

Fluent (BLEND) Token

Token Sale Disclosure

NEITHER THE BLEND TOKENS NOR THE OFFERING OR SALE OF BLEND TOKENS HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, ANY U.S. STATE SECURITIES LAWS, OR THE APPLICABLE SECURITIES LAWS OF ANY JURISDICTION. BLEND TOKENS ARE BEING OFFERED IN RELIANCE ON EXEMPTIONS FROM REGISTRATION UNDER APPLICABLE SECURITIES LAWS. AS SUCH, THEY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE LAWS.

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Important Disclosures

This disclosure document is provided by Fluent (BVI) Ltd., a subsidiary of the Fluent Foundation for the purpose of transparency regarding the BLEND token and related token sale activities. It is not intended to constitute an offer to sell or a solicitation of an offer to buy any securities, nor is it intended to be an inducement to purchase BLEND tokens.

Nothing herein constitutes a promise of future performance or an undertaking to generate profits or returns for token purchasers. BLEND is a utility token and does not represent equity, ownership rights, profit-sharing rights, or any entitlement to dividends or revenue from any entity.

The Fluent team undertakes no obligation to update this disclosure as new information becomes available, but reserves the right to modify, supplement, or amend the information contained herein to reflect evolving developments.

1. Project Information

The Fluent Network is an Ethereum-based Layer 2 blockchain designed to support [blended execution](#) across multiple virtual machines within a single execution environment. Fluent enables developers to build and deploy on-chain applications using the Ethereum Virtual Machine (EVM), Solana Virtual Machine (SVM), and WebAssembly (Wasm), allowing applications written for different virtual machines and programming languages to interoperate atomically on one chain.

This architecture is powered by rWasm, Fluent's unified execution layer, which maintains compatibility with existing developer tooling while reducing fragmentation across blockchain ecosystems. By minimizing execution tradeoffs, Fluent allows developers to use the most appropriate language and virtual machine for each workload without sacrificing composability or security.

Fluent is a reputation-native execution layer, supporting applications that depend on long-term user behavior and contribution quality. This is enabled through [Prints](#), Fluent's reputation data layer, and Fluent Connect, a native application that uses reputation for identity, onboarding, and access control across on-chain applications.

The BLEND token is the native ecosystem token of the Fluent Network and is used to support network operations and participation, including transaction fees, execution and security incentives, staking, and community signaling, as further described in Section 3 (Token and Token Distribution Information).

The founders of Fluent are [Dino](#) (Christopher Marrie) and [Dmitrii Savonin](#). Dino is the CEO of Fluent Labs and Dmitrii is the CTO of Fluent Labs.

Contributing Entities

- **Development Company:** Fluent Labs, Inc. 8 The Green #5673, Dover, Delaware 19901, United States.
- **Foundation:** Fluent Foundation. c/o Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.
- **Token Issuer:** Fluent (BVI) Ltd. c/o Harneys Corporate Services Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, VG 1110, British Virgin Islands.

Fluent (BVI) Ltd. is a subsidiary of the Fluent Foundation and is the seller in the token sale. The Fluent Foundation is the sole shareholder of Fluent (BVI) Ltd.

Foundation & BVI Directors

- **Elliot Leimer:** General Manager, Fluent Foundation

- **Yaroslav Pshenitsyn:** Director, Fluent Foundation and Fluent BVI

Audit Partners

- [Veridise](#): Report [here](#)
- [Sherlock](#): Report [here](#)
- [Spearbit](#): Report [here](#)

Infrastructure Partners

- Pyth
- Biconomy
- Blockscout
- Thirdweb
- QuickNode
- Privy
- Fairblock
- Gnosis SAFE
- Hyperlane

Fluent Labs Equity Fundraising

Fluent Labs raised an aggregate amount of \$10.7 million since Q1 2024 for development purposes. Token warrants contain rights to BLEND.

- Seed Round: \$5.55mm raised in Q1 2024 with 1 year cliff, 2 year vesting period, in total 36 months for full unlock.
- Strategic Round: \$2.4mm raised in Q4 2024 with 1 year cliff, 2 year vesting period, in total 36 months for full unlock.
- Echo Round: \$2.2mm raised in Q3 2025 with 40 day cliff, 30% unlock, remaining 70% 12 month unlock.
- Ecosystem Round: \$515k raised in Q4 2025 with 1 year cliff, 2 year vesting period, in total 36 months for full unlock.

Governance & Approval Thresholds

Governance and protocol-level changes are administered by a designated governance multisig with four (4) independent signers, representing both operational and foundation oversight:

1. **Dmitry Savonin:** CTO, Fluent Labs
2. **Medas Girdzius:** VP of Operations, Fluent Labs

3. **Hammad Tahir:** Co-Founder of Regen Financial and Advisor to Fluent Foundation
4. **Yaroslav Pshenitsyn:** Director, Fluent Foundation

Any governance action or protocol-level change requires a supermajority approval of 3 out of 4 (75%) signatures.

The governance multisig does not have the ability to:

- Unilaterally seize user assets
- Arbitrarily modify user balances
- Mint additional tokens beyond the fixed initial supply
- Override the vesting schedules enforced by smart contracts

At launch, consensus will be operated by a single sequencer node managed by the Fluent Foundation. Changes to consensus configuration or sequencer operation require governance multisig approval.

Governance is intentionally limited in scope during the initial network phase. No discretionary or unilateral administrative powers are granted to any individual contributor. This structure exists to provide operational safety and coordinated oversight during early network stages while maintaining appropriate checks and balances.

