This white paper has been prepared in compliance with the requirements of the Commission Implementing Regulation 2024/2984 of 29 November 2024 implementing technical standards for the application of Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to forms, formats and templates for the crypto-asset white papers

FLOCK TOKEN WHITE PAPER

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01	Date of Notification	21-08-2025
02	Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114	This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

03	Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114	This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 of the European Parliament and of the Council and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.

04	Statement in accordance with Article 6(5), points (a), (b), (c), of Regulation (EU) 2023/1114	The crypto-asset referred to in this crypto-asset white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
05	Statement in accordance with Article 6(5), point (d), of Regulation (EU) 2023/1114	The utility token referred to in this white paper may not be exchangeable against the good or service promised in this white paper, especially in the case of a failure or discontinuation of the crypto-asset project.
06	Statement in accordance with Article 6(5), points (e) and (f), of Regulation (EU) 2023/1114	The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council or the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

07	Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114	Warning This summary should be read as an introduction to the crypto-asset white paper. The prospective holder should base any decision to purchase this crypto –asset on the content of the crypto-asset white paper as a whole and not on the summary alone. The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law. This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.
08	Characteristics of the crypto-asset	FLOCK is a utility token designed to grant access and provide certain functionalities and services within the FLock ecosystem, such as staking, voting rights, and the receipt of reward. In this context, the key characteristics of the FLOCK token are: • Utility: participants are required to stake FLOCK tokens in order to participate in the platform. In this scenario, the token allows the participants to play specific roles such as task creators, training nodes, validators, delegators, federated learning (FL) clients and model hosts. • Reward mechanism: FLOCK tokens are distributed as rewards to participants who contribute to the system. In the case of participants such as training nodes and validators, they are required to contribute computing or storage resources to complete model training and validation in order to receive rewards. This means that the value of the FLOCK token will, at a minimum, correspond to the value of the resources consumed during these processes. The reward distribution is strategically orchestrated, often linked to the relative staking amounts of active tasks and subject to verification by the community-led Decentralized Autonomous Organization (DAO). • Payment: Task creators can pay additional FLOCK as bounties to prioritize training processes. End-users may also be charged in FLOCK for accessing trained models on the AI Marketplace (hereinafter, Moonbase), particularly if they exceed free usage limits based on their stake. Model hosts may need to stake FLOCK to host winning models. • Governance participation: holding FLOCK tokens grants members voting power within the

		Decentralized Autonomous Organization (DAO). This allows token holders to propose, debate, and vote on various aspects of the network's development and management, ensuring community-driven decision-making. • Security and integrity: To maintain the integrity and reliability of the system, FLock.io implements a "slashing" mechanism, where tokens of participants engaged in malicious activities are penalized. These "slashed" tokens are then rewarded to honest participants or the ecosystem in its entirety, deterring negative behavior and reinforcing trust within the community. The FLOCK token does not confer ownership or enforceable claims against FLock.io platform. Holders are granted solely the functionalities and services described above.
09		Not applicable
10	Key information about the offer to the public or admission to trading	The FLOCK token is applying solely for admission to Kraken´s trading platform for crypto-assets (hereinafter, "**Kraken**"). Kraken is an authorized crypto-asset service provider subject to the supervision of the Central Bank of Ireland (see link), and is publicly accessible via the following website: https://www.kraken.com/ The token is already admitted to trading in another cryptocurrency exchange platform, see https://coinmarketcap.com/currencies/flock-io/ for details. The Foundation may subsequently choose to list the FLOCK token on other trading platforms for crypto-assets. The total supply of the FLOCK token is fixed at 1,000,000,000 (1 billion) tokens.

Part A - Information about the offeror or the person seeking admission to trading

<table>
<tr><td>A.1</td><td>Name</td><td>Decentralised Machine Learning Foundation (the "Foundation")</td></tr>
<tr><td>A.2</td><td>Legal Form</td><td>Swiss Foundation</td></tr>
<tr><td>A.3</td><td>Registered address</td><td>Baarerstrasse 141, 6300 Zug, Switzerland</td></tr>
<tr><td>A.4</td><td>Head office</td><td>Baarerstrasse 141, 6300 Zug, Switzerland</td></tr>
<tr><td>A.5</td><td>Registration date</td><td>27-05-2024</td></tr>
<tr><td>A.6</td><td>Legal entity identifier (LEI)</td><td>Not applicable</td></tr>
<tr><td>A.7</td><td>Another identifier required pursuant to applicable national law</td><td>CHE-371.508.940</td></tr>
<tr><td>A.8</td><td>Contact telephone number</td><td>+1 (878) 888-1788</td></tr>
<tr><td>A.9</td><td>E-mail address</td><td>legal@flock.io</td></tr>
<tr><td>A.10</td><td>Response time (Days)</td><td>20</td></tr>
<tr><td>A.11</td><td>Parent company</td><td>Not applicable</td></tr>
<tr><td>A.12</td><td>Members of the management body</td><td>
<table>
<tr><td>Jan Leitz</td><td>Board Member</td><td>Business address:
Baarerstrasse 141, 6300 Zug, Switzerland</td></tr>
<tr><td>Jiahao Sun</td><td>Board Member</td><td>Business address:
Baarerstrasse 141, 6300 Zug, Switzerland</td></tr>
<tr><td>Zhonghan Wang</td><td>Board Member</td><td>Business address:
Baarerstrasse 141, 6300 Zug, Switzerland</td></tr>
</table>
</td></tr>
</table>

