

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Union Labs (U)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading U. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the platform. These materials are for general information purposes only and are not investment advice or a recommendation or solicitation to buy, sell or hold any crypto asset or to engage in any specific trading strategy. The information contained in this risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is Union Labs, U, and how does it work?

Union Labs is developing a modular interoperability protocol designed to facilitate exchange of assets and messages across various blockchains and decentralized applications (dApps). By leveraging zero-knowledge proofs (ZKPs) and consensus verification, Union aims to enable trustless and decentralized interoperability without relying on third-party intermediaries.

The protocol's architecture allows for communication between different blockchain ecosystems, including Ethereum, Cosmos, and Bitcoin Layer 2s. Union's approach focuses on reducing fragmentation in the blockchain space by providing a unified layer for cross-chain interactions. This layer utilizes the U token as gas.

Who is behind the project?

Union.fi Labs, Inc. is the developer of Union protocol. The larger team includes Karel Kubat, Cor Puijs, Emir Beriker, and Hussein Ait Lahcen.

Tokenomics of U

At TGE, 1 billion \$U tokens will be issued and allocated among team members, investors, the operational treasury, ecosystem incentives, and airdrop programs.

Category	Percentage	Total
Seed	11.44%	114,428,571
Series A	11.59%	115,909,091

Ecosystem	15%	150,000,000
Treasury	29.97%	299,662,338
Team / Advisors	20%	200,000,000
Airdrops	12%	120,000,000

General Risks

Like all other digital assets, there are some general risks to investing in U. These include short history risk, volatility risk, liquidity risk, demand risk, forking risk, code defects, cryptography risk, regulatory risk, concentration risk, electronic trading risk and cyber security risk. For more information on general risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Risks specific to U

Competition

The Union Labs network faces competition from other cryptocurrencies such as LayerZero, Wormhole, and many others. Union Labs' value derives from its broader adoption in the market. If the Union Labs network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of U.

Adoption by Protocols & Users

U's value derives from protocols partnering with Union Labs and building on the Union layer. If Union Labs fails to attract sufficient adoption, this could negatively impact the value of U.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on U and determined it was permitted to make U available for trading to UK users. This process generally consists of reviewing publicly available information on the following:

- The creation, governance, usage and design of U, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created U;
- The supply, demand, maturity, utility and liquidity of U;
- Material technical risks associated with U, including any code defects, security breaches and other threats concerning U and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
- Legal and regulatory risks associated with U, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of U, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the UK, other regulators of the International Organization of Securities Commissions, or the

regulator with the most significant connection to U about whether U, or generally about whether the type of crypto asset, is a security and/or derivative.

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

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