Future governance decentralization mechanisms, if introduced, will be disclosed separately and may modify administrative thresholds.

Staking

The Fluent Network supports two forms of staking, each serving a distinct function:

User Staking is available at mainnet launch. BLEND holders can stake tokens into a staking pool to build ecosystem reputation and access network benefits. A fixed pool of tokens from the Ecosystem Growth allocation funds rewards for participants. Reward rates are dynamic and determined by the ratio of the rewards pool to the total amount staked. No fixed return is promised. Staking serves functional purposes within the ecosystem, including contributing to a user's reputation tier on Prints, enhanced participation rates on ecosystem incentive campaigns, and priority access to new applications launching on the network. The staking pool will be live at mainnet with the rewards pool funded and staking functional. Reputation tier visibility on Prints and application-level integrations will be rolled out progressively as ecosystem applications launch on the network.

Protocol Staking is targeted following mainnet launch, subject to completion of security testing and audits. Once live, BLEND holders will be able to delegate tokens to validator node operators who participate in block production and consensus via FluentBFT, Fluent's decentralized

consensus mechanism. Delegators receive staking rewards for helping secure the network. The initial validator set will be small and expand over time as the network matures.

2. Token Sale Information

Token Sale

- **Sale Open:** Tuesday, April 7th, 2026 at 9:00 AM EST
- **Sale Close:** Monday, April 13th 2026 at 9:00 AM EST
- **Number of Tokens Available for Sale:** 10,000,000 (10 million)
- **Percentage of Initial Total Supply:** 1%
- **Sale Price:** \$0.10 per token
- **Initial Total Supply:** 1,000,000,000 (1 billion tokens)
- **Implied Fully Diluted Value (FDV) of the Fluent Network:** \$100,000,000 (\$100 million)

Sale Details

The BLEND token sale will have a fixed price and fixed initial supply. 100% of tokens are unlocked at TGE, except for U.S. accredited investors who are subject to a one-year lock-up period as described below. The minimum commitment is \$100 and the maximum commitment is \$250,000.

Determination of Sale Price

Prior to the public sale, there has been no public market for BLEND tokens. The sale price of \$0.10 per BLEND token is determined in connection with a public token sale conducted via the Sonar platform, taking into account prior private financing rounds, competitive positioning, market conditions, and strategic considerations.

Jurisdictions

Participation is available in jurisdictions supported by the Sonar token sale platform. All participants are required to complete identity verification (KYC) and sanctions screening in accordance with Sonar's platform requirements and applicable law. Jurisdictional restrictions apply, and access may be limited or unavailable depending on the laws and regulations of a participant's country of residence.

Participation from the United States is limited to accredited investors only, in reliance on available private offering exemptions under applicable U.S. securities regulations. U.S. accredited participants are subject to a one-year token lock-up period following TGE, during which tokens may not be transferred or sold. This supports alignment with standard private market practices and helps maintain a fair and orderly market at launch.

Access is restricted for users in Prohibited Jurisdictions, including but not limited to Afghanistan, Belarus, Cuba, China, Democratic Republic of the Congo, Iran, Iraq, Libya, North Korea, Russia, South Sudan, Syria, Sudan, Ukraine (Crimea, Donetsk & Luhansk regions) and the United Kingdom.

Allocation Mechanics

All allocations will be distributed on a pro-rata basis. In the event of oversubscription, each participant's contribution will be scaled down proportionally so that total allocations align with the available token supply - with any excess contributions refunded accordingly.

For example, if the sale is 2x oversubscribed, each participant will receive 50% of their committed amount, with the remaining 50% refunded.

3. Token and Token Distribution Information

Token Utility

The BLEND token serves the following functions within the Fluent Network:

1. **Transaction Fees:** Users can use BLEND to pay transaction fees.
2. **User Staking:** Token holders may stake BLEND to gain access to special access and benefits across the Fluent ecosystem.
3. **Protocol Staking:** Token holders may stake BLEND by delegating to validator node operators in order to secure the network and earn staking rewards.
4. **Community Signaling:** Token holders participate in structured feedback mechanisms to signal preferences on ecosystem topics.

BLEND tokens do not represent: (1) equity, ownership interests, or profit sharing rights in Fluent Labs, the Fluent Foundation, Fluent (BVI) Ltd., or any affiliated entity; or (2) any entitlement to Fluent Network protocol revenue.

Transaction Fees

While the native gas token on Fluent Network is ETH, BLEND has been set up to be used as gas by ecosystem applications and core products via account abstraction. Account abstraction enables users to utilize smart contracts as their wallets instead of traditional, private-key-based accounts. By converting accounts into smart contracts, it enables gas fee sponsorship, payment in various ERC-20 tokens and more.

Paying BLEND for transaction fees within selected applications will be available on day one of mainnet.

User Staking

Users can lock BLEND into a staking pool to participate in the Fluent ecosystem. A fixed pool of tokens from the Ecosystem Growth allocation group funds rewards for stakers. Reward distribution rates are dynamic and determined by the ratio of the rewards pool to the total amount staked. More stakers means a lower effective reward rate. No fixed return is promised.