A.13	Business activity	The purpose of the Foundation is to promote and develop new technology developments and applications, particularly in the areas of new open and decentralized software architectures. To this end, the Foundation may issue the token; promote research and development in the field of decentralized AI and FL; promote the introduction of privacy-preserving AI solutions in various industries; support a global community of developers, researchers and organizations with the common goal of democratizing AI; support projects and initiatives that align with the Foundation's purpose; hold or grant trademark and other IP rights or licensing rights; engage in education and outreach to raise awareness of the benefits of decentralized AI and the FLock.io platform; conduct and promote any business and/or engage in any transactions; and generally do all acts and things necessary, proper, incidental or desirable to accomplish or further the purposes described herein.
A.14	Parent company business activity	Not applicable

A.15	Newly established	False
A.16	Financial condition for the past three years	Not applicable
A.17	Financial condition since registration	FLock.io has been financially stable since its implementation. The company started its business in London, UK on April 22, 2022 and secured a USD 6 million seed round investment on March 28, 2024 with Lightspeed Faction and DCG as lead investors. On December 19, 2024, it secured an additional USD 3.0 million strategic round with DCG as the lead investor. On December 31, 2024, it conducted an initial exchange offering with Bybit, Gate.io and MEXC. FLock.io holds a strong position in revenue generation. According to the recent pro-forma analysis, it is expected to have around USD 2 million in revenue by the end of 2025, by providing model training and consulting services to our clients. As of July 27, 2025, FLock.io’s mainnet has created 7438 AI models, with 187 active AI training engineers as training nodes, 251 validation nodes and 1296 delegators.

Part B - Information about the issuer, if different from the offeror or person seeking admission to trading

Not Applicable, the Issuer is the same person seeking admission to trading.

Part C - Information about the operator of the trading platform in cases where it draws up the crypto-asset white paper and information about other persons drawing the crypto-asset white paper pursuant to Article 6(1), second subparagraph, of Regulation (EU) 2023/1114

Not applicable

Part D - Information about the crypto-asset project

D.1	Crypto-asset project name	FLock.io
D.2	Crypto-assets name	FLOCK token
D.3	Abbreviation	FLOCK
D.4	Crypto-asset project description	The Foundation is a non-profit Swiss Foundation that supports the development of decentralized AI models. The FLock.io project aims to democratize AI by decentralizing data, computation, and models. Its purpose is to build a decentralized AI ecosystem by providing infrastructure for training, extracting and monetizing knowledge from data. By fostering an open and collaborative environment, the Foundation seeks to completely change AI development. The FLock.io project is structured with a blockchain layer, an AI layer, and various participants. The AI layer features AI Arena for conventional machine learning model training and FL Alliance for secure federated learning. Trained models can be hosted and accessed via Moonbase. In this context, the FLOCK token, a utility token, is central, serving multiple purposes. Participants are rewarded in FLOCK tokens for contributing computing or storage resources, such as training and validating AI models, which ensures the token's value is linked to the consumed resources. Beyond rewards, the FLOCK token is essential for participation, as various roles like task creators, training nodes, validators, and model hosts are required to stake FLOCK to be eligible for their respective roles, demonstrating their commitment and vested interest in the platform's success. It also allows end users to access and utilize trained models on Moonbase which charges incurred in FLOCK. Furthermore, FLOCK tokens underpin the system's security through a slashing mechanism that penalizes malicious actors by seizing their staked tokens, which are redistributed to honest participants, thus safeguarding the platform's reliability. Lastly, holding FLOCK tokens grants governance participation rights within the Decentralized Autonomous Organization (DAO), empowering token holders to propose, debate and vote on decisions regarding the platform's development. However, in order to exercise such right, the participant must lock their

<table>
<tr><td></td><td></td><td>tokens in a smart contract.
In this project the Foundation is in charge of issuing the FLOCK token and promote research and development in the field of decentralized AI and federated learning, supporting a global community of developers, researchers and organizations with the common goal of democratizing AI.</td></tr>
<tr><td>D.5</td><td>Details of all natural or legal persons involved in the implementation of the crypto-asset project</td><td>Details of advisors, development team, crypto-assets service providers and other persons involved in the implementation of the crypto-asset project, including business addresses or domicile of the company.
<table><tr><td>Jiahao Sun</td><td>CEO, Director</td><td>Flat i,7/F,TOWER 2 QUEEN'S TERRACE,No.1 QUEEN STREET Sheung Wan, Hong Kong Island, Hong Kong</td></tr><tr><td>Vincent Wang</td><td>CFO, Director</td><td>Shirokane the Sky (East Wing), 1-2-1 Shirokane, Minato-ku, Tokyo, E1110</td></tr></table></td></tr>
<tr><td>D.6</td><td>Utility Token Classification</td><td>True</td></tr>
<tr><td>D.7</td><td>Key Features of Goods/Services for Utility Token Projects</td><td>FLock.io is a decentralized AI training and fine-tuning platform. Its fundamental mission is to democratize the creation, governance, and ownership of AI agents, shifting control from centralized corporations to the broader community. FLock.io is described as an end-to-end AI co-creation "stack" that integrates decentralized federated learning on-chain.

