PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE
VeChain (VET)

Last updated on August 27, 2026

Disclaimer

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

VeChain is a public blockchain platform built for enterprise grade use cases in supply chain traceability, sustainability data collection, and asset digitization. Since the Hayabusa hard fork on December 2, 2025, VeChainThor runs on a Delegated Proof of Stake consensus model, replacing the earlier Authority Node system. The Foundation managed Steering Committee has been deprecated, and governance decisions are now made by Validators and StarGate NFT holders voting through VeVote, alongside decentralized governance via VeBetterDAO.

The protocol employs a two token architecture on VeChainThor: VET serves as the primary utility and value transfer token, and holders can stake VET through the StarGate platform to earn VTHO rewards and exercise governance rights. Since the Hayabusa hard fork on December 2, 2025, VTHO is no longer generated automatically simply by holding VET; generation now depends on staked VET under a dynamic emission model introduced with that upgrade. VTHO continues to be consumed (burned) to pay transaction fees.

Who is behind the project?

VeChain was founded by Sunny Lu and is developed by the VeChain Foundation.

Tokenomics of VeChain

The total supply of VET is 86,712,634,466 tokens. As of May 2026, the circulating supply is approximately 85,985,041,177 VET according to CoinMarketCap.

General Risks

Like all other digital assets, there are some general risks to investing in *VET*. 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 VeChain

Competition
The VeChain Thor network faces competition from other Layer 1 platforms such as Ethereum, BNB Chain, and others. VET's value derives from its broader adoption in the market. If the VeChain Thor network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of VET.

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