Staking serves three functional purposes within the ecosystem:

1. Reputation signal in Prints. Staked amounts contribute to a user's onchain reputation tier, visible across the ecosystem. This is a credibility signal that applications can reference when determining how to treat users. Higher reputation tiers reflect deeper ecosystem commitment.
2. Boosted incentive multipliers. Stakers participate at enhanced rates on ecosystem-wide incentive campaigns. The multiplier scales with stake tier. Applications running reward campaigns on Fluent Network can offer enhanced rates to users with higher reputation tiers.
3. Priority access to new applications. Stakers gain early or priority access to test and provide feedback on new Blend Builders Club (BBC) applications as they launch on the network.

The staking pool will be live at mainnet launch with the rewards pool funded and staking functional. Reputation tier visibility on Prints and application-level integrations (boosted incentives, priority access) will be rolled out progressively as ecosystem applications launch on the network.

Protocol Staking

Fluent is targeting the launch of a first version of Delegated Proof of Stake (DPoS) mechanism as part of its consensus layer (FluentBFT) following mainnet launch, subject to completion of security testing and audits. This enables BLEND holders to delegate tokens to validator node

operators who participate in block production and consensus. Delegators receive staking rewards for helping secure the network.

Community Signaling

Post mainnet launch, Fluent will introduce a scoped, advisory mechanism for BLEND holders to signal preferences on specific ecosystem topics. The Fluent Foundation retains all executive decision-making authority. Participation weighting may include stake-weighted input, with the specific mechanism to be finalized prior to launch.

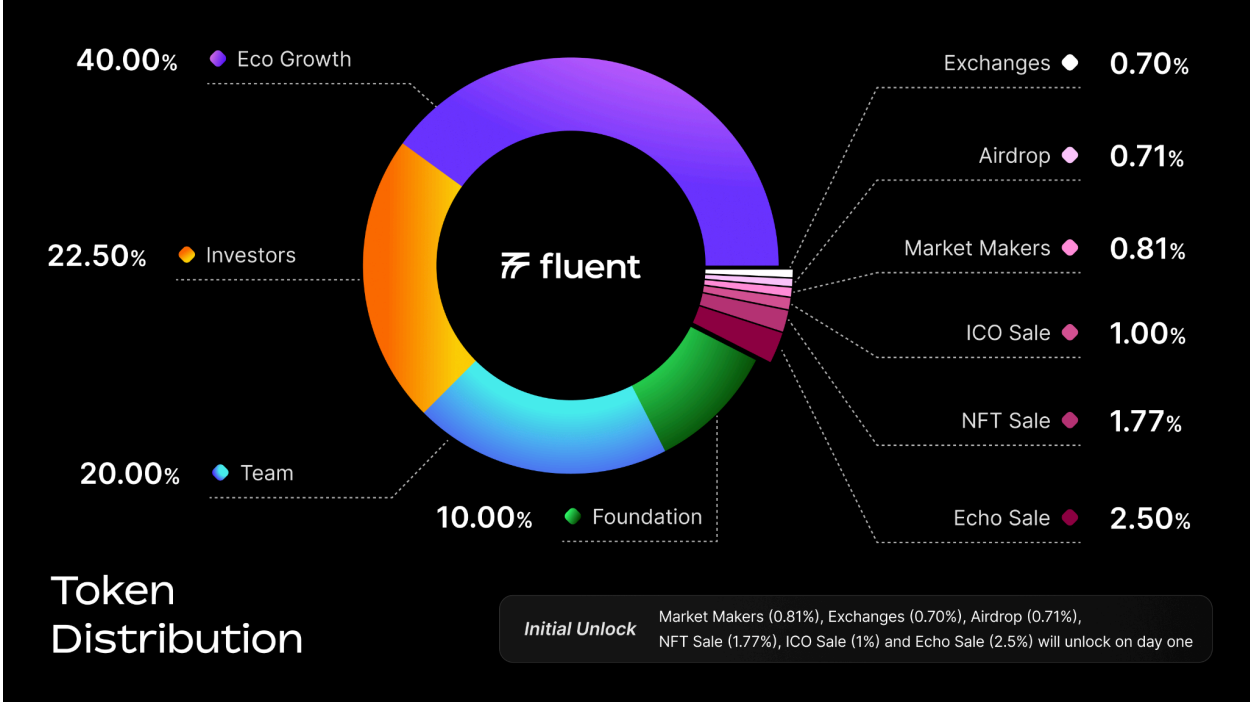
Fee Buyback and Burn

A percentage of network sequencer fees collected by the Fluent Network will be used to purchase BLEND tokens from the open market and permanently burn them, reducing the total token supply. This mechanism is designed to create a direct link between network usage and a reduction in token supply.

At mainnet launch, buybacks will be executed manually by the Fluent Foundation using time-weighted strategies to minimize market impact. As onchain liquidity matures, the mechanism is expected to transition toward programmatic execution through smart contracts with appropriate safety parameters.

The percentage of fees allocated to buybacks, the burn mechanism, and the execution methodology may be adjusted over time based on network and market conditions. All buyback and burn transactions will be verifiable onchain.