Comprehensive Decentralized AI Training and Fine-tuning Platform (AI Layer): The FLock.io platform provides infrastructure for decentralized AI training, incentivizing community computation and data contributions with blockchain-based rewards.

AI Arena: This AI layer supports a conventional Machine Learning (ML) model training paradigm, allowing users to optimize models directly on their devices with their own or public data. The goal is to maximize the generalization ability and performance of the final trained models. The platform is designed to encourage community members to contribute diverse public or local data, leveraging the power of the wider community. Contributors are continuously rewarded based on the quantifiable impact of their data on improving models. Training nodes</td></tr>
</table>

		compete in AI training tasks and must stake tokens to be eligible, ensuring commitment to network integrity. Validators evaluate the work of training nodes and submit validation scores that influence reward distribution. FL Alliance (Federated Learning): Utilizing the Federated Learning (FL) approach, the AI layer enables thousands of participants to collaboratively train a global model. Data sovereignty is preserved by ensuring that no local data are transmitted at any stage of the training process. Participants upload model weights trained on their unique local data, and these weights are aggregated to build an optimal global model, enhancing its generalization capabilities and performance. The integration of training task automation and deployment orchestration components simplifies the process for users to join tasks and contribute knowledge. FL Alliance also incorporates Zero-Knowledge Proofs (ZKPs) for secure aggregation, addressing issues of centralization of the FL Alliance aggregator/server. Moonbase: Once models are trained and fine-tuned through AI Arena and FL Alliance, they can be hosted on the platform. The Moonbase marketplace serves as a comprehensive environment for deploying ML models, making them accessible within blockchain networks of virtual machines (VMs) Decentralized Governance (DAO): Holders of the FLOCK token have the power to influence the network's future through participation in the Decentralized Autonomous Organization (DAO) governance. Each token can represent a vote, aligning power distribution proportionally to user stake. Token holders can propose, debate, and vote on various aspects, including technical updates, protocol modifications, and treasury management. This ensures the platform remains relevant and responsive to emerging challenges and community needs. Incentive Mechanisms and Equitable Reward Distribution: FLock.io is designed to foster a fair and incentive-compatible ecosystem, promoting collaboration and long-term alignment among its members. Participants who contribute computing or storage resources for model training and validation receive FLOCK token rewards. The system includes "slashing" mechanisms that penalize participants for malicious activities (e.g., Sybil attacks, DoS attacks, free-riding, FL model poisoning), distributing the slashed tokens to honest participants. The FLOCK token serves as an incentive mechanism for participants, and infrastructure growth, aligning long-term incentives for staking ecosystem participants.
D.8	Plans for the token	The FLOCK token is a utility token within the FLock.io platform, designed to build a fair and incentive-compatible ecosystem to foster collaboration and long-term alignment within its community. This is achieved through a strategically designed reward allocation system, an effective slashing mechanism for accountability, and the cultivation of active

		token demand. The FLock.io system uses a blockchain-based reward mechanism to enhance resilience against malicious user attacks, with the blockchain layer acting as the foundation for stakeholder participation and reward distribution. For the development of the project, there have been several funding rounds which have raised a total amount of USD 9 million. This funding aims to fuel the scaling of FLock.io's federated AI training platform and deepen engagement with private AI contributors. Additionally, following the 2025 roadmap published in the issuer's website (see https://docs.flock.io/flock-products/2025-roadmap), the future plans for the token and the platform include: Q1 2025: Foundation & Decentralisation Strategy: • Launch of key partnerships with Web2 and Web3 companies, AI Agents, and AI applications, including Animoca Brands, OneKey, etc. • Launch of FL Alliance on Testnet: FLock.io's decentralized federated learning platform will be deployed, marking the beginning of a privacy-preserving AI training framework. • Publication of the official roadmap for decentralizing AI, detailing governance mechanisms and community participation in federated AI training and deployment. Q2 2025: Edge AI and Moonbase Beta: • Launch of Edge Model for AI Training: A decentralized Edge AI model will be introduced for efficient training on distributed edge devices, enhancing privacy and reducing reliance on centralized compute infrastructure. • Moonbase Beta Deployment: Moonbase, FLock.io's AI Agent platform, will launch in beta, allowing users to deploy and utilize AI Agents and enabling contributors to earn rewards from their models. • AI Arena v2: Significant updates will be brought to the current platform, including staking function upgrades. Q3 2025: AI Expansion & Community Involvement: • Integration with AI Agent & AI Application Launchpads: FLock.io will integrate with leading platforms to ensure seamless onboarding of developers and startups deploying AI-powered solutions using federated learning. • Open AI Model Task Creation to the Community: The ability to create AI model training tasks will be made accessible to the broader community. Q4 2025: Scaling Moonbase and Sustainable AI Model

		Deployment: • Launch of Moonbase Stage 2 & Stage 3: Moonbase will undergo further development, introducing additional functionalities to improve AI Agent interactions, deployment mechanisms, and user earnings, enhancing contributors' ability to earn from actively used AI models. • Introduction of the Sustainable Model Flywheel: The Sustainable Model Flywheel will become fully operational, creating a self-sustaining ecosystem where contributors earn from training models and their usage. All roadmaps of FLock.io remain subject to market conditions, regulatory compliance, and the evolving needs of the FLock.io platform.
D.9	Resource Allocation	As stated in section A.17, for the development of the project, the Foundation has secured substantial external funding to advance its decentralized AI training platform. In particular, several funding rounds have been made, bringing the total capital raised to USD 9 million. Additionally, the FLock.io platform received a grant from the Ethereum Foundation to research incentive mechanisms for blockchain-based AI training.
D.10	Planned use of Collected funds or crypto-Assets	The funds collected will primarily be used to support the long-term sustainability and operational needs of the FLock.io platform.

