

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### Flare (FLR)

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Last updated on August 11, 2025

#### Disclaimer

*Payward Canada Inc. (Kraken) is registered under Canadian securities laws as a restricted dealer and is offering Crypto Contracts on crypto assets in reliance on a prospectus exemption contained in the exemptive relief decision [Re Payward Canada Inc.](#) dated 04/01/2025 (the Decision). The statutory rights in section 130.1 of the Securities Act (Ontario), and, if applicable, similar statutory rights under the securities legislation of each other province and territory in Canada, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the prospectus relief in the Decision.*

*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 FLR 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.*

*Please note that this Crypto Asset Statement may not be exhaustive of all risks associated with trading FLR. Please review the [Risk Statement](#) and [Fee Schedule](#) for additional discussion of general risks and transaction fees 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 provided by third parties.*

#### What is Flare (FLR) and how does it work?

Flare (FLR) is the native token of the Flare Network, a layer-1 blockchain that's compatible with Ethereum smart contracts (EVM-based). It's designed to power decentralized applications, enable interoperability with non-smart contract chains (like XRP or Dogecoin), and make secure, data-powered DeFi possible.

FLR serves several key purposes:

- Paying for transactions and controlling spam via “gas” fees.
- Collateral for minting synthetic assets (F-Assets) pegged to tokens like XRP or LTC, opening them up to smart contracts.
- Voting in decentralized governance proposals to help shape the network's future.
- Earning rewards by staking or delegating, either to support data providers (via the FTSO) or validators in the network.

How staking and delegation work:

- Delegating your FLR helps power Flare's data oracle system (FTSO), and you can undelegate at any time without locking up your tokens. Rewards are distributed roughly every 3.5 days.
- Staking requires locking a minimum of 50,000 FLR for at least 14 days to support network validators. Rewards from staking are paid out roughly every two weeks.
- You can participate in both kinds of rewards, but only with separate FLR allocations—tokens cannot earn FTSO and validator staking rewards at the same time.

In essence, FLR is a multi-use token that supports network security, tokenized assets, governance, and ecosystem growth—with built-in ways to earn rewards.

### Who is behind the project?

Flare was co-founded by Hugo Phlion (CEO), Sean Rowan (CTO), and Dr. Nairi Usher (Chief Scientist), who met while studying at University College London. In 2021, the project raised \$11.3 million in funding from notable investors, including Digital Currency Group and Litecoin creator Charlie Lee.

### Tokenomics of FLR

Flare (FLR) has a fixed maximum supply of 100 billion tokens. The token is used for transaction fees, collateral for minting F-Assets, participation in governance, and staking or delegation for network rewards.

Initial Token Distribution (at Genesis):

Category	Percentage of Total Supply	Token Amount (FLR)
Community (including Flare Foundation)	58.3%	58,300,000,000
Early backers	5.7%	5,700,000,000
Team and advisors	13.5%	13,500,000,000
Flare Networks Limited	12.5%	12,500,000,000
Flare VC Fund	10.0%	10,000,000,000
<b>Total</b>	<b>100.0%</b>	<b>100,000,000,000</b>

Adjusted Distribution (Post-Burn):

The following table reflects updated allocations after the burn of 2.1 billion FLR from early backers. Monthly burns are ongoing through January 2026.

Category	Percentage of Total Supply	Token Amount (FLR)
Community (including Flare Foundation)	~59.6 %	~59,600,000,000
Early backers	~3.1 %	~3,100,811,195

Team and advisors	~13.5 %	~13,500,000,000
Flare Networks Limited	~12.5 %	~12,500,000,000
Flare VC Fund	~10.0%	~10,000,000,000
<b>Total</b>	<b>100.0%</b>	<b>100,000,000,000</b>

As of August 2025, the circulating supply is approximately 71 billion FLR.

### General Risks

Like all other digital assets, there are some general risks to investing in FLR. 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 FLR

#### *Competition Risk*

Flare faces competition from other smart contract platforms such as Ethereum, Polkadot, and many others. FLR's value derives from the Flare Network's broader adoption in the market. If the Flare Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of FLR.

### Due Diligence

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