Token Allocation Overview

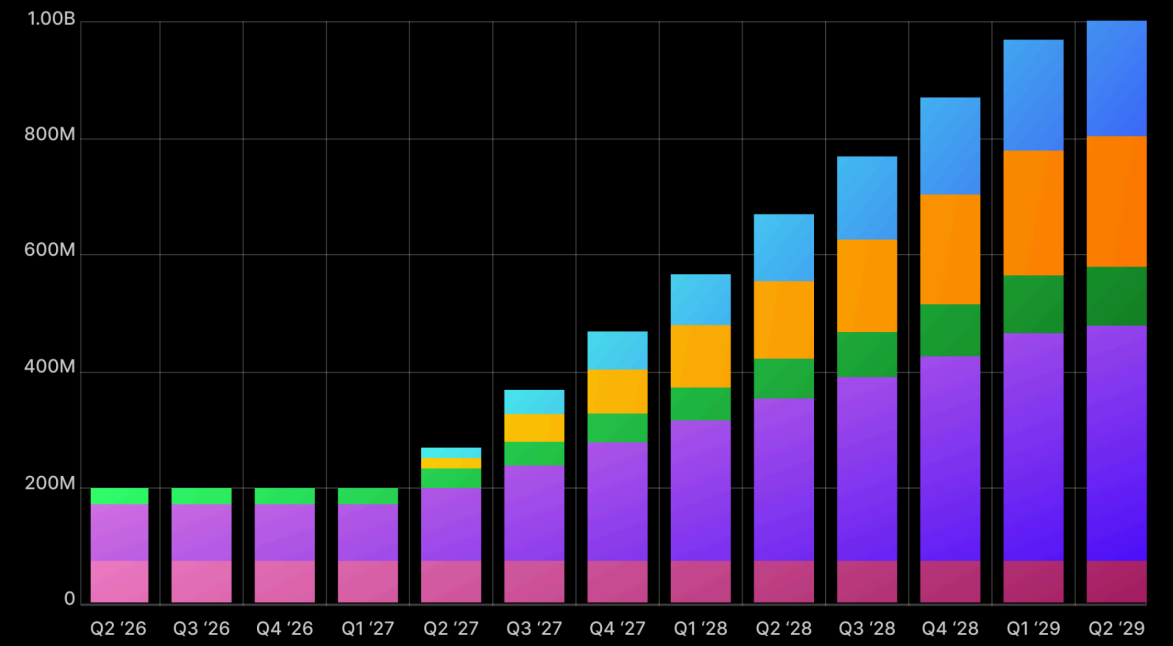
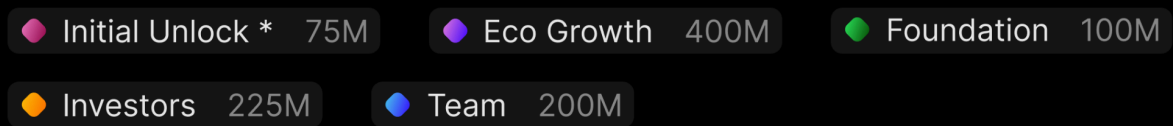


TOKEN RELEASE SCHEDULE

TOTAL SUPPLY

\$BLEND Unlocks

1.0B



* Initial Unlocks includes: Exchanges, Airdrop, Market Makers, ICO Sale, NFT Sale, Echo Sale

Exchanges

0.70% of the BLEND token supply is allocated to fees to list on centralized exchanges. This includes 0.40% allocated to ByBit and 0.30% allocated to OKX. If additional tokens need to be allocated for future exchange listings, it will be communicated.

Market Makers

0.81% of the BLEND token supply is allocated to market makers to provision liquidity on centralized and decentralized exchanges. This includes allocations to GSR, Flowdesk and Sunrise. You can read more about the allocations and partners in Section 6.

Airdrop

0.71% of the BLEND token supply is allocated to a community airdrop.

This includes 0.2% and 0.05% to the Inner Circle and Creator roles on Discord, respectively. These core community members have been valuable contributors to the Fluent ecosystem for several years. This also includes 0.01% allocated early Fluent Connect users, specifically users who meet the “Definitely Human” and “Probably Human” criteria, along with participation in important Fluent events (0.02%) and our previous NFT (0.18%) and Echo (0.25%) sales.

Allocations for participants in our previous sales are proportionate to existing token allocations and mirror existing vesting schedules, and core community allocations are unlocked at TGE.

Airdrop breakdown will be populated [here](#).

NFT Sale

1.77% of the BLEND token supply is allocated to participants in The First Press Collection NFT sale. 50% of allocations are unlocked at TGE with the other 50% vesting linearly for 6 months.

Echo Sale

2.5% of the BLEND token supply is allocated to participants in the Echo sale, including participants from TPC, Q42 and Wagmi Ventures communities. 30% of allocations are unlocked 40 days after TGE with the other 70% vesting linearly for 12 months.

ICO Sale

1% of the BLEND token supply is allocated to participants to the Sonar ICO. 100% of allocations are unlocked at TGE.

Ecosystem Growth

40.00% of the BLEND token supply is allocated to the growth of Fluent Network. The Fluent Foundation will steward this allocation for many years. This includes ecosystem incentives, builder activations, promotional spend and anything that drives growth and adoption metrics of Fluent Network. 25% of allocations are unlocked at TGE with the other 75% subject to a 1 year cliff followed by linear vesting for 24 months.

Foundation

The Fluent Foundation treasury exists to ensure the long-term health, sustainability, and decentralization of Fluent Network. These funds are stewarded by the Foundation and deployed across core operations, protocol development, security, legal and compliance, and strategic

initiatives that serve the broader ecosystem over time. As the protocol matures, governance over treasury expenditure will progressively shift to the community, with regular transparency reporting to keep token holders informed.

10% of the BLEND token supply is allocated to the Fluent Foundation treasury. 25% is unlocked at TGE, with the remaining balance subject to a 1-year cliff followed by linear vesting over 24 months.