Part E - Information about the offer to the public of crypto-assets or their admission to trading

E.1	Public offering or admission to trading	Admission to trading (ATTR)
E.2	Reasons for public offer or admission to trading	Enabling secondary market trading of the FLOCK utility token on the Kraken trading platform, in full compliance with the MiCAR regulatory framework, to facilitate accessibility and participation within the Flock.io ecosystem, where the use of FLOCK tokens is essential for accessing the platform and engaging with its services and community. The FLOCK token will be listed for trading on Kraken´s trading platform for crypto-assets. The Decentralised Machine Learning Foundation may subsequently choose to list the FLOCK token on other cryptocurrency exchanges.
E.3	Fundraising target	Not applicable

E.4	Minimum subscription goals	Not applicable
E.5	Maximum subscription goals	Not applicable
E.6	Oversubscription acceptance	Not applicable
E.7	Oversubscription allocation	Not applicable
E.8	Issue price	Not applicable
E.9	Official currency or any other crypto-assets determining the issue price	Not applicable
E.10	Subscription fee	Not applicable
E.11	Offer price determination method	Not applicable
E.12	Total number of offered/traded crypto-assets	1 billion
E.13	Targeted holders	ALL
E.14	Holder restrictions	The FLOCK token sale will be conducted through Kraken which enforces regulatory and jurisdictional restrictions in accordance with Regulation (EU) 2023/1114, applicable AML/KYC requirements, and its respective platform policies. FLOCK tokens will not be available to purchasers from prohibited jurisdictions, including but not limited to Algeria, Bangladesh, Bolivia, Belarus, Burundi, Burma (Myanmar), Cote D'Ivoire (Ivory Coast), Crimea and Sevastopol, Cuba, Democratic Republic of Congo, Ecuador, Iran, Iraq, Liberia, Libya, Mali, Morocco, Nepal, North Korea, Somalia, Sudan, Syria, Venezuela, Yemen, Zimbabwe or any other country to which the United States embargoes goods or imposes similar sanctions, as well as other sanctioned territories as defined by EU regulations, FATF guidelines, and the compliance frameworks of Kraken. Additionally, participation is limited to eligible individuals and entities who pass KYC/AML verification in accordance with Kraken's compliance policies. Institutional buyers and individual purchasers must meet the necessary regulatory and jurisdictional requirements. Certain investor categories, such as retail investors in

		restricted regions, politically exposed persons (PEPs), and users flagged under AML risk assessments, may be restricted from participating in the sale. Further, FLOCK tokens acquired through the sale may be subject to holding periods or transfer restrictions imposed by the respective platforms to comply with applicable laws.
E.15	Reimbursement notice	Not applicable
E.16	Refund mechanism	Not applicable
E.17	Refund timeline	Not applicable
E.18	Offer phases	Not applicable
E.19	Early purchase discount	Not applicable.
E.20	Time-limited offer	Not applicable
E.21	Subscription period beginning	Not applicable
E.22	Subscription period end	Not applicable
E.23	Safeguarding arrangements for offered funds/crypto-Assets	Not applicable
E.24	Payment methods for crypto-asset purchase	Not applicable
E.25	Value transfer methods for reimbursement	Not applicable
E.26	Right of withdrawal	Not applicable.
E.27	Transfer of purchased crypto-assets	Not applicable

E.28	Transfer time schedule	Not applicable
E.29	Purchaser's technical requirements	Not applicable
E.30	Crypto-asset service provider (CASP) name	Not applicable
E.31	CASP identifier	Not applicable
E.32	Placement form	NTAV
E.33	Trading platforms name	Kraken
E.34	Trading platforms Market identifier code (MIC)	XKRA
E.35	Trading platforms access	**Kraken** 1. Account Creation ● Visit www.kraken.com and register ● Complete identity verification (KYC) 2. Deposit Funds ● Use bank card, crypto transfer, or third-party providers ● Search for FLOCK/USDC and FLOCK/EUR trading pair 3. Purchase FLOCK ● Place a market or limit order ● Withdraw to a self-custody wallet if preferred
E.36	Involved costs	Not applicable
E.37	Offer expenses	USD 100,000
E.38	Conflicts of interest	Not applicable.
E.39	Applicable law	FLock.io: Switzerland Kraken: Ireland

