# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

AB (AB)

Last updated on August 27, 2026

**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 AB 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 AB. 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 AB and how does it work?**

AB is a Layer-1 blockchain platform (originally known as the Newton Project) designed to support a community-based digital economy. It features a main chain and sidechain architecture in an effort to provide high throughput and interoperability. AB, the utility token of the AB network, is the native cryptocurrency of this network, functioning as the gas token for transactions and smart contract execution, and as the governance token for the on-chain DAO (decentralized autonomous organization).

A core part of the AB blockchain are Machine Nodes. Machine Nodes are specialized computers that play a key role in running and maintaining the AB blockchain network. They act as the infrastructure that processes transactions, executes smart contracts, and supports decentralized applications (dApps). Unlike typical validator nodes that only confirm transactions, Machine Nodes in the AB ecosystem are designed to perform additional real-world tasks and computations, such as data storage, AI processing, or interacting with IoT devices, depending on their configuration. Operators of Machine Nodes must typically stake AB tokens to participate. In return for their work and resource contributions, they earn AB tokens as rewards. In practice, users spend AB tokens to pay transaction fees and deploy dApps, and token holders can propose and vote on network upgrades or economic parameters through the AB DAO governance process. The AB network's design focuses on real-world use cases – for example, it enables tokenization of real-world assets and supports dApps in areas like e-commerce, supply chain, and gaming.

**Who is behind the project?**

The AB project is developed and overseen by the AB Foundation, a Cayman Islands-based entity. Tsang Chun Ho Anthony (Zichen) serves as the Chief Technology Officer of the Project. Ma Hing Lee Henry serves as Chief Marketing Officer. AB’s CEO is Boris Tadic, who was the president of Serbia from 2004 to 2012.

**Tokenomics of AB**

The AB token began as the NEW token under the Newton Project, which launched in 2018 with a traditional token allocation: team, foundation, public sale, and community rewards. In 2025, the project rebranded to AB, keeping the same total supply (100 billion) and converting all NEW tokens 1:1 into AB tokens. To simplify things and promote decentralization, the team passed a governance proposal (NEP-63) that restructured and renamed all remaining locked tokens (including team, foundation, and investor shares) as “Machine Node” tokens. As of February 2025, approximately 56.6 billion AB tokens (formerly NEW tokens) remain locked. These tokens will be released evenly over a 12-month period, ensuring full circulation by February 2026. *Vests linearly over 12 months from February 1, 2025, ensuring that all AB tokens are in circulation by February 2026.

**General Risks**

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

*Competition*

The AB chain faces competition from other smart contract platforms such as Ethereum, Solana, and others. AB’s value derives from its broader adoption in the market. If the AB chain fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of AB.

**Due Diligence**

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

- Material technical risks associated with AB, including any code defects, security breaches and other threats concerning AB 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 AB, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of AB, 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 AB about whether AB, or generally about whether the type of crypto asset, is a security and/or derivative.