PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE
Algorand (ALGO)

Last updated on September 8, 2026

Disclaimer

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

Algorand is a public, open-source Layer-1 blockchain that launched its mainnet in June 2019 with the aim of combining decentralization, high throughput, and low finality latency. The network employs a Pure Proof-of-Stake ("PPoS") consensus protocol that randomly selects block proposers and voting committees through a Verifiable Random Function ("VRF"). Any account that has generated a participation key and stakes at least 0.1 ALGO can be selected, the probability of selection is proportional to the holder's stake, helping to keep the validator set broad and permissionless.

ALGO, the network's native currency, is used to pay transaction fees, participate in governance and secure the chain via staking. Following the discontinuation of universal "participation rewards" in April 2022, holders earn incentives by locking ALGO in on-chain governance periods and voting on protocol proposals, rather than by simply holding the token passively.

Who is behind the project?

Algorand was created by the Turing Award–winning MIT professor Silvio Micali, who co-authored the Algorand white paper with Jing Chen in 2017. Development is led by Algorand Inc. and supported by the Singapore-based non-profit Algorand Foundation, which funds ecosystem growth and maintains the governance program.

Tokenomics of Algorand

Maximum supply is hard-capped at 10 billion ALGO, with approximately 8.7 billion ALGO circulating as of August 7 2025. The Foundation has indicated that the entire supply was minted at genesis and is being released on a schedule expected to complete by 2030.

General Risks

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

Competition

The Algorand network fails to achieve faces competition from other cryptocurrencies such as Ethereum, Solana, Polkadot, among many, and others. ALGO's value derives from its broader adoption in the market. If the Algorand network fails to achieve fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ALGO.

Developer Dependence

While there are many developers who contribute to Algorand, there are no guarantees that they will continue to do so. ALGO, Algorand's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralized-finance tooling when necessary.

Due Diligence

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