E.40	Competent court	FLock.io: Courts of Switzerland Kraken: Courts of Ireland

Part F – Information about the crypto-assets

F.1	Crypto-asset type	Utility Token
F.2	Crypto-asset functionality	See D.8
F.3	Planned application of functionalities	See D.8. Timelines subject to change and development times.
A description of the characteristics of the crypto-asset, including the data necessary for classification of the crypto-asset white paper in the register referred to in Article 109 of Regulation (EU) 2023/1114, as specified in accordance with paragraph 8 of that Article		
F.4	Type of crypto-asset white paper	OTHR
F.5	The type of submission	NEWT
F.6	Crypto-asset characteristics	Base Ethereum layer 2 blockchain. Fixed supply of 1,000,000,000 FLOCK tokens.
F.7	Commercial name or trading name	FLock.io/FLOCK
F.8	Website of the issuer	https://www.flock.io/
F.9	Starting date of offer to the public or admission to trading	18-09-2025
F.10	Publication date	18-09-2025
F.11	Any other services provided by the issuer	Not applicable
F.12	Identifier of operator of the trading platform	PGSL
F.13	Language or languages of the crypto-asset white paper	English
F.14	Digital token identifier code used to uniquely identify the crypto-asset or	Base: 0x5aB3D4c385B400F3aBB49e80DE2fAF6a88A7B691

	each of the several crypto assets to which the white paper relates, where available	
F.15	Functionally fungible group digital token identifier, where available	Not applicable
F.16	Voluntary data flag	False
F.17	Personal data flag	False
F.18	LEI eligibility	Not applicable
F.19	Home Member State	Ireland
F.20	Host Member State	Austria Belgium Bulgaria Croatia Cyprus Czech Republic Denmark Estonia Finland France Germany Greece Hungary Ireland Italy Latvia Lithuania Luxembourg Malta Netherlands Poland Portugal Romania Slovakia Slovenia Spain

		Sweden

Part G – Information on the rights and obligations attached to the crypto-assets

G.1	Purchaser rights and obligations	Purchasers of the FLOCK token acquire governance rights and obligations within the FLock.io platform. On one hand, purchasers of FLOCK tokens have the following rights: **Participation in Descentralised Governance** Token holders have a right to participate in the governance of the platform. This includes the ability to propose, debate and vote on various aspects of the ecosystem's development and management, such as technical updated, protocol modifications, treasury management, and community incentives. **Participation in specific roles** By fulfilling staking obligations, token holders acquire the right to play specific roles and contribute to the platform. These roles include: • Task creators. • Training nodes. • Validators. • FL Nodes. • Delegators. • Model Hosts. **Access and utilization of AI models** Purchasers acquire the right to access and utilize winning AI models, which have been trained and fine-tuned in AI Arena and FL Alliance, and are hosted on Moonbase. Access to these models may have a rate limit based on the amounts of tokens staked by the user. **Reception of rewards** Participants who contribute to the development of AI models are rewarded with FLOCK tokens as a method to incentivize participation and the maintenance of quality in the system. On the other hand, purchasers have the following obligations: **Mandatory staking for participation roles** The primary obligation for the participants is to stake FLOCK tokens in order to join the training in the platform. **Adherence to performance and quality standards** Token holders who actively participate in the development of the AI models must perform their tasks effectively and honestly to receive rewards. Additionally, participants who engage in malicious activities or actions against the platform rules are subject to penalties. **Payment for exceeding model access rate limits** End-users who access and utilize winning models on Moonbase have a rate limit. If their usage exceeds this limit, they have the obligation to pay in FLOCK tokens.

G.2	Exercise of rights and obligations	For the exercise of the above-mentioned rights, the following conditions apply: **General Staking Requirement**: To take on active roles, participants are required to stake a sufficient amount of FLOCK. This stake serves as a commitment to the network's integrity and is a foundational element of its security protocol. Depending on the role of the participant, the staking requirement is different. Particularly, the following requirements are applicable: • For Task Creators: Users must meet one or more of the following criteria: stake a sufficient amount of FLOCK, have successfully trained or validated a task previously (evidenced by on-chain records), or possess a verified reputation in the machine learning (ML) space or as a domain expert by the FLock.io community. • For DAO-Verified Tasks: If a task creator and the created task are verified by the FLock.io DAO, the task will be eligible for daily FLOCK emissions. • For Unverified Tasks: If a task creator chooses not to undergo verification by the community-led DAO, they must self-fund the task using their own FLOCK to cover reward allocations for participants. • For Training Nodes and Validators: Must stake tokens to be eligible to perform task training or validation. The probability of being selected to validate a task submission increases with their stake. • For FL Clients: Each participant needs to stake a specified quantity of FLOCK to participate in the training process. • For Model Hosts: Need to stake FLOCK in order to host winning models. **Right to Access and Utilize AI Models**: Token holders enjoy a rate limit in their access to such models based on their stake amount. **Governance rights**: To participate in governance, token holders need to lock their FLOCK tokens in a smart contract.
G.3	Conditions for modifications of rights and obligations	Not applicable
G.4	Future public offers	Not applicable
G.5	Issuer retained crypto-assets	19.70%

