

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Arweave (AR)

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Disclaimer

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

Arweave is a decentralized data-storage network designed to keep information available on a public layer called the “Permaweb.” The protocol uses a “blockweave,” where each new block references both the most recent block and a randomly selected earlier “recall” block. To produce blocks, miners must demonstrate access to randomly chosen historical data, which ties participation to storing and serving content and helps maintain data availability. Users typically upload and access content through web gateways, so Permaweb items can be opened in a browser like ordinary links.

AR is the network’s native token used to pay for uploading data and for transaction fees. When someone stores data, they make a one-time payment in AR. That payment includes an immediate reward to the miner and a contribution to a protocol endowment that is paid out to storage providers over time. Pricing is set so that, at current storage costs, the upfront payment targets 200 years of replicated storage. The endowment is intended to help sustain long-term availability under assumptions about declining storage costs, rather than relying on protocol-level interest. AR is not a staking token—participation in block production is based on storing data and providing proof of access to historical data.

Who is behind the project?

Arweave was founded by Sam Williams in 2017. The protocol and its ecosystem are open-source and globally decentralized, with development and operations carried out by a distributed community rather than a central corporate entity.

Tokenomics of AR

AR has a fixed maximum supply of 66,000,000 tokens. At network launch in June 2018, 55,000,000 AR were created; the remaining tokens are released over time via mining rewards. The initial supply was distributed as follows:

Category	Percentage
Pre-sale (Aug 2017)	10.8%
Public sale (May 2018)	7.1%
Public sale (Jun 2018)	1.1%
Private sale	19.5%
Advisors	2.9%
Team (5-year lockup; 20%/yr)	13.0%
Ecosystem development	19.1%
Future project use (5-year lockup; 20%/yr)	26.5%
Total	100%

As of August 2025, the circulating supply of AR is approximately 65.4 million tokens.

General Risks

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

Competition

Arweave faces competition from other decentralized storage protocols such as Filecoin and Sia. AR's value is tied to the network's broader adoption; if competing solutions gain greater traction, this could negatively impact AR.

Due Diligence

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

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