# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

Aave (AAVE)

Last updated on September 4, 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 AAVE 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 AAVE. 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 Aave and how does it work?**

Aave is a decentralized, non custodial liquidity protocol that lets users supply crypto assets to earn yield and borrow other assets against collateral across multiple blockchains. The protocol also issues GHO, an overcollateralized stablecoin, and offers staking through its Safety Module. Aave has operated on the Ethereum network since 2020 and is one of the largest lending protocols in decentralized finance. It is governed by its community through the Aave DAO.

AAVE is the governance token of the Aave protocol. Holders can vote on governance proposals or delegate their voting power, stake AAVE in the Safety Module to help secure the protocol and earn rewards, receive reduced GHO borrowing rates when staking, and supply AAVE as collateral or into liquidity pools to earn yield.

**Who is behind the project?**

Aave was founded by Stani Kulechov, who launched the project as ETHLend in 2017 before it was rebranded to Aave. Stani Kulechov serves as the chief executive officer of Avara.

**Tokenomics of Aave**

AAVE is the protocol's governance and safety-module token. The maximum supply is capped at 16 million AAVE, of which approximately 15,427,171 were in circulation as of September 4, 2026.

Holders can:
Vote on proposals, parameter changes and new deployments;

Stake AAVE in the Safety Module to backstop shortfalls, stakers earn protocol-fee distributions.

AAVE derives value from its finite supply, governance rights and the option to earn yield by underwriting protocol risk.

**General Risks**
Like all other digital assets, there are some general risks to investing in AAVE. 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 Aave**
*Competition*
The Aave protocol faces competition from other decentralized finance lending protocols such as Compound, MakerDAO, Morpho, and others. AAVE's value derives from its broader adoption in the market. If the Aave protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of AAVE.

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