

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

W

Wormhole (W)

Last updated on September 2, 2025

Disclaimer

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

Wormhole is a cross-chain interoperability protocol facilitating seamless transfer of crypto assets and data between multiple blockchains such as Solana, Ethereum, and others. It enables developers to build multi-chain applications by wrapping data into messages on the source blockchain and relaying it through a network of Guardian nodes using smart contracts and a proof-of-authority consensus mechanism. These Guardians maintain full nodes across connected chains, verifying and relaying messages to finalize cross-chain transactions.

Development and decentralization are led by collaborative teams including Wormhole Foundation, Wormhole Labs, xLabs, Wormhole China, Superteam, Lurk (ZK engineering), Zpoken, and others. Governance via a DAO is planned over time.

The W token is Wormhole's native asset, issued as both ERC-20 and SPL. It serves multiple functions within the ecosystem: enabling governance (token holders can propose and vote on protocol parameters, upgrades, fee structures, chain integrations, guardian set changes, rate limits, and treasury use), incentivizing and rewarding Guardian nodes, supporting staking mechanisms for network security, and facilitating protocol fee payments.

Who is behind the project?

Wormhole was originally incubated by Jump Crypto in 2021 and later spun out as an independent project. In November 2023, Wormhole Labs was established as the core development company, co-founded by Saeed Badreg (CEO), Anthony Ramirez (COO), and Tony Jin (CTO), with contributions from Robinson Burkey and Dan Reecer. The Wormhole Foundation oversees ecosystem growth and provides grants to support development.

Tokenomics of W

W has a total fixed supply of 10,000,000,000 tokens. At launch, 1,800,000,000 W tokens (18% of total supply) were released to the community and Guardian nodes, consisting of 17% to Community & Launch and ~1% from the Guardian allocation. The remaining 8,200,000,000 W are subject to a four-year vesting

schedule across core contributors, ecosystem growth, strategic participants, and the treasury.

Category	Percentage (%)
Community & Launch	17%
Guardian Nodes	5.1%
Core Contributors	12%
Ecosystem & Incubation	31%
Strategic Network Participants	11.6%
Foundation Treasury	23.3%
Total	100%

As of September 2025, the circulating supply is approximately 4.74 billion W (~47.4% of the total).

General Risks

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

Competition

The Wormhole network faces competition from other interoperability protocols such as LayerZero, Axelar, and many others. Wormhole's value derives from its broader adoption in the market. If the Wormhole network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of W.

Due Diligence

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

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 W about whether W, 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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