

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

ADI Token (ADI)

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Disclaimer

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

ADI Chain is a modular Layer-2 blockchain built on zkSync's open-source zkEVM stack. The project is led by the ADI Foundation, whose stated goal is to onboard one billion people onto compliant digital infrastructure by 2030. ADI Chain is designed to serve both Web3 developers and institutional users, offering a customizable, Ethereum-compatible Layer-2 (L2) with Layer-3 (L3) support for jurisdiction-specific compliance features.

ADI is the native token of ADI Chain. At the time of writing, the ADI token is not yet live on mainnet, only testnet. ADI serves as the native gas token for all L2 and L3 activity, the medium of exchange across the network, and the staking token that supports governance and reward distribution through a non-inflationary model.

Who is behind the project?

ADI is developed and governed by the ADI Foundation, based in Abu Dhabi. The Chairman is Ajay Hans Raj Bhatia and the CEO is Andrey Lazorenko.

Tokenomics of ADI

ADI has a total supply of 999.9 million tokens, with an initial distribution as follows:

| Category | Allocation |
|---------------|------------|
| Community | 35% |
| Treasury | 25% |
| Investors | 12% |
| Team/Advisors | 10% |
| Partnerships | 10% |

| | |
|------------|------|
| Liquidity | 4% |
| Incentives | 4% |
| Total | 100% |

General Risks

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

Competition

The ADI network faces competition from other blockchain infrastructure protocols such as Polygon, Optimism, and zkSync. ADI's value derives from its broader adoption in the market. If the ADI network fails to achieve sufficient adoption compared to other options in the market, this could negatively impact the value of ADI.

Due Diligence

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