PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

STRK

Starknet (STRK)
Last updated on September 09, 2025
Disclaimer

Payward Canada Inc. (Kraken) is registered under Canadian securities laws as a restricted dealer and is offering Crypto Contracts on crypto assets in reliance on a prospectus exemption contained in the exemptive relief decision Re Payward Canada Inc. dated 04/01/2025 (the Decision). The statutory rights in section 130.1 of the Securities Act (Ontario), and, if applicable, similar statutory rights under the securities legislation of each other province and territory in Canada, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the prospectus relief in the Decision.

No securities regulatory authority has expressed an opinion about the Crypto Contracts or any Crypto Assets (as defined in the Risk Statement) made available on the Kraken platform, including an opinion that STRK is not itself a security and/or derivative. Changes to applicable law may adversely affect the use, transfer, exchange, or value of any of your crypto assets, and such changes may be sudden and without notice.

Please note that this Crypto Asset Statement may not be exhaustive of all risks associated with trading STRK. Please review the Risk Statement and Fee Schedule for additional discussion of general risks and transaction fees associated with the Crypto Contracts and Crypto Assets made available through the Canadian 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 Crypto Asset Statement is based on publicly available information provided by third parties.

What is Starknet and how does it work
Starknet is a Layer-2 scaling solution for Ethereum that has been live since November 2021. It uses zero-knowledge roll-ups based on STRK proofs to batch transactions off-chain, keeping only succinct proof data on-chain. Transactions are executed off the Ethereum mainnet, then aggregated and recorded on-chain in a single transaction, preserving security while improving speed and cost-efficiency. Since software version 0.13.0, transaction fees can be paid in STRK as well as ETH.

STRK, the network's native token, underpins the protocol: it is used to pay fees, participate in governance and, since the launch of staking phase 1 in 2024 and staking phase 2 in June 2025, to secure the network through a proof-of-stake model that will ultimately determine sequencer selection and block proving.

Who is behind the Project?
Starknet has been developed by StarkWare, the team behind StarkEx and STRKs.

Tokenomics of STRK
Ten billion Starknet tokens were initially created by StarkWare in May 2022 and minted on chain on November 30, 2022. STRK was launched to the public via airdrop to various Starknet users and stakeholders in February 2024. The initial allocation was distributed as follows:

Category	Allocation
Early contributors	20.04%
Investors	18.17%
StarWare	10.76%
Grants including Development Partners (aka DPs)	12.93%
Community Provisions	9%
Community Rebates	9%
Foundation Strategic Reserves	10%
Foundation Treasury	8.10%
Donations	2%
Total	100%

General Risks
Like all other digital assets, there are some general risks to investing in STRK. These include short history risk, volatility, and 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 STRK

Developer Dependence
While there are many developers who contribute to the Starknet ecosystem, there are no guarantees that they will continue to contribute. STRK, Starknet'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 scaling infrastructure when necessary.

Competition
The Starknet protocol faces competition from other Ethereum Layer-2 scaling solutions such as Arbitrum, Optimism, zkSync, and others. STRK's value derives from its broader adoption in the market. If the Starknet protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of STRK.

Adoption by Protocols & Users
STRK's value derives from protocols and applications building on Starknet. If Starknet fails to attract sufficient adoption, this could negatively impact the value of STRK.

Due Diligence
Prior to listing on the Kraken platform, Kraken performed due diligence on STRK and determined that

STRK is unlikely to be a security or derivative under Canadian 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 STRK, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created STRK;
- The supply, demand, maturity, utility and liquidity of STRK;
- Material technical risks associated with STRK, including any code defects, security breaches and other threats concerning STRK 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 STRK, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of STRK, and (ii) consideration of statements made by any regulators or securities regulatory authorities in Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to STRK about whether STRK, or generally about whether the type of crypto asset, is a security and/or derivative.