Following TGE, the Foundation may periodically sell a portion of its BLEND allocation as tokens unlock to fund operational expenses - including development, ecosystem grants, marketing, and community initiatives. All sales will be conducted through approved channels and remain subject to applicable vesting schedules.

Investors

22.50% of the BLEND token supply is allocated to investors in the Fluent project through Fluent Labs' previous fundraising rounds. 100% of allocations are subject to a 1 year cliff followed by linear vesting for 24 months.

Team

20% of the BLEND token supply is allocated to team members of Fluent Labs and Fluent Foundation, including founders, employees and contractors. 100% of allocations are subject to a 1-year cliff followed by linear vesting over 24 months, tied to the date of initial involvement in the project. In order for a token to be released, it must be both unlocked and vested.

Locked Tokens

Locked tokens cannot be staked. Unlock begins 1 year after TGE (April 2027). Unlock enforcement is expected to be implemented via third-party tooling (e.g. Coinbase Custody / Gnosis / Magna).

Unlocked Tokens

Unlocked Ecosystem Growth tokens will be deployed upon TGE to support ecosystem development, including builder grants, protocol incentives, marketing and promotional activities, and other initiatives that drive adoption and health of the Fluent Network. The governance multisig cannot determine future token issuance.

Equity vs. Token Distinction

BLEND tokens are distinct from equity or ownership interests in any legal entity associated with the Fluent Network.

Holders of BLEND do not hold shares, membership interests, partnership interests, or any other form of equity in Fluent Labs, Inc., Fluent Foundation, Fluent (BVI) Ltd., or any affiliated entity.

BLEND does not confer:

- Ownership rights
- Governance rights over any legal entity
- Rights to dividends, revenue, or profit distributions
- Claims on assets of any entity
- Fiduciary protections typically associated with shareholders

The development of the Fluent Network is supported by independent entities, including Fluent Labs, Inc. and the Fluent Foundation.

BLEND is a utility token intended for use within the Fluent Network protocol and does not represent an investment contract or ownership in any enterprise.

Token Supply Changes

While subject to change, as of now there will be no new tokens minted for staking rewards. Staking rewards are sourced from the existing Ecosystem Growth allocation, not from new token issuance. A portion of network sequencer fees will be used to buy back and burn BLEND tokens, which will reduce the total token supply over time. The initial total supply of BLEND is 1,000,000,000 tokens.

4. Airdrop Information

The Fluent Foundation will distribute BLEND tokens through a community airdrop with the following characteristics:

- Airdrop Allocation: 0.71% of initial total supply
 - Distribution Timing: Day 1 of TGE
 - Eligibility: Subject to Fluent Terms of Service and geographic restrictions
 - Claim Period: 30 days from TGE
 - Unclaimed Tokens: Returned to the Growth allocation group for ecosystem efforts
-

5. Conflicts of Interest Information

No related-party token allocations exist outside the distributions described in this disclosure. Team members, investors, and insiders are not eligible for public sale or airdrop allocations.

The Fluent Foundation has compensated, and may in the future compensate, Fluent Labs, Inc. for certain development and technical services on an arm's-length basis. All inter-entity transactions involving BLEND tokens or protocol resources are conducted at arm's-length and are subject to approval by the Foundation's independent Director. Foundation allocation is dedicated to supporting the long-term operational health of the Foundation. This includes staff salaries, legal and compliance costs, administrative expenses, and other activities necessary to fulfill the Foundation's mission and ensure sound governance of the protocol.

Purchasers should be aware that there are material related-party relationships between Fluent Labs and Nerona, the third-party provider of USDnr, Fluent's integrated stablecoin. These relationships include a contractual arrangement between Fluent Labs and Nerona, a 10% token stake held by Fluent Labs, and the dual role of one of Fluent Labs. Additionally, T-bill yield generated by the reserves backing USDnr is currently structured to accrue to Fluent. These conflicts are fully described in Section 8 (Risks) under "Native Stablecoin and Liquidity Infrastructure Risk".

6. Market Makers & Liquidity Information

Fluent Foundation has engaged GSR, Flowdesk and Sunrise as market making partners.

GSR

- **Structure:** Loan + option model
- **Allocation:** 0.5% of initial total supply
- **Tenor:** 12 months

Flowdesk

- **Structure:** Retainer model
- **Payment:** \$10k per month
- **Allocation:** 0.075% of initial total supply
- **Tenor:** 12 months

Sunrise

- **Structure:** Loan + option model
- **Allocation:** 0.24% of initial total supply
- **Tenor:** 12 months

All market maker allocations are sourced from the Market Makers allocation category described in Section 3. These tokens are intended solely to support orderly market formation and liquidity and are not available to insiders or team members.

We will use Forgd for monitoring the market making activity.

Centralized Exchange Fees

As of the date of this disclosure, 0.7% of the BLEND token supply has been allocated to fees for centralized exchanges. If any further arrangements are entered into in the future, they will be disclosed and sourced from existing allocation categories described in Section 3 (Token and Token Distribution Information).

7. Security Information

Audits

The Fluent Network's core protocol and related codebases have undergone security reviews and audits by independent third-party firms, including Veridise, Spearbit, and Sherlock. No hacks or security breaches involving Fluent Network have been reported to date.

