

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Echelon Prime (PRIME)

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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 PRIME 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 PRIME. 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 Echelon Prime and how does it work?

Echelon Prime is an organization building a unified Web3 gaming ecosystem on the Ethereum blockchain. Its goal is to support play-to-earn titles by providing token-based incentives, developer grants (voted on by the community) and infrastructure such as software-development kits to help partner studios integrate blockchain functionality. PRIME is the ecosystem's ERC-20 utility token. Holders can purchase in-game items via dedicated marketplaces and participate in governance that shapes Echelon Prime's future direction.

The ecosystem is designed around games that embed PRIME in their core loop. As of May 2024 the flagship titles are Parallel TCG, a sci-fi trading-card game, and Parallel Colony, an AI-driven simulation centred on a mining outpost. Players may earn PRIME by winning ranked matches or through periodic in-game distributions funded by "PRIME Sinks," where a portion of spending on items is recycled back to the community. A "caching" mechanism allows users to lock eligible collectibles to receive additional PRIME rewards.

Governance is exercised on-chain: each PRIME equals one vote on proposals, including the election of eleven community representatives known as Emissaries Prime who steer ecosystem policy. PRIME holders also decide on grant allocations for new studios wishing to launch games or infrastructure within the network.

Who is behind the Project?

The Echelon Prime Foundation, the organisation that orchestrated the creation of the ecosystem, was founded in January 2022.

However, little is known about the original project team as the original Whitepaper details 11 pseudo-anonymous 'Emissary Primes', or leaders, of the foundation that are tasked with managing the ecosystems direction. As of August 2025, all Emissary Primes are still pseudo-anonymous.

Tokenomics of PRIME

The PRIME token has a maximum supply of 111,111,111, with a current circulating supply of approximately 53,480,368 as of August 2025. The token is subject to a 24 month vesting period and the proposed distribution, at genesis, of the circulating supply is set out below:

| Category | Allocation |
|----------------------------|------------|
| Gameplay pool | 31.7% |
| Parallel studio reserve | 19.7% |
| Parallel studio investors | 16.2% |
| Caching | 14.1% |
| Echelon foundation reserve | 11.2% |
| Prime events | 7.1% |
| Total | 100% |

General Risks

Like all other digital assets, there are some general risks to investing in PRIME. 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 Echelon Prime

Competition risk

The Echelon Prime network faces competition from other gaming ecosystems. PRIME's value derives

from its broader adoption in the market. If the Echelon Prime network fails to achieve sufficient adoption compared with other options, this could negatively impact the value of PRIME.

Developer dependence

While many developers contribute to Echelon Prime, there are no guarantees that they will continue to do so. PRIME could be negatively affected by an inability to retain and/or attract developers to continue building out the protocol.

Due Diligence

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