

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

Althea (ALTHEA)

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Disclaimer

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

Althea is a decentralized networking protocol and blockchain platform designed to support real-time micropayments for bandwidth and other infrastructure services. It enables individuals and organizations to deploy community-run internet networks, where routers can automatically buy and sell bandwidth from each other in a peer-to-peer fashion. This allows any user to become part of a decentralized internet service provider (ISP), facilitating dynamic pricing and local network ownership.

The platform is built on Althea L1, a custom Layer 1 blockchain based on the Cosmos SDK with integrated Ethereum Virtual Machine (EVM) support. Althea L1 is optimized for low-cost, high-frequency micropayments, particularly those originating from routers participating in the Althea Protocol. It supports rapid finality, efficient light clients, and features a dedicated MicroTx module for handling bandwidth-related payments. While these micropayments are usually made in stablecoins, the ALTHEA token is used for staking, validator reward and governance participation.

Who is behind the project?

The Althea Protocol was originally developed by Hawk Networks Inc., with key contributors including co-founders Deborah Simpier (CEO), Justin Kilpatrick (CTO), and Jehan Tremback. Ongoing development and governance are coordinated by the Althea Foundation, a non-profit organization directed by Mark Mugglestone and responsible for expanding ecosystem initiatives, grant funding, and infrastructure tooling.

Tokenomics of ALTHEA

The ALTHEA token has no maximum supply and is allocated as follows:

Allocation	% of Total Token Supply	Lockups/Transferability Restrictions
Token Sale	37.68%	Locked at TGE; release subject to governance vote
Community Pool	32.03%	None
Contributors	9.02%	Locked for 3 years from TGE; vesting in equal annual installments ($\frac{1}{3}$ per year)
The Company	7.41%	Locked for 3 years from TGE; vesting in equal annual installments ($\frac{1}{3}$ per year)
The Foundation	6.43%	Locked at TGE; release subject to governance vote
Advisors	5.32%	Locked at TGE; release subject to governance vote
Early Validators	1.88%	Locked at TGE; release subject to governance vote

General Risks

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

Competition

The Althea network faces competition from other decentralized connectivity projects such as Helium, World Mobile Token, PKT and many others. Althea's value derives from its broader adoption in the market. If the Althea network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ALTHEA.

Due Diligence

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