Open Source Code

The Fluent Network codebase is open source and available at:

- <https://github.com/fluentlabs-xyz/fluent>
- <https://github.com/fluentlabs-xyz/fluentbase>
- <https://github.com/fluentlabs-xyz/rwasm>
- <https://github.com/fluentlabs-xyz/bridge-contracts>
- <https://github.com/fluentlabs-xyz/fluent-stf-sp1>

Consensus & Finality

At launch, Fluent will operate with centralized consensus, consisting of a single sequencer node operated by the Fluent Foundation. The network will settle to Ethereum Mainnet using an optimistic ZK rollup architecture.

A decentralized consensus mechanism ("FluentBFT") is currently under development and is intended to be introduced following initial network stabilization.

The development, implementation timeline, and functionality of FluentBFT are subject to change. Actual results, timelines, and technical outcomes may differ based on technical, security, operational, or regulatory considerations.

8. Risks

Key risks relating to the BLEND token sale, the Fluent Network, the Fluent Foundation, Fluent (BVI) Ltd., and the underlying technology include the following:

Sale-Related Risks

The Fluent Foundation neither operates nor controls the functioning of the Sonar token sales platform or the exchanges where BLEND tokens will be admitted for trading. Additionally, the structure of the BLEND token's underlying protocol, the Fluent Network, may evolve due to ongoing technical, regulatory, and industry developments. The risks outlined below highlight regulatory uncertainty, liquidity limitations, governance risks, network centralization concerns, and potential adjustments to token supply that could impact the sale and trading of BLEND tokens.

Regulatory Compliance Risks

Although the BLEND token and the Fluent Network are designed to comply with existing regulations, evolving regulatory landscapes could impact classification, trading status, or market acceptance of BLEND tokens and the specifications and operation of the Fluent Network. Authorities in relevant jurisdictions could reach different conclusions about the application of legal and regulatory requirements to the BLEND token distribution (including the sale), which could impact Fluent (BVI) Ltd.'s ability to execute the sale, deliver BLEND tokens to purchasers, or affect the value of BLEND or the ability to stake, transfer, or transact in BLEND on secondary markets.

Market Volatility

BLEND tokens are subject to significant price fluctuations, influenced by speculation, market sentiment, and broader industry trends. External factors, such as regulatory announcements or

technological developments, may further contribute to volatility, potentially leading to financial losses for holders.

Liquidity Risks

The ability to buy and sell BLEND tokens subsequent to the sale depends on trading activity on decentralized exchanges (DEXs) and centralized exchanges (CEXs). Limited liquidity may result in difficulties executing large trades without significant price impact, increasing the risk of loss.

Trading Platform Risks

When BLEND token holders trade on exchanges, the Fluent Foundation does not act as a contractual party to these transactions. All legal relationships regarding trading platforms are subject to their respective terms and conditions, with no responsibility assumed by the Fluent Foundation for their operations, services, or outcomes.

Delisting Risks

There is no guarantee that BLEND tokens will remain listed on any exchange. Delisting could significantly hinder the ability to trade tokens, reducing liquidity and market value.

Exchange Insolvency Risks

Exchanges or trading platforms where BLEND tokens are listed may become insolvent or cease operations, potentially resulting in a loss of access to funds or tokens.

Entity Risks

The Fluent Foundation has only recently been established. There is no assurance that the Fluent Foundation will be able to continue operating successfully or to deliver its planned contributions to the Fluent Network and ecosystem.

Centralized Sequencer Risk

At launch, the Fluent Network will operate with a single centralized sequencer node operated by the Fluent Foundation. This creates a single point of failure for transaction ordering. In the event of sequencer outage, downtime, or censorship, users may be unable to transact on the Fluent Network until service is restored. The FluentBFT decentralized consensus mechanism is under development but has not been deployed. There is no guarantee that FluentBFT will be implemented on the currently anticipated timeline or at all.

Buyback and Burn Risk

The fee buyback and burn mechanism depends on network transaction volume generating sufficient sequencer fees. In periods of low network activity, buyback volume may be minimal or negligible. The percentage of fees allocated to buybacks, the burn mechanism, and the execution methodology may be modified or discontinued. Buyback execution on thin liquidity may result in unfavorable pricing or market impact.

Blended Execution Risk

The Fluent Network's blended execution environment, which enables EVM, SVM, and Wasm applications to interoperate within a single execution layer, is a novel architecture. This approach introduces complexity and potential failure modes that have not been encountered in single-VM blockchain environments. Bugs or vulnerabilities arising from cross-VM atomicity, rWasm translation, or multi-VM state interactions could result in loss of user assets or network disruption.

Limited Impact Risk

The Fluent Network is a decentralized blockchain network. While the Fluent Foundation was responsible for the deployment of the genesis block of the Fluent Network, it does not operate, control, oversee, or manage the functioning of the Fluent Network. Validators could decide not to adopt proposals supported by the Fluent Foundation or to adopt proposals opposed by the Fluent Foundation.

Token Correlation Risks

BLEND tokens do not represent ownership of, or ownership interests in, the Fluent Foundation or any other entity and do not give rise to any contractual relationship between the Fluent Foundation or any other entity and any BLEND token holder.

Operational Risks

Risks associated with the Fluent Foundation's internal processes, personnel, and technologies may impact its ability to manage internal token operations effectively. Failures in operational integrity could lead to disruptions, financial losses, or reputational damage.

Financial Risks

The Fluent Foundation may face financial risks, including liquidity shortages, credit risks, or market fluctuations, which could affect its ability to continue operations or meet its obligations.

