PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Hashflow (HFT)

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Last updated on April 26, 2023

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading HFT. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the Canadian Platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Hashflow?

Hashflow is a decentralized exchange that prioritizes interoperability, zero slippage, and protection against MEV (Maximal Extractable Value) exploits during trades. The platform is available on multiple chains, including Ethereum, BNB Smart Chain, Polygon, Avalanche, Arbitrum, and Optimism.

The Hashflow platform also has a governance metaverse called Hashverse. The Hashverse is a gamified DAO and governance platform that is driven by a storyverse concept.

Who is behind the project?

Hashflow (HFT) was founded in 2020 by developers and technology entrepreneurs Varun Kumar and Victor Ionescu.

How does it work?

Hashflow employs a hybrid on-chain/off-chain RFQ (Request For Quote) engine that retrieves off-chain quotes from market makers who manage liquidity in on-chain pools. As a result, all trades on Hashflow are shielded from both slippage and MEV exploits, regardless of whether they occur locally on a single chain or across multiple chains.

Hashflow departs from the typical constant-product pricing function employed by AMMs such as Uniswap and instead enables market makers to leverage off-chain pricing functions with cryptographic signatures to obtain liquidity and price assets. The platform's off-chain approach allows market makers to adopt more advanced pricing tactics that incorporate additional off-chain data, such as historical asset

prices, market volatility, and other relevant real-world information. These more complex strategies enable market makers to price assets with greater precision and effectiveness.

Hashverse

Users' health metrics within the Hashverse are determined by staked HFT, requiring continuous adjustment of the amount and duration of staked tokens to maintain health, increasing engagement and actual usage. The protocol rewards the most active members of the community, with Hashverse presence playing a major role in redeeming these rewards. The Hashverse represents a collective of token holders inclusive of all Web3 communities, creating an immersive experience for users to complete quests, collect and trade in-game artifacts and loot items, upgrade characters, and earn real rewards, all while helping to forge the future of the protocol.

Tokenomics of HFT

HFT is an ERC-20 token that functions as both the governance token for the Hashflow protocol and the Hashverse, which is a gamified DAO and governance platform created by Hashflow.

The total supply of 1 billion tokens is distributed as follows:

- 25% to early investors
- 19.32% to the core team
- 2.5% reserved for future hires
- 53.18% for ecosystem development, which will be divided as follows:
    - 18.54% to ecosystem partners
    - 13.08% to community rewards (NFTs + Rake the Rewards + Exchange Distribution),
    - 7.50% to designated market maker loans
    - 6.20% to early integration partners
    - 3.35% for future community rewards
    - 2.52% to vendors and early service providers
    - 1.00% to the community treasury
    - 1.00% for Hashverse rewards.

As of April 2023, the circulating supply of HFT is ~175 million tokens.

General Risks

Like all other digital assets, there are some general risks to investing in HFT. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Risks specific to HFT

Competition Risk

Hashflow faces competition from other decentralized exchanges such as Uniswap, Curve, and many others. HFT's value derives from Hashflow's broader adoption in the market. If Hashflow fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of HFT.

Regulatory Scrutiny
A regulatory crackdown on DeFi such as the Digital Commodities Consumer Protection Act (DCCPA), which could regulate decentralised exchanges similar to their centralised counterparts, would effectively ban DeFi. This could have a negative impact on the value of HFT.

Due Diligence
Prior to listing on the Kraken platform, Kraken performed due diligence on HFT and determined that HFT is unlikely to be a security or derivative under Canadian securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of HFT, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created HFT;
- The supply, demand, maturity, utility and liquidity of HFT;
- Material technical risks associated with HFT, including any code defects, security breaches and other threats concerning HFT and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with HFT, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of HFT, and (ii) consideration of statements made by any regulators or securities regulatory authorities in Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to HFT about whether HFT, or generally about whether the type of crypto asset, is a security and/or derivative.

No securities regulatory authority has expressed an opinion about the Crypto Contracts or any Crypto Assets (as defined in the Risk Statement) made available on the Kraken platform, including an opinion that HFT is not itself a security and/or derivative. Changes to applicable law may adversely affect the use, transfer, exchange, or value of any of your crypto assets, and such changes may be sudden and without notice.