

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Dymension (DYM)

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Disclaimer

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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 DYM 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 DYM. 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 Dymension and how does it work?

Dymension is a delegated Proof-of-Stake (PoS) layer-1 blockchain, built with the Cosmos SDK, that serves as a settlement and interoperability hub for a network of application-specific rollups called RollApps.

These RollApps rely on the Dymension Hub for shared security, liquidity, and native bridging via IBC and an embedded automated-market-maker module. DYM launched on February 6, 2024.

In Dymension's modular architecture, each RollApp handles execution while publishing batched state data to an external data-availability layer (e.g., Celestia). A custom consensus engine, Dymint, verifies these state roots on the Hub using an optimistic model that can be challenged via fraud proofs. Elastic Block Production creates new blocks only when there is activity, reducing sequencer costs. DYM secures the network: holders delegate (bond) tokens to one of the top 125 validators to participate in consensus and earn block rewards drawn from algorithmic inflation. Stakers also receive Endorsement rights that let them direct emission streams to specific RollApps or liquidity pools, aligning economic incentives between the base layer and its RollApps.

For more information on Dymension staking and fees, please visit our [crypto staking](#) and [overview of on-chain staking](#) pages.

Who is behind the project?

Dymension was founded in April 2022 by Yishay Harel and Barry Kuts with the goal of enabling “easily deployable and lightning-fast app-chains.” The team raised US\$6.7 million in a private seed round led by Big Brain Holdings and Stratos in February 2023, before launching mainnet in February 2024.

Tokenomics of Dymension

The DYM token was initially airdropped in February 2024 to a number of eligible users across the EVM, Cosmos and Solana ecosystem. The total supply of DYM is currently capped at 1 billion tokens, and the distribution is allocated across several categories of stakeholders of the Dymension ecosystem, as set out below: The ‘Genesis Rolldrop’ marked the initial distribution phase where approximately 70 million DYM tokens, or 7% of total supply, were distributed to various communities including those on Ethereum, Solana and Cosmos. Following this, Dymension proposed allocating an additional 2.5 million DYM tokens to users who bridge funds to the chain from other networks. This allocation is part of a broader strategy to incentivise participation and secure the network through active stakeholder management. Further distribution of DYM is based on an algorithmic issuance mechanism. What this means is that the DYM issuance rate will derive from the correlation between the proportion of DYM tokens staked relative to the total supply. For example, If the percentage of staked DYM is less than the target of 50%, the issuance rate will incrementally increase. This adjustment continues until it reaches the maximum rate of 8% or until the staking target is met. As of August 2025, the circulating supply is approximately 340 million DYM.

General Risks

Like all other digital assets, there are some general risks to investing in DYM. These include short history risk, volatility risk, 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 Dymension

Staking Risk

Staking DYM does not divorce the holder from the same market and technical risks of merely holding DYM. The yield earned through staking is denominated and earned in DYM. Over time, the total balance of DYM will increase for stakers but this does not guarantee its market value also increases in tandem. Lackluster market adoption and unforeseen technical problems can negatively impact a holder’s return on staked DYM. For more information on staking risks associated with smart contracts and digital assets, see [Kraken’s Risk Statement](#).

Competition

The Dymension ecosystem faces competition from other platforms such as Ethereum, Cosmos, Solana, and many others. DYM’s value derives from its broader adoption in the market. If the network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of DYM.

Developer Dependence

While there are many developers who contribute to the Dymension ecosystem and its associated networks there are no guarantees that they will continue to do so. DYM could be negatively affected by an inability to retain and/or attract developers to maintain and build out an interconnected network of blockchains.

Novel Technical Risk

A network of rollups is a novel and complex technology stack. Unforeseen bugs in any of the components of the Dymension protocol such as one of the many rollups within the ecosystem or the core infrastructure such as the Dymension Hub could negatively impact the value of DYM.

Reputational Risk

Dymension comprises many applications of differing quality and complexity. Given the permissionless nature of the Dymension protocol, Dymension and thus DYM could be negatively impacted by poorly designed networks and applications within the ecosystem.

Due Diligence

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

In addition to performing due diligence on DYM and prior to making DYM available to clients for staking on the Kraken platform, Kraken performed a review of the following:

- the operation of the Proof of Stake blockchain for DYM;
- the staking protocols for DYM ;
- the risk of loss of staked DYM, including from software bugs and hacks of the protocol;
- due diligence with respect to the staking infrastructure operated by Kraken's affiliate, Staked Cayman Ltd., including but not limited to, information about:
 - the persons or entities that manage and direct the operations of the affiliate,
 - the affiliate's reputation and use by others,

- the approximate amount of crypto assets the affiliate has staked on its own nodes,
- the measures in place by the affiliate to operate the nodes securely and reliably,
- the quality of the affiliate's work (i.e., the amount of downtime of the staking infrastructure, any past history of "double signing" and "double attestation/voting", etc.),
- any losses of Crypto Assets related to the affiliate's actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the affiliate,
- any guarantees offered by the affiliate against slashing or other penalties and any insurance obtained by the affiliate that may cover this risk, and
- the financial status of the affiliate.