Legal Risks

The Fluent Foundation and Fluent (BVI) Ltd. may be exposed to lawsuits, investigations, or adverse rulings. The application of regulations to blockchain protocols and crypto-assets remains uncertain in many jurisdictions. Such uncertainties or negative legal outcomes could materially affect the Fluent entities, including operational challenges, costs, or the risk of regulatory fines or other legal liabilities.

Reputational Risks

Negative publicity, whether due to operational failures, security breaches, or perceived misconduct, could damage the Fluent Foundation's reputation and, by extension, impact the adoption and market value of BLEND tokens.

Technology and Development Risks

BLEND tokens operate through Fluent Network blockchain technology that is novel. While the Fluent Foundation and other contributors have engaged third-party auditors and remain focused on security, early-stage blockchain technology carries inherent risks of bugs, security vulnerabilities, and performance issues that could affect token functionality or value.

Adoption and Demand Risks

The long-term success of the Fluent Network is dependent on its widespread adoption by developers, users, infrastructure providers, and other participants. There is no guarantee of sufficient demand for BLEND tokens or the Fluent Network. If adoption fails to grow as expected, BLEND token utility or value may be significantly impacted.

Speculative Nature

No assurances of future value, performance, or rewards are made regarding BLEND tokens. The token's value depends entirely on network utility, validator participation, user adoption, market demand, and community engagement. The value is highly speculative and subject to fluctuations based on external perceptions and market conditions.

Security Risks

1. **Smart Contract Vulnerabilities:** Despite third-party security audits, unforeseen vulnerabilities in smart contracts could lead to security breaches impacting token security and staking mechanisms.

2. **Private Key Management:** Token holders are solely responsible for safeguarding their private keys and recovery phrases. Loss of wallet credentials will result in permanent loss of tokens.
3. **Scam and Fraud Risks:** Token holders are exposed to phishing attacks, fake giveaways, impersonation of Fluent entities, counterfeit tokens, and fraudulent airdrops.
4. **Cybercrime and Theft Risks:** Blockchain-based assets may be exposed to cyberattacks. Compromised wallets, exchanges, or smart contracts could lead to asset theft or loss.

Wallet and Storage Risks

Token holders must use blockchain-compatible wallets. The method chosen to store BLEND tokens carries inherent risks including incompatibility with specific wallet software, network malfunctions, or wallet provider shutdowns. Token holders are solely responsible for the security and management of their wallets. There is no recovery mechanism for lost private keys.

Regulatory and Compliance Risks

Regulations governing crypto-assets differ across jurisdictions and are subject to change. Some jurisdictions may impose restrictions or prohibitions on the trading or use of BLEND tokens. Certain regulators may classify BLEND tokens as securities, financial instruments, or payment instruments. Government agencies may take enforcement actions if BLEND tokens are deemed unregistered securities. Crypto transactions may be scrutinized for potential links to illicit activities, affecting the ability of token holders to use or trade their assets.

Vesting and Token Release Risks

BLEND tokens allocated to investors and the team are subject to vesting schedules. When these tokens are released into circulation, they may introduce additional selling pressure which could impact market prices.

Taxation Risks

The tax treatment of BLEND tokens varies by jurisdiction. BLEND token holders are solely responsible for understanding and complying with applicable tax laws in their respective jurisdictions. Any acquisition, holding, conversion, transfer, or sale of BLEND tokens may trigger tax obligations. Purchasers should consult their own tax advisers prior to participating in the sale.

Data Corruption Risks

The reliability of blockchain data could be compromised due to software bugs, human error, or deliberate tampering, affecting transaction records, network integrity, and user confidence.

Obsolescence Risks

The blockchain and crypto industries evolve rapidly. The emergence of new technologies, changes in market demand, or advancements in competing protocols could render BLEND tokens or the underlying Fluent Network infrastructure less competitive, reducing adoption and utility. The Layer 2 ecosystem is highly concentrated. A small number of networks dominate activity, TVL, and developer engagement. The majority of new Layer 2 networks that have launched in 2024 and 2025 experienced rapid usage collapse following the conclusion of incentive programs and airdrop cycles, with activity failing to persist organically. There is no assurance that the Fluent Network will avoid this pattern.

Native Stablecoin and Liquidity Infrastructure Risk

The Fluent Network has announced the introduction of USDnr, a native stablecoin intended to constitute a significant portion of day-one liquidity on the network. USDnr is provided through a third-party infrastructure arrangement with [Nerona](#), a commercial partner of Fluent Labs, using the M0 infrastructure platform. Nerona is not a licensed stablecoin issuer and holds no money transmitter license, trust charter, NYDFS license, or equivalent regulatory authorization. The legal issuer of USDnr is currently MXON, operating as a Minter on the M0 platform, with issuance expected to expand to a network of M0-approved Minters over time.

USDnr is structurally a wrapper around \$M, the base M0 protocol asset, which is T-bill backed and held in bankruptcy-remote special purpose vehicles controlled by the M0 Minter. Nerona operates at the Extension layer, wrapping existing \$M into USDnr, but cannot mint new \$M independently. Ultimate governance authority over the \$M monetary base sits with M0 governance, which controls Minter approval, collateral eligibility, and can permanently deactivate Minters on an irreversible basis. USDnr holders receive no yield – the token provides stablecoin utility only on a 1:1 USD-pegged basis, with T-bill yield from the underlying reserves accruing to Fluent.

Purchasers should be aware of the following material relationships between Fluent and Nerona. Fluent Labs holds a stake in Nerona. The founder of Nerona serves as a contractor to Fluent Labs, has been compensated by Fluent Labs, and holds an option award from Fluent Labs. These relationships constitute a related-party arrangement between Fluent and Nerona.

