM

Based on information extracted from <https://www.coinbase.com/price/cosmos#WhatIsCosmosATOM>, ATOM is the primary token of the Cosmos Hub and aims to secure the Hub's interchain services.

³ Slashing

Based on information extracted from <https://www.coinbase.com/cloud/discover/solutions/double-signing-protection>, slashing is a mechanism built into blockchain protocols to discourage validator mis-behaviour and incentivize security, availability, and network participation. Two key mis-behaviours incur slashing penalties: downtime and double signing. While the specifics of slashing are defined within each protocol, the mechanism is similar: a predefined percentage of a validator's tokens are lost when it behaves abnormally on the network. Double signing penalties are typically much larger than downtime penalties.

⁴ Based on the closing price of ATOM on 9 November 2023 of US\$9.0276 per ATOM token extracted from CoinMarketCap (<https://coinmarketcap.com/>) and USD/SGD closing rate of 1.3669 as at 31 October 2023.

As the owner of the staking pool, ML takes full responsibility for the Double-Signing incident and will be compensating fully to the affected users/delegators. Upon detection of the Double-Signing incident, ML has been negotiating with the Service Provider, and the Service Provider has today agreed to reimburse fully the compensation amount incurred by ML. ML is co-ordinating with the Service Provider to process the compensation payment to the affected users/delegators by 30 November 2023.

Arising from this incident, the Service Provider has assured us that they will be mindful in handling server migration to prevent recurrence of similar incidents in future.

For the nine months ended 30 September 2023, revenue generated by the Group from providing staking services on ML's Cosmos Staking Pool was S\$5,746, or 0.49% of the Group's total revenue. The Double-Signing incident is not expected to have any material impact on the net tangible assets per share and earnings per share of the Company and the Group for the financial year ending 31 December 2023.

The Group sincerely apologise to our affected users/delegators and hope to have your continuous support. Currently, we do not intend to set up a new staking pool on the Cosmos Blockchain Network but will instead focusing on optimizing our existing staking pools set up on other blockchain networks.

BY ORDER OF THE BOARD

Yusaku Mishima
Executive Chairman
10 November 2023

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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