PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

XYO Network (XYO)

Last updated on August 29, 2026

Disclaimer

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

The XYO Network (short for XY Oracle Network) is a decentralised, blockchain-powered oracle protocol focused on verifiable location data. It aims to bridge the physical and digital worlds by enabling smart contracts and decentralised applications to interact with trusted real-world information. This is achieved through a novel Proof of Origin system, which securely validates where data comes from without relying on centralised authorities or identifiable device metadata.

The network is one of the first examples of a Decentralised Physical Infrastructure Network (DePIN), operating at scale with millions of edge devices and a functioning incentive system. Its infrastructure is designed to support high-integrity data services for use cases in artificial intelligence, real-world asset (RWA) tokenisation, geolocation, logistics, and real-world gaming. The XYO Token is one of the utility tokens of the XYO network. XYO is used to pay for queries, as an incentive for data verification, and staking and network reputation. Importantly, the XYO token is distinct from the XL1 token, which is native to the XYO Layer One blockchain and used for gas and internal operations. XYO, by contrast, serves the broader DePIN ecosystem and acts as the outward-facing economic token for rewards, data verification, and external integrations.

Who is behind the project?

XYO was co-founded by Arie Trouw and Markus Levin. The project is stewarded by the XYO Foundation, a non-profit entity, and supported by XY Labs Inc.

Tokenomics of XYO Network

The maximum supply of XYO is 13.93 billion tokens. As of June 2025, all tokens are locked and in circulation. The project's treasury has just under 5% of the total supply in its treasury.

General Risks

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

Competition

The XYO Network s faces competition from other DePIN and IoT projects such as FOAM, Helium Network, and others. XYO's value derives from its broader adoption in the market. If the XYO Network s fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of XYO.

Architecture

XYO network 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. While XYO doesn't consume data from oracles, its internal components — particularly Sentinels and Bridges — behave like edge-device oracles. Because these devices gather data from the real world (e.g., GPS, Bluetooth), there's an architectural risk of data manipulation, sensor spoofing, or relay tampering, even with Proof of Origin safeguards.

Due Diligence

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