G.6	Utility token classification	True
G.7	Key features of goods/services of utility tokens	The FLock.io platform, to which the FLOCK token gives access, aims to democratize the creation, governance, and ownership of AI agents by shifting control from centralized corporations to the community. The token incentivizes and enables participation across its core products: AI Arena, FL Alliance, and Moonbase. **Staking for participation and eligibility** • Access to Roles: Participants, including Training Nodes, Validators, Task Creators, and Model Hosts, are required to stake FLOCK tokens to be eligible to perform their respective roles. This ensures a commitment to the network's integrity and facilitates a distributed, trust-based mechanism for task assignment. • Delegation: The FLOCK token allows Delegators to support the staking process of other participants, such as training nodes and validators. This enhances the network's validation capacity and allows individuals to participate in the network's economic activities and earn passive income without technical expertise. The delegated tokens amplify the delegatee's stake, influence, voting power, and rewards, which are then shared with the delegators. • Task Creation: Task creators must stake a sufficient amount of FLOCK to define training tasks. If a task is not verified by the FLock.io DAO, the creator must self-fund the task using their own FLOCK to cover reward allocations. **Payment for Services and Access** • Model Access: End-users can access and utilize AI models hosted on Moonbase. While they have a rate limit based on their staked amount, beyond this limit, they will be charged in FLOCK as payment. • Bounties for Prioritization: Task creators with urgent needs may opt to pay additional FLOCK as bounties to prioritize their training processes, which are then distributed to participating training nodes. **Governance Participation (DAO)** • Decision-Making Power: Holding FLOCK tokens grants members the power to influence the network's future through participation in the Decentralized Autonomous Organization (DAO) governance. • Voting Rights: Each token can represent a vote, aligning the distribution of power proportionally to user stake. Token holders can propose, debate, and vote on various aspects of

		development and management, including technical updates, protocol modifications, treasury management, and community initiatives. • Protocol Safeguarding: The DAO verification process, enabled by token holder votes, ensures that tasks meet quality standards and are eligible for daily rewards, safeguarding the protocol from low-quality or malicious tasks. **Equitable Reward Distribution**: • Incentive for Contributions: The FLOCK token is the primary reward mechanism for participants who contribute computing resources, data, or validation services for model training and deployment. This ensures that the value of the token corresponds to the value of the resources consumed during these processes. • Performance-Based Rewards: Rewards are calculated based on participants' performance, adherence to expected outcomes, and the quantifiable impact of their data and training on improving models. **Security Mechanisms (Slashing)** • Deterrence of Malicious Activities: The token underpins the system's security through "slashing" mechanisms. If a participant is identified as engaging in malicious activities (e.g., Sybil attacks, DoS attacks, free-riding, FL model poisoning), their staked FLOCK tokens are penalized (slashed), and these slashed tokens are then distributed to honest participants. This robust mechanism disincentivizes harmful behavior and reinforces trust and cooperation within the community. In essence, the FLOCK token enables participation, incentivizing honest contributions, facilitating governance, and securing the decentralized AI ecosystem.
G.8	Utility tokens redemption	No redemptions are possible.
G.9	Non-trading request	False. An admission to trading in Kraken platform is sought.
G.10	Crypto-assets purchase or sale modalities	Not applicable

G.11	Crypto-assets transfer restrictions	The FLOCK token may be subject to certain transfer restrictions to comply with legal, regulatory, and operational requirements. These restrictions ensure that the token remains compliant with Regulation (EU) 2023/1114 and any relevant jurisdictional laws. 1. Jurisdictional Restrictions: FLOCK tokens cannot be transferred or sold to individuals or entities located in prohibited jurisdictions, as defined by the FLock.io platform and Kraken. This includes jurisdictions under sanctions or areas where the transfer or trading of crypto-assets may be restricted due to legal or regulatory requirements. 2. AML/KYC Compliance: Transfers of FLOCK tokens may be restricted if the purchaser's identity cannot be verified through the required AML/KYC procedures. Transactions involving unverified users may be blocked or reversed to maintain compliance with anti-money laundering and counter-terrorism financing regulations. 3. Token Lock-up Periods: FLOCK tokens may be subject to lock-up periods or vesting schedules. During these periods, FLOCK tokens cannot be transferred or traded. These restrictions apply in the following cases: • Staking for roles. • Governance. • Vesting for rewards. • Delegate staking. 4. Market Restrictions: FLOCK tokens may face restrictions on market trading depending on the platform and applicable regulations. The issuer and the FLock.io platform, in coordination with Kraken, may impose temporary or permanent transfer restrictions to ensure compliance with regulatory frameworks and protect the integrity of the market. These transfer restrictions are designed to protect both the purchasers and the broader ecosystem, ensuring that the FLOCK token remains compliant with legal obligations and functions securely within its intended use.
G.12	Supply adjustment protocols	False
G.13	Supply adjustment mechanisms	Not applicable
G.14	Token value protection schemes	Not applicable

G.15	Token value protection schemes description	Not applicable
G.16	Compensation schemes	Not applicable
G.17	Compensation schemes description	Not applicable
G.18	Applicable law	Switzerland
G.19	Competent court	Switzerland

