PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Biconomy (BICO)

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Last updated on January 9, 2023

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading BICO. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the Risk Statement for additional discussion of general risks 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 that may be inaccurate, incomplete, or change at any time.

What is Biconomy?

Biconomy is a platform that provides a user interface for developers to enable dApp solutions for end users. The main benefit of the platform is to help dApp users avoid blockchain complications such as paying gas and changing networks any time a transaction is performed. For example, users that want to buy an NFT on a different network traditionally have to go through several steps to do this. Biconomy simplifies these steps for dApps making them more user-friendly.

Who is behind the project?

Biconomy was founded in 2019 by CEO Ahmed Al-Balaghi, CTO Sachin Tomar, and COO Aniket Jindal.

Al-Balaghi has experience in venture capital and crypto. He also founded a podcast called Encrypted which was dedicated to fintech, blockchain, and crypto assets.

How does it work?

Biconomy implements meta transactions to help users perform tasks on the blockchain. There are two ways to do this. In one method, users are given a contract wallet that functions as their proxy contract. Any transaction made by the user is routed to the blockchain with this wallet. This is known as a contract based account. The other method is called native meta transactions. Through Biconomy’s relayers, transactions made by users can be directly passed onto a dApp contract to be finalized.

Biconomy provides plug-and-play software development solutions through its product, Gasless. Gasless allows dApps to process meta transactions in order for developers to sponsor gas fees on behalf of their end users on the backend. The goal for this is to ensure end users can use their dApps efficiently without worrying about gas, crypto wallets, or bridging.

Hyphen is another Biconomy product which allows for faster and cheaper token transfers between different blockchains. Hyphen does this by maintaining liquidity on both sides of the chains.

Tokenomics of BICO

The BICO token is the native token of Biconomy and serves three purposes: governance, network fees, and stakeholder incentives (node operators, delegators, liquidity providers).
The initial supply of BICO was 1 billion tokens and the token was distributed as follows:

- Community: 38.12%
- Private Sales: 24.88%
- Team & Advisors: 22%
- Foundation: 10%
- Public Sale: 5%

The circulating supply as of January 2023 is ~457 million BICO.

General Risks

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

Developer Dependence
While there are many developers who contribute to Biconomy, there are no guarantees that they will continue to contribute. BICO, Biconomy'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 SDK simplifying blockchain complexities.

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

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 BICO 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.