

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Pharos (PROS)

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Disclaimer

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

Pharos is a Layer 1 blockchain built on the Ethereum Virtual Machine (EVM), designed to operate at internet scale by bridging Web2 and Web3 infrastructure. The network is engineered for high-throughput transaction processing and supports a broad range of decentralised applications, with a particular focus on real-world asset (RWA) trading and institutional use cases. Pharos functions as a settlement and execution layer, enabling both consumer and institutional participants to interact with decentralised financial products within a unified ecosystem.

At the time of writing, the token is not live. The PROS token will be used for transaction fees and execution costs across all applications on the network. Token holders will be able to stake PROS to secure the network and earn rewards, and it will also be used within DeFi applications on the network, including lending protocols and liquidity programmes across real-world asset trading pairs.

Who is behind the project?

Pharos was co-founded by Meng Wu and Alex Zhang. Meng Wu serves as CEO.

Tokenomics of PROS

The total supply of PROS is 1 billion tokens which is distributed as follows:

PROS Allocation	% of Total supply
Foundation treasury	16%
Labs Co. Treasury	9%
Eco grants & incentives	20%

Team	20%
Seed round	10.64%
Seed+ round	0.5%
Pre-TGE round	7.016%
Reserved for fundraise	1.844%
Community airdrop	1%
Liquidity incentives	10%
Node delegation & incentives	4%
Total	100%

General Risks

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

Competition

The Pharos network faces competition from other Layer 1 blockchains such as Ethereum, Solana, Monad, and others. Pharos's value derives from its broader adoption in the market. If the Pharos network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PROS.

Due Diligence

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