Part H – Information on the underlying technology

H.1	Distributed ledger technology (DTL)	Distributed Ledger Technology (DLT) refers to a digital system for recording transactions in which the transactions and their details are recorded in multiple places at the same time. Unlike traditional databases, distributed ledgers have no central data store or administration functionality. Instead, the ledger is decentralized, and consensus on the transactions is achieved through a process that involves multiple nodes, each maintaining its own copy of the ledger. The benefits of DLT include increased transparency, enhanced security, improved traceability, and greater efficiency of transactions. One of the most well-known forms of DLT is a blockchain, which is a subtype characterized by its use of a chain of blocks to manage the ledger. Each block contains a list of transactions and is cryptographically linked to the previous block, ensuring that the data once recorded cannot be altered retroactively without altering all subsequent blocks. Blockchains also introduce features like smart contracts used by Circle, notably to automate and enforce pre-defined transactions and logic through code, thereby reducing the need for intermediaries and further boosting efficiency. Blockchains offer significant benefits for consumer choice and interoperability as well. Consumers have the advantage of accessing the open-source code of these blockchains, allowing them to review, verify, and select the platform that best suits their needs. This transparency empowers users to make more informed decisions. Additionally, the open nature of blockchains promotes interoperability, meaning that any type of application that follows the same technical standards can integrate with the blockchain without anyone's permission. This flexibility enables a wide range of applications to work seamlessly together, fostering innovation and making it easier for different services to connect and interact within the blockchain ecosystem. The Foundation issues FLOCK tokens on Base, an Ethereum layer-2 blockchain, in order to leverage these benefits.
H.2	Protocols and technical standards	The FLOCK token is based on the Base protocol, which utilizes Distributed-Ledger Technology. This protocol provides the foundation for secure transactions and smart contracts.
H.3	Technology used	The FLOCK token is issued in Base, an Ethereum layer-2 blockchain technology.

H.4	Consensus mechanism	Blockchains use consensus mechanisms to enable their decentralized networks of nodes to agree on transaction validity and ordering. Base is a Layer-2 (L2) solution on Ethereum that was introduced by Coinbase. L2 transactions do not have their own consensus mechanism and are only validated by the execution clients. The so-called sequencer regularly bundles stacks of L2 transactions and publishes them on the L1 network, i.e. Ethereum. Ethereum's consensus mechanism (Proof-of-stake) thus indirectly secures all L2 transactions as soon as they are written to L1.
H.5	Incentive mechanisms and applicable fees	FLock.io relies on the existing incentive mechanisms and fee structures of the Ethereum network. The FLock.io platform and the Foundation does not take additional fees.
H.6	Use of distributed ledger technology	False
H.7	DLT functionality description	Not applicable
H.8	Audit	True
H.9	Audit outcome	Please see: https://github.com/slowmist/Knowledge-Base/blob/master/open-report-V2/smart-contract/FLock%20Phase1%20-%20SlowMist%20Audit%20Report.pdf https://github.com/slowmist/Knowledge-Base/blob/master/open-report-V2/smart-contract/Flock%20Phase2%20-%20SlowMist%20Audit%20Report.pdf https://github.com/slowmist/Knowledge-Base/blob/master/open-report-V2/smart-contract/Flock%20v2%20-%20SlowMist%20Audit%20Report.pdf

Part I – Information on risks

I.1	Offer-related risks	The admission to trading of FLOCK tokens involve risks related to market conditions, regulatory uncertainties, liquidity constraints, and investor protection. The crypto-asset market is highly volatile, and the price of FLOCK tokens may fluctuate significantly due to market sentiment, macroeconomic factors, and speculative activity. There is no guarantee that an active secondary market will develop or that FLOCK tokens will maintain liquidity post-sale. Regulatory changes may impact the availability, trading conditions, or compliance requirements for FLOCK tokens, potentially restricting their use in certain jurisdictions or imposing additional obligations on holders. The offer is subject to compliance with anti-money laundering (AML) and know-your-customer (KYC) regulations, which may affect eligibility to participate in the sale. Purchasers may face restrictions on token transfers or trading during the lock-up period, and any unforeseen operational issues on the issuing platforms could impact the timely distribution of the FLOCK tokens. Market manipulation, such as price speculation or wash trading, could distort price discovery and increase investor risk.
I.2	Issuer-related risks	The Foundation, as the issuer of FLOCK tokens, faces risks related to regulatory compliance, financial sustainability, and operational execution. As a Swiss-based entity operating within the EU regulatory framework, it is subject to evolving legal and compliance obligations, which could affect its ability to administer the token and execute its mission. Future funding requirements may arise, necessitating additional resource allocation strategies. Any misalignment between the foundation's long-term plans and regulatory expectations could impact the ability to maintain operations or fulfill its ecosystem commitments. Changes in leadership, governance structure, or operational focus could influence the strategic direction of the FLock.io platform.
I.3	Crypto-assets-related risks	As a utility token, FLOCK token's value is tied to network adoption and ecosystem development rather than intrinsic financial guarantees. The FLOCK token's reliance on the blockchain exposes it to gas fee volatility and potential network congestion, which may impact transaction costs and settlement efficiency. The FLOCK token's future use cases, including staking incentives and DeFi integrations, are subject to external factors such as market demand, protocol updates, and smart contract security risks. If demand for distributed validator technology (DVT) does not scale as expected, the utility of FLOCK token may be lower than anticipated.
I.4	Project related risks	• **Adoption and Participation Risks**: The successful implementation and long-term utility of the FLock.io platform heavily depends on continued and widespread adoption by various participants, including training nodes, validators, and delegators. While FLock.io aims to

