

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Katana (KAT)

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Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading KAT. 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 Crypto Asset Statement is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is KAT and how does it work?

Katana is an Ethereum Layer 2 blockchain network focused on decentralized finance (DeFi). Katana is designed to aggregate liquidity and redeploy bridged assets into yield-generating strategies through a system referred to as VaultBridge. The network introduces concepts such as chain-owned liquidity. Users interact with Katana through an application that supports bridging, swapping, and participating in DeFi-related activities. The network uses ETH to pay transaction fees and relies on integrations with third-party protocols and infrastructure.

At the time of writing, the token is not live. The team plans for the KAT token to be used for staking into a locked form known as vKAT. vKAT holders can participate in voting to direct incentives within the ecosystem and can also mint avKAT, which is a liquid wrapper of vKAT intended to auto-compound rewards.

Who is behind the project?

The team behind the project has not been publicly disclosed. At the time of writing, there is no detailed information available about the individuals or organizations responsible for the project's development.

Tokenomics of KAT

The total supply of KAT is 10 billion tokens, which is distributed as follows:

KAT Allocation	% of Total supply
Liquidity Mining	10%

Core Apps	10%
Community Airdrops to POL stakers	15%
Core Contributors	15.65%
Ecosystem & Community Treasury	49.35%
Total	100%

General Risks

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

Competition

The Katana network faces competition from other Ethereum Layer 2 networks such as Arbitrum, Optimism, and many others. KAT’s value derives from its broader adoption in the market. If the Katana network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of the KAT.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on KAT and determined it was permitted to make KAT available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

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