

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Floki (FLOKI)

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Last updated on August 07, 2025

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading FLOKI. 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 Floki and how does it work?

FLOKI is the multi-utility token powering the Floki Ecosystem, a community-driven suite of products that currently comprises:

- Valhalla NFT Metaverse Game - a play-to-earn MMORPG that went live on mainnet on July 1 2025;
- FlokiFi - a range of DeFi products such as FlokiFi Locker aimed at secure token, LP-token and NFT vesting;
- University of Floki - an online crypto-education platform;
- FlokiPlaces - an NFT and merchandise marketplace.

The token exists on both Ethereum and BNB Chain. A custodial 1-for-1 bridge keeps supply aligned across the two networks, allowing holders to swap between them.

FLOKI transfers on decentralized exchanges are currently subject to a 0.3% buy/sell tax. According to the Floki white-paper, 25% of this tax is used for an automatic buy-and-burn, while 75% flows to the Floki treasury to fund development and marketing.

The DAO has stated that the tax will be removed once utility-product revenues can sustainably support the project's operations.

Who is behind the Project?

Floki began as a community takeover of an abandoned memecoin in 2021. Governance is now exercised through Floki DAO, while strategic direction is coordinated by a pseudonymous core team known as B, Sabre, and Mr Brown Whale. The public, doxxed lead developer is Jackie Xu.

Tokenomics of FLOKI

FLOKI has a fixed maximum supply of ten trillion tokens, with no possibility of additional minting beyond

this cap. It was launched as a fair-distribution asset with no presale, no private placements, and no team allocations. All tokens were pre-minted and introduced directly to the public through decentralized exchanges such as Uniswap on Ethereum and PancakeSwap on BNB Chain, where the market established their value through open trading.

The circulating supply is currently estimated at around 9.54 trillion FLOKI. This supply is intended to decline gradually as a result of periodic burns and treasury-funded buy-backs, reinforcing FLOKI's deflationary design while ensuring that resources remain available to support ecosystem growth, product development, and marketing initiatives.

General Risks

Like all other digital assets, there are some general risks to investing in FLOKI. These include short history risk, volatility, and 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 Floki

Competition

Floki faces competition from the other blockchain based gaming projects such as Axie Infinity, The Sandbox, Gala, and many others. The FLOKI token derives its value from the wider adoption of the Floki ecosystem, therefore if this ecosystem fails to generate sufficient interest or adoption, this could have a detrimental effect on the price of FLOKI.

Developer Dependence

FLOKI is the main utility token of the Valhalla Metaverse. Valhalla is currently being developed by a team of 11 people. Although there are developers contributing to the Floki ecosystem, there are no guarantees that they will continue to contribute. FLOKI could be negatively affected by an inability to retain and/or attract developers to continue to maintain and build out its gaming service.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on FLOKI. Kraken was permitted to make FLOKI available for trading to UK users, in compliance with UK law. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of FLOKI, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created FLOKI;
- The supply, demand, maturity, utility and liquidity of FLOKI;
- Material technical risks associated with FLOKI, including any code defects, security breaches and other threats concerning FLOKI 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 FLOKI, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of FLOKI, 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 FLOKI about whether FLOKI, or generally about whether the type of crypto asset, is a security and/or derivative.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)

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