PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Hyperliquid (HYPE)

Last updated on September 7, 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 HYPE 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 HYPE. 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 Hyperliquid and how does it work?

Hyperliquid is a high performance layer one blockchain that runs fully onchain perpetual futures and spot order books together with an EVM compatible smart contract environment. Its core trading engine matches orders onchain with one block finality, while its EVM layer lets developers deploy general smart contracts that can tap the same liquidity. HYPE is the native token of this network.

HYPE is used to pay network transaction fees, to stake to validators that secure the network and earn a share of protocol rewards, and to participate in governance of the protocol. A share of protocol trading fees is used by an automated onchain fund to buy HYPE and permanently remove it from supply.

Who is behind the project?

Hyperliquid was cofounded by Jeff Yan and iliensinc, who built the protocol through Hyperliquid Labs starting in 2022. Jeff Yan, a former quantitative trader, is the public founder who leads the project. The Hyper Foundation, established in the Cayman Islands, supports the growth of the network and its ecosystem.

Tokenomics of Hyperliquid

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

HYPE Allocation	Percentage
Genesis airdrop	31%
Future emissions and community rewards	38.9%
Core contributors	23.8%
Hyper Foundation	6%
Community grants	0.3%
Total	**100%**

General Risks

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

Competition

The Hyperliquid network faces competition from other onchain derivatives networks such as dYdX, Aster, and others. HYPE's value derives from its broader adoption in the market. If the Hyperliquid network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of HYPE.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) could have a negative impact on DeFi and the value of HYPE.

Adoption by Protocols & Users

HYPE's value derives from protocols building on Hyperliquid. If Hyperliquid fails to attract sufficient adoption, this could negatively impact the value of HYPE.

Developer Dependence

While there are many developers who contribute to Hyperliquid, there are no guarantees that they will continue to contribute. HYPE, Hyperliquid's native asset, could be negatively affected by an inability to retain and/or attract developers to keep up with market needs and improve its decentralised exchange tooling when necessary.

Due Diligence

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

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