The risks associated with USDnr include but are not limited to the following. If Nerona experiences operational disruption, the USDnr wrapper layer may become unavailable. A more material risk scenario is Minter insolvency or M0 governance action – including permanent deactivation of a Minter – which could impair the redemption of \$M and by extension USDnr, with holder protections dependent on the SPV jurisdiction's legal framework. Additionally, M0's Minters may independently become subject to GENIUS Act or other regulatory obligations depending on their exposure, which is a third-party dependency outside Nerona's or Fluent's

direct control and could affect USDnr's operability downstream. Purchasers should be aware that USDnr is separate from the Fluent Network's core protocol – BLEND tokens and the operation of the Fluent blockchain are not dependent on USDnr – but disruption to USDnr could materially impair day-one network liquidity, harm user experience, and negatively affect the market for BLEND tokens.

rWasm Translation and Cross-VM Atomicity Risk

The Fluent Network's blended execution environment operates by compiling EVM, SVM, and Wasm smart contracts down to rWasm, Fluent's proprietary intermediate representation, for execution. Cross-VM contract calls—for example, a Solidity contract calling a Rust-based contract—are mediated by compatibility contracts that translate between VM execution environments. This architecture is novel and has not been deployed or stress-tested at production scale by any prior network. Bugs or specification deviations in rWasm's simulation of EVM, SVM, or Wasm behavior, or in the compatibility contracts that govern cross-VM atomicity, could produce incorrect state transitions that are not immediately detectable by end users or developers. A state inconsistency arising from a cross-VM atomicity failure could result in loss of user assets, incorrect contract execution, or network instability. While the Fluent Network has undergone third-party security audits, those audits cannot guarantee the absence of emergent vulnerabilities in a novel multi-VM execution architecture that has no prior production precedent.

ZK Prover Centralization and Proving Circuit Risk

The Fluent Network operates as an optimistic ZK rollup with pre-confirmation attestations, settling state transitions to Ethereum mainnet through zero-knowledge proofs generated using SP1 as the underlying zkVM. The system follows a two-stage confirmation model: blocks are first attested via Trusted Execution Environments (TEE), and then the corresponding state transitions are proven and finalized using ZK proofs.

TEE infrastructure is used strictly for attestation and cannot arbitrarily sign data. Fluent does not have access to TEE private keys. Any TEE key rotation is governed by a time-lock mechanism that provides advance notice on L1, allowing users to observe and verify changes. Each rotation requires publishing a new TEE image and its corresponding hash, enabling independent verification of execution integrity.

User funds locked within the Fluent protocol can only be withdrawn after execution is attested by TEE and verified through the proving system. The protocol is designed such that Fluent cannot censor withdrawal flows or manipulate block execution. Bridge relayers are also constrained by TEE attestations and cannot process withdrawals without valid attested execution.

To mitigate risks associated with TEE correctness, Fluent employs an additional optimistic ZK verification layer over rWasm state transitions. This mechanism is backed by fraud proofs, enabling detection and invalidation of incorrect or malicious transitions. Initially, the ability to submit fraud proofs is restricted to a set of whitelisted “fisherman” addresses, with plans to make this capability permissionless over time.

Despite these safeguards, the proving circuits and execution model remain complex and may contain undiscovered vulnerabilities. Any flaw in the proving or verification logic could result in invalid state transitions being accepted on Ethereum, potentially leading to loss of user funds.

Prints Reputation Layer - Data Privacy and Regulatory Risk

The Fluent Network includes Prints, a reputation data layer that aggregates user identity and behavioral signals across on-chain and internet activity. To the extent that Prints collects, processes, stores, or transmits personal data of users located in the European Union or other regulated jurisdictions, the Fluent Foundation and Fluent Labs may be subject to obligations under the General Data Protection Regulation (GDPR), the EU's Markets in Crypto-Assets Regulation (MiCA), the California Consumer Privacy Act (CCPA), and other applicable data protection frameworks. Failure to comply with applicable data protection requirements could result in regulatory enforcement, fines, or operational restrictions that impair the functionality of Prints and, by extension, applications built on the Fluent Network that depend on reputation data. The legal and regulatory treatment of on-chain reputation systems is unsettled in most jurisdictions, and future regulatory developments could impose requirements that are technically or commercially difficult to satisfy.

Ethereum L1 Scaling and L2 Demand Risk

The Fluent Network's utility and the demand for BLEND tokens are partially dependent on Ethereum's Layer 2 ecosystem remaining the preferred environment for decentralized application development. Ethereum's own scaling roadmap, including improvements to L1 throughput, reduced base layer fees, and native account abstraction, may reduce the performance and cost advantages that currently drive developer and user adoption of Layer 2 networks generally. If Ethereum L1 achieves sufficient scalability to make Layer 2 deployment less attractive, or if application development activity migrates to alternative L1 blockchains that do not use Ethereum as a settlement layer, demand for the Fluent Network as an Ethereum Layer 2 could be materially reduced regardless of Fluent's own technical capabilities. The value of the BLEND token is therefore subject to systemic risks affecting the Ethereum Layer 2 ecosystem as a whole, in addition to risks specific to the Fluent Network.

Unanticipated Risks

In addition to the risks outlined in this Section, unforeseen risks may arise. New risks could emerge as unexpected variations or combinations of the risks described herein.