

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Fabric Protocol (ROBO)

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Disclaimer

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

Fabric Protocol is described as a decentralized network intended to coordinate the building, governance, and evolution of a general-purpose robot (“ROBO1”) using public ledgers for coordination, verification, and incentives. The project’s whitepaper describes Fabric as “a decentralized way to build, govern, and evolve ROBO1,” and frames the system as an open network where participants can contribute verifiable work (including data, compute, validation, and skill development) and be rewarded through protocol mechanisms.

ROBO is the core utility and governance asset used within the network. ROBO’s utilities, as described in the ROBO whitepaper and the ROBO application, include paying network transaction fees for services such as data exchange, compute tasks, and API calls; posting “work bonds” (refundable performance bonds) used by operators to register hardware and provide services, with the possibility of slashing for protocol-defined misconduct; delegating ROBO to operators as a bond-augmentation and reputation signal (with delegators sharing slashing risk if an operator is penalized); participating in governance signaling via time-locking ROBO for voting weight (“veROBO”) on protocol parameters and proposals; using ROBO-denominated participation units to coordinate “crowdsourced” robot genesis/activation (which the project states does not represent ownership of robot hardware or economic claims); and receiving protocol incentives/rewards for verified contributions and participation, subject to the project’s stated rules and conditions.

Who is behind Fabric Protocol

The ROBO whitepaper describes The Fabric Foundation as an “independent, non-ilopment, governance,

and coordination infrastructure of the Fabric Protocol. It is led by Director Chen Hanjie. Other leadership does not appear to be publicly disclosed.

Tokenomics of ROBO

The total supply of ROBO is fixed at billion tokens. They are distributed as follows:

Category	Amount	Vesting Details
Investors	24.3%	12-month cliff, 36-month linear
Team and Advisors	20.0%	12-month cliff, 36-month linear
Foundation Reserve	18.0%	30% at TGE, 40-month linear for remainder
Ecosystem and Community	29.7%	30% at TGE, 40-month linear; Proof of Robotic Work
Community Airdrops	5.0%	Fully available for Foundation to distribute
Liquidity Provisioning and Launch	2.5%	100% at TGE
Public Sale	0.5%	100% at TGE
Total	100.0%	

General Risks

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

Competition

Fabric Protocol faces competition from other robotics/physical-AI projects such as BitRobot and GEODNET. ROBO's value derives from the project's broader adoption in the market. If Fabric Protocol

fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ROBO

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ROBO and determined that ROBO is unlikely to be a security or derivative under UK securities legislation. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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