PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE
FOLKS (FOLKS)

Last updated on September 6, 2026

Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading FOLKS. 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 FOLKS and how does it work?
Folks Finance is a decentralised finance lending protocol that began on the Algorand blockchain and has expanded into a crosschain protocol operating across multiple networks, including Algorand, Avalanche, Ethereum, Base, BNB Chain, Arbitrum, Polygon and Sei. Its web and mobile interfaces support interest bearing deposits, collateral backed borrowing, token swaps through the Folks Router, crosschain swaps via LI.FI on xChain, and liquid staking functionality for Algorand based assets through xALGO. All functions run via permissionless smart contracts, which handle lending, borrowing, trading and asset management directly on chain across the supported networks.
The FOLKS token launched on November 6, 2025. As of early 2026, the circulating supply is approximately 12.2 million FOLKS out of a fixed total supply of 50 million, according to CoinMarketCap. The token is used for paying protocol fees at a discount on Algorand and crosschain swaps, for staking to earn rewards, and for voting on governance proposals.

Who is behind the project?
Folks Finance is developed and maintained by the Folks Finance Private Foundation, and was founded and is led by Benedetto Biondi and Gidon Katten.

Tokenomics of FOLKS
The total supply of FOLKS is fixed at 50 million tokens. As of early 2026, the circulating supply is approximately 12.2 million FOLKS according to CoinMarketCap.

General Risks
Like all other digital assets, there are some general risks to investing in *FOLKS*. 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 FOLKS

Competition
The FOLKS Finance faces competition from other DeFi lending platforms such as Aave, Compound, and others. FOLKS's value derives from its broader adoption in the market. If the FOLKS Finance fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of FOLKS.

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