

# PAYWARD LTD

## CRYPTO ASSET RISK DISCLOSURE

### PUFFER

#### Puffer Finance (PUFFER)

Last updated August 27, 2025

#### Disclaimer

*Please note that this risk disclosure is not exhaustive of all risks associated with trading PUFFER. 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 Puffer Finance (PUFFER) and how does it work?

Puffer Finance is a decentralized finance (DeFi) platform built on the Ethereum blockchain. Its goal is to make participating in Ethereum staking more accessible and flexible. Normally, becoming a validator on Ethereum requires locking up 32 ETH, which is a high barrier for most people. Puffer lowers this entry requirement, sometimes to as little as 1 ETH, by using a process called “liquid restaking.” This allows users to stake their ETH and still keep it usable (or “liquid”) while earning staking rewards. Puffer also includes a unique system called “Validator Tickets,” which help secure the network and allow people to participate in Ethereum validation with lower capital. Other features include tools that aim to make Ethereum transactions faster and more scalable. These include services that help confirm transactions nearly instantly and support for building applications on top of Ethereum with quicker performance.

The PUFFER token is the native digital asset of the Puffer ecosystem. It is mainly used to help the community govern how the platform operates. This means that holders of PUFFER tokens can vote on important decisions, like how the system rewards users, which projects to support, or what upgrades to implement. PUFFER is also used to manage the platform’s treasury and to guide which new services are added. Users can lock up their PUFFER tokens to gain more voting power over time through a mechanism called “vePUFFER,” which is represented as a special kind of NFT (non-fungible token). Overall, the PUFFER token helps make the system more community-driven, giving users a say in how the platform grows and operates.

#### Who is behind Puffer Finance

Puffer Finance was founded in 2022, with key figures including CEO/co-founder Jason Vranek and contributions from Amir Forouzani.

#### Tokenomics of PUFFER

The total supply of PUFFER is fixed at 1,000,000,000 tokens. At launch, the circulating supply was 102,300,000 PUFFER, which represents 10.23% of the total supply. The token distribution was as follows:

Allocation	Percentage
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Community & Ecosystem	40%
Investors	26%
Early Contributors & Advisors	20%
Airdrop Season 1	7.5%
Airdrop Season 2	5.5%
Protocol Guild (supporting Ethereum core development)	1%
<b>Total</b>	<b>100%</b>

As of August 2025, the circulating supply has grown to approximately 175,900,000 PUFFER, reflecting a steady release of tokens into the market.

### General Risks

Like all other digital assets, there are some general risks to investing in PUFFER. These include short history risk, volatility, and 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 PUFFER

#### *Competition*

The PUFFER network faces competition from other liquid staking and restaking protocols such as Lido, Ether.fi, Swell, and Kelp. PUFFER's value derives from its broader adoption in the market. If the PUFFER network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PUFFER.

#### *Architecture*

Puffer Finance interacts with oracles that do not operate on a blockchain. These oracles are independently responsible for collecting the real-world data requested by the contracts. Puffer combines individual publishers' reported prices and confidence intervals into a single price feed and confidence interval feed for Validator Tickets. This mechanism is designed to produce robust price feeds; however, Puffer Finance is unable to fully mitigate the risk of oracles producing incorrect data and impacting the accuracy of Puffer's aggregate data feeds.

### Due Diligence

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