		democratize AI and encourage broad community participation, there is a risk that the rate of adoption by these contributors, especially those with computational resources and data, may be lower than anticipated. This could impact the platform's ability to scale, to achieve its mission of democratizing AI, and affect the projected utility and demand for the FLOCK token. • **Platform Development and Rollout Delays**: FLock.io is actively rolling out its testnet or mainnet upgrades. The timeline for this ongoing infrastructure development and rollout may be subject to delays due to unforeseen technical challenges, resource constraints, or evolving industry standards in the rapidly advancing fields of decentralized AI and blockchain technology. • **Interoperability and Third-Party Dependencies**: The FLock.io system heavily leverages blockchain technology as its foundation for security, staking, and reward distribution. Additionally, FLock delegate staking has the option to be integrated with existing restaking platforms to attract a broader blockchain community. This implies a dependency on the stability, security, and governance of these underlying blockchain infrastructures and external platforms. Issues or changes within these third-party ecosystems could potentially impact FLock.io's operations and future integrations. For example, technical failures or outages on the blockchain could disrupt crucial processes like participants staking their FLOCK tokens, delay or prevent the automated distribution of rewards, or even affect governance activities. Similarly, security vulnerabilities or successful attacks on the underlying blockchain network itself could lead to the compromise of staked FLOCK tokens, manipulation of on-chain records, or undermine the fundamental security and resilience that the blockchain is intended to provide to FLock.io. Furthermore, if the integration with other staking platforms occurs, security breaches on these external restaking platforms could result in the loss of FLOCK tokens delegated by users. Moreover, operational instability and changes in their terms or economic models might make them less appealing for delegate staking, affecting FLock.io's ability to attract new participants. • **Security Vulnerabilities and Malicious Attacks**: The decentralized nature of FLock.io, while offering significant benefits, also exposes it to various forms of malicious attacks that could undermine its integrity and reliability. FLock.io has designed specific mitigations for these, but these inherent risks remain: **(i)** **Sybil Attacks**: An attacker might gain disproportionate influence within the FLock.io system by creating and controlling multiple fake participant identities, such as many training nodes or validators.

		(ii) **Denial-of-Service (DoS) Attacks**: Malicious actors could attempt to exhaust the FLock.io system's resources, making it unavailable to legitimate, honest participants. The platform implements rate limiting and a payment mechanism for model access to help mitigate this risk. (iii) **Free-rider Attacks**: This risk involves participants who benefit from the system without contributing fairly. Specifically, a free-rider **training node** might submit random models without actually performing the required training, or **free-rider validators** might give random scores instead of honestly evaluating models. FLock.io addresses this by ensuring that only top-performing participants receive rewards. (iv) **Lookup Attacks**: Training nodes could attempt to cheat by learning to predict past validation score calculations. FLock.io mitigates this by using diverse validation datasets. (v) **Federated Learning (FL) Model Poisoning Attacks**: In the FL Alliance, an attacker might use biased or corrupted data during the training process to intentionally degrade the performance of the model. This is mitigated by majority voting and slashing mechanisms. • **Future regulatory developments:** there is a risk that new regulations may impose additional restrictions affecting the scalability of the project.
I.5	Technology-related risks	FLOCK tokens and the broader FLock.io platform infrastructure rely on the security and efficiency of blockchain. Risks include smart contract vulnerabilities, network congestion, and blockchain forks, all of which could impact the usability and security of FLOCK tokens.
I.6	Mitigation measures	The Foundation has implemented various risk mitigation measures to address technology, regulatory, and operational concerns. Smart contracts and key infrastructure components undergo rigorous security audits to reduce vulnerabilities and ensure secure validator coordination. The Foundation follows strict treasury management practices to maintain financial sustainability and fund long-term development. The staking mechanism designed with risk isolation, ensuring that participants retain control over their staked assets while minimizing exposure to external risks. The Foundation actively engages with regulatory bodies and legal advisors to ensure compliance with evolving frameworks, reducing the likelihood of unforeseen legal challenges. Continuous research and development efforts aim to enhance security, optimize performance, and address emerging challenges in Ethereum staking.

Part J – Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

J.1	Adverse impacts on climate and other environment-related adverse impacts	In the context of the FLOCK token, the estimated annual energy consumption is approximately 0.13 MWh. This figure is calculated using a multi-network allocation methodology across the Base and Ethereum networks. First, the total energy consumption of the underlying Base blockchain network is calculated. The token's proportional energy footprint is then derived from its gas consumption relative to the network's total transactional activity during the measurement period. The final consumption value represents the aggregated energy impact across all network instances where the token operates. Where possible, the Foundation seeks to operate the most energy efficient and least environmentally impactful product. With this objective in mind, the blockchain technology, Ethereum, selected for the issuance of the FLOCK token uses a Proof of Stake (PoS) consensus mechanism for transaction verification. PoS is a consensus mechanism used as an alternative to Proof of Work (PoW). PoS relies on validators holding a certain amount of cryptocurrency to secure the network and validate transactions, as opposed to the energy-intensive process mining process used in PoW. Compared to PoW, PoS has a much lower environmental impact. PoW required miners to solve complex mathematical problems using large amounts of computational power, which consumes a significant amount of electricity. This has led to concerns about the environmental impact of PoW, as it contributes to greenhouse gas emissions and climate change. In contrast, PoS requires much less energy to operate, as validators are not required to perform complex calculations. Additionally, some PoS networks have implemented various sustainability measures, such as using renewable energy sources or carbon offsets, to further reduce their environmental impact. Notwithstanding the above, it is important to clarify that this does not imply an absolute reduction in total energy consumption or environmental impact. Rather, this consensus model is comparatively less burdensome in terms of energy use, thereby supporting a relatively more sustainable operational structure. PoS still requires the use of computers and servers, which have their own environmental impact in terms of manufacturing and disposal. Additionally, the energy consumption of PoS networks can increase as the number of validators and transactions on the network grows.