PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Spark (SPK)

Last updated on August 28, 2026

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading SPK. 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 Summary] for additional discussion of general risks associated with the assets made available in the 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 risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Spark and how does it work?

Spark Protocol is a decentralised finance (DeFi) protocol designed to function as a liquidity and yield infrastructure layer for onchain finance. It offers three core products: SparkLend, a money market lending protocol; savings vaults for earning yield on digital assets; and a liquidity layer for direct capital deployment across DeFi, CeFi, and real-world assets. Spark operates by sourcing stablecoin liquidity and deploying that capital across these products, providing users with accessible and composable onchain financial services.

SPK is the native governance and staking token of the Spark protocol. Token holders may vote on governance proposals or delegate their voting power to elected representatives. SPK may also be staked to help secure the ecosystem, with stakers earning rewards. The excess funds above what Spark needs for risk capital and OpEx will be used to make SPK buybacks.

Who is behind the project?

Spark Protocol was developed by Phoenix Labs, co-founded by Sam MacPherson, who serves as CEO.

Tokenomics of Spark

The total supply of SPK is 10 billion.

General Risks

Like all other digital assets, there are some general risks to investing in *SPK*. 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 Spark

Competition
The Spark protocol faces competition from other DeFi lending and liquidity protocols such as Aave, Compound, and others. SPK's value derives from its broader adoption in the market. If the Spark protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SPK.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on SPK and determined that SPK is unlikely to be a security or derivative under UK 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 SPK, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created SPK;
- The supply, demand, maturity, utility and liquidity of SPK;
- Material technical risks associated with SPK, including any code defects, security breaches and other threats concerning SPK 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 SPK, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of SPK, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to SPK about whether SPK, or generally about whether the type of crypto asset, is a security and/or derivative.