

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

FARM

Harvest Finance (FARM)

Last updated on August 12, 2025

Disclaimer

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

Harvest Finance is a decentralized finance (DeFi) protocol that helps users earn interest on their cryptocurrency by automatically putting their assets to work in yield farming strategies. The project operates on the Ethereum blockchain and other networks like Arbitrum and Polygon.

Users deposit supported ERC-20 tokens—such as USDC, DAI, or WETH—into Harvest’s vaults. These vaults use smart contracts to allocate the funds into strategies that aim to earn the highest available yield, such as providing liquidity to decentralized exchanges like Curve or Uniswap. The system automatically reinvests earnings to compound returns over time.

In return for their deposit, users receive fTokens (e.g., fUSDC), which represent their share of the vault. These can be redeemed at any time for the user’s portion of the underlying assets.

FARM is the native token of Harvest Finance. It is used in the protocol’s profit-sharing system. When strategies earn a return, a portion of the profits is used to buy FARM tokens from the market. These tokens are then distributed to users who participate in the Profit Sharing Pool. While FARM was originally a governance token, it no longer provides formal voting rights; decisions are now made by community contributors through informal consensus.

Who is behind the project?

Harvest Finance (FARM) was launched by an anonymous group of developers in September 2020.

Tokenomics of FARM

Harvest Finance launched in September 2020 alongside its native token, FARM. The token was introduced with no premine, presale, venture capital investment, or initial distribution—resulting in zero circulating supply at launch. FARM entitles holders to a portion of performance fees generated by the protocol's yield farming strategies. These fees are used to repurchase FARM tokens on the open market and are then distributed to users who participate in the Profit Sharing Pool.

Five weeks after launch, FARM holders voted to cap the maximum supply at 690,420 tokens. This was achieved by reducing weekly emissions by 4.45% over 208 weeks, concluding exactly four years after launch.

Newly minted FARM tokens were distributed according to the following breakdown:

Category	Percentage
Capital and liquidity providers, market making	70%
Founding development team (vested)	20%
Operational treasury (salaries, expenses, rewards)	10%

As of August 2025, the circulating supply of FARM is approximately 672,183 tokens.

General Risks

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

Competition Risk

Harvest faces competition from other yield aggregating protocols such as Yearn, Idle, and many others. FARM's value derives from Harvest Finance's broader adoption in the market. If Harvest Finance fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of FARM.

Due Diligence

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

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