PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Checkmate (CHECK)

Last updated on 27 October 2025

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading CHECK. 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 Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is CHECK and how does it work?

Checkmate is a blockchain-based gaming ecosystem designed to connect traditional strategy games, such as chess and other turn-based titles, to Web3 infrastructure. The project aims to create a shared environment where players, content creators, and developers can participate in skill-based gaming economies. Anichess, developed in collaboration between Animoca Brands and Chess.com, serves as the first launch partner within this network, introducing blockchain features such as spells, ranked tournaments, and digital collectibles.

At the time of writing, the token is not live. The team plans for the CHECK token to be used for in-game and governance purposes within the Checkmate ecosystem. CHECK will enable players to enter tournaments, purchase in-game items, access token-gated features, stake for gameplay advantages, and participate in governance proposals. The token will also support staking mechanisms that generate in-game “Mate Points”.

Who is behind the project?

The project is led by Brian Chan, Head of Anichess.

Tokenomics of CHECK

CHECK has a fixed supply of 1 billion tokens, which is distributed as follows:

Category	**Percentage**
Seed	9.09%

Strategic	4.53%
Player rewards	36.38%
Team	12%
Ecosystem and Treasury	20%
Advisors	7%
Operational expenses	4%
Liquidity	7%
Total	**100%**

General Risks

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

Competition

The Checkmate platform faces competition from other Web3 gaming platforms such as GALA (Gala Games), and others. CHECK's value derives from its broader adoption in the market. If the Checkmate network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of CHECK.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on CHECK and determined it was permitted to make CHECK available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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