

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

OXT

Orchid (OXT)

Last updated on August 19, 2025

Disclaimer

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

Orchid is an open-source, decentralized marketplace where users buy VPN bandwidth from independent providers rather than a single company. The Orchid desktop and mobile clients can string together multiple encrypted “hops,” so no single provider can link a user’s identity to the traffic’s destination. When a user connects, the app queries an on-chain directory contract on Ethereum and selects providers at random; a provider’s odds of being chosen rise with the amount it has staked. Payments move off-chain as probabilistic nanopayments—lottery-style tickets that settle on-chain only when a ticket wins—allowing micro-transactions without high gas costs. Users maintain an Orchid Account smart contract that holds a locked deposit (collateral) and a spendable balance, giving them pay-as-you-go access to bandwidth.

OXT is the ERC-20 token that powers the marketplace. Providers, or delegators who back them, must stake OXT in the directory contract to advertise bandwidth; larger stakes mean the algorithm routes traffic to their nodes more often, letting them earn user payments. End-users fund their Orchid Accounts with OXT, and each probabilistic ticket they send while connected draws from that balance. OXT’s role is therefore twofold:

1. **Security & Discovery** – staking signals honest intent and determines how frequently a provider is selected.
2. **Payment Settlement** – users spend OXT to compensate providers for actual bandwidth consumed.

No governance functionality or automatic inflation/burn mechanism is built into the token; its purpose is limited to securing the network and settling bandwidth fees.

Who is behind the project?

Orchid was founded in 2017 by privacy-focused builders Steven Waterhouse (current CEO), Jay Freeman (current CTO), Brian J. Fox, Gustav Simonsson and Stephen Bell. Development continues under Orchid Labs Inc., with the open-source code base maintained by core contributors and an active community.

Tokenomics of OXT

OXT has a fixed supply of 1 billion ERC-20 tokens, all minted at launch. The token has no programmed inflation or burn mechanism, making its supply fully capped.

Between 2017 and 2019, OXT was sold across three fundraising rounds, raising a total of \$48 million. The initial token allocation was distributed as follows:

Category	Percentage
Network incentives & treasury	51%
Investors	25%
Team	24%

As of August 2025, the circulating supply of OXT stands at 591.5 million tokens.

General Risks

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

Competition

The Orchid network faces competition from other cryptocurrencies such as Sentinel (DVPN), Mysterium (MYST), and many others. Orchid's value derives from its broader adoption in the market. If the Orchid network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of OXT.

Due Diligence

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

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.