PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE
Decred (DECRED)

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Disclaimer

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

Decred is a cryptocurrency network that the project describes as being focused on community input, open governance, and sustainable funding. Decred uses a hybrid consensus model that combines Proof of Work and Proof of Stake. In simple terms, miners help produce blocks, while stakeholders who lock DCR into tickets vote on blocks and on some network decisions. Decred's documentation says this structure is intended to give coinholders a direct role in governance rather than leaving control only to miners. Stakeholders also vote on treasury spending and certain rule changes, including through Politeia for off-chain governance proposals.

DCR is the native asset of the network. It is used to pay transaction fees, buy staking tickets, take part in governance, and interact with the treasury-based funding model. Decred's documentation says block rewards are split between miners, PoS voters, and the Decred Treasury, which helps fund ongoing work on the network.

Who is behind Decred

Decred's project history says the code was built on the btcsuite codebase written by Company 0, LLC, and that work on the project began in 2014 before mainnet launch in February 2016.

Tokenomics of DECRED

As of January 2026, DCR has a maximum supply of 21 million tokens, with a circulating supply of approximately 17 million. Block rewards are distributed as follows:

Category	Amount
Proof of Work miners	60%
Proof-of-Stake Voters	30%
Decred Treasury	10%
Total	**100%**

General Risks

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

Competition
Decred faces competition from other Layer-1 projects such as Bitcoin and Ethereum. DECRED's value derives from the project's broader adoption in the market. If Decred fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of DECRED.

Proof of Work Pushback
Proof of Work cryptocurrencies have come under considerable criticism because of its energy use. Energy use is a contentious issue because of economic and environmental concerns. Regulators around the world could move to clamp down on Proof of Work mining making it harder for the network to operate and hurt its perception in the market. These criticisms and crackdowns could have negative impacts on the value of DECRED.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on DECRED and determined that DECRED 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 DECRED, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created DECRED;
- The supply, demand, maturity, utility and liquidity of DECRED;

- Material technical risks associated with DECRED, including any code defects, security breaches and other threats concerning DECRED 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 DECRED, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of DECRED, 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 DECRED about whether DECRED, 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.]

Payward Ltd (trading as Kraken) is registered as a cryptoasset firm with the Financial Conduct Authority (FRN: 928768) registered office at 6th Floor, One London Wall, London, EC2Y 5EB. Cryptoasset services offered by Payward Ltd are unregulated and not covered by the Financial Services Compensation Scheme as well as the FCA's consumer protection regulations. Note the value of cryptoassets can go down as well as up, gains may be subject to Capital Gains Tax and there may be extra charges when paying via credit card from your provider.