# PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Union Labs (U)

Last updated on August 26, 2026

**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 and how does it work?**

Union is a Layer-1 network designed to enable general message passing, asset transfers, and decentralised finance (DeFi) across blockchain ecosystems. The network allows users and developers to connect and interact across thousands of rollups, application-specific chains, and Layer-1 blockchains in a permissionless manner. Unlike other interoperability protocols, Union operates without reliance on trusted third parties with consensus on the network being achieved through zero-knowledge proofs.
The native token of the Union network is U. It serves as the gas token for transaction fees on the network and is used in securing the protocol through validator bonding, staking, and slashing mechanisms. Additionally, U is planned to be used in governance and may receive staking rewards for contributing to the proof generation and verification network.

**Who is behind the project?**

Union Labs was founded and is led by Karel Kubat (Co-founder & CEO), Cor Pruijs (Co-founder & CTO) and Emir Beriker(Co-founder & CSO).

**Tokenomics of Union Labs**

The genesis supply of U is 10 billion tokens, with an initial circulating supply of 1,919,050,000 U. U has an inflationary supply, launching with an annual emission rate of 6% that decreases by 10% each year until it reaches a long-term rate of 2%.

**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 Union Labs**

*Competition*

The Union Labs network faces competition from other interoperability and cross-chain messaging protocols such as LayerZero (ZRO), Wormhole (W), and others. U's 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.

**Due Diligence**

Prior to listing on the Kraken platform, Kraken performed due diligence on U and determined that U 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 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.**