

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

BTR

Last updated on May 26, 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 BTR 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 BTR. 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 BTR and how does it work?

Bitlayer is a proposed Layer-2 scaling solution built on top of Bitcoin that enables fast, low-cost transactions and smart-contract execution without altering Bitcoin's base consensus rules. It achieves this by batching user transactions into a custom "Layered Virtual Machine" off-chain, generating a compact zero-knowledge proof of each batch, and posting only that proof and minimal data to the Bitcoin blockchain for final settlement. If any participant detects an invalid batch, a fraud-challenge game can roll it back before it's finalized.

At the time of writing, the token is not live, but the team plans to have BTR as the native asset used to pay all network transaction fees, to be staked to earn rewards, and to enable holders to participate in governance once that functionality is launched.

Who is behind the project?

Bitlayer is developed by Bitlayer Labs, founded by Kevin He and Charlie Hu.

Tokenomics of BTR

The total supply of BTR is 1 billion tokens which is distributed as follows:

BTR Allocation	BTR tokens	% of Total supply
Earn	200 million	20%
Investors	100 million	10%
Ecosystem Incentive	500 million	50%
Treasury	100 million	10%
Node Incentive	100 million	10%
Total	1 billion	100%

General Risks

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

Competition

The Bitlayer network faces competition from other cryptocurrencies such as Stacks and Rootstock. Bitlayer's value derives from its broader adoption in the market. If the Bitlayer network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BTR.

Due Diligence

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