PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Litecoin (LTC)

Last updated on September 9, 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 LTC 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 LTC. 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 Litecoin and how does it work?

Litecoin is a peer-to-peer cryptocurrency launched in 2011 that enables the transfer of value without a centralized intermediary. It is derived from Bitcoin's codebase and is intended to provide more frequent block production and a larger maximum supply than Bitcoin. The network is decentralized and open source.

Litecoin uses a Proof of Work consensus mechanism with the Scrypt hashing algorithm. Network participants called miners package valid transactions into blocks and compete to add them to the blockchain. The protocol targets a new block approximately every 2.5 minutes. The native asset, LTC, is issued as a block subsidy to miners along with transaction fees, and the subsidy automatically halves at set intervals defined by the protocol. Litecoin has also implemented MimbleWimble Extension Blocks (MWEB), an opt-in extension that enables confidential transaction amounts and provides additional scalability through pruning. MWEB operates alongside the main chain and is compatible with standard transaction flows.

Who is behind the project?

Litecoin was created by Charlie Lee in 2011. Development of the open-source software is community-driven, and a non-profit organization, the Litecoin Foundation, supports awareness and development of the ecosystem. The Litecoin protocol is maintained through contributions from independent developers; there is no central issuer.

Tokenomics of Litecoin

Litecoin's supply is capped at 84,000,000 LTC. New LTC are introduced via block subsidies that halve approximately every 840,000 blocks. As of September 9, 2026, the circulating supply is approximately 77.59 million LTC according to CoinMarketCap.

General Risks

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

Competition

The Litecoin network faces competition from other cryptocurrencies such as Bitcoin, Dash, Bitcoin Cash, and others. LTC's value derives from its broader adoption in the market. If the Litecoin network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of LTC.

Developer Dependence

While there are many developers who contribute to Litecoin, there are no guarantees that they will continue to contribute. LTC, Litecoin's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and improve the network as needed.

Proof of Work Pushback

Proof of Work cryptocurrencies have come under considerable criticism because of their energy use. Regulatory efforts around the world could move to clamp down on Proof of Work mining, making it harder for the network to operate and affecting market perception. These criticisms could have negative impacts on the value of LTC.

Due Diligence

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