PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT

Secret (SCRT)

Last updated on September 10, 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 SCRT 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 SCRT. 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 Secret and how does it work?

Secret Network is a Layer 1 blockchain that lets developers build applications with programmable privacy, keeping smart contract inputs, outputs, and state confidential using secure hardware enclaves. SCRT is the network's native coin. Native SCRT transfers are public by default, while confidential tokens on the network can hold private balances.

SCRT is used to pay network transaction and computation fees, to stake with validators that secure the network through delegated proof of stake, and to vote on governance proposals.

For more information on Secret staking and fees, please visit our crypto staking and overview of on-chain staking pages.

Who is behind the project?

Secret Network began as Enigma, co founded in 2014 by Guy Zyskind and Can Kisagun, and relaunched as Secret Network in 2020. Guy Zyskind is the Founder and Chief Executive Officer of SCRT Labs, the company that led Secret Network's development since the network's 2020 launch. SCRT Labs announced it would end its development and support role for the network effective September 1, 2026. Following that announcement, the Secret Network community approved Proposal 365, a governance measure that funds continued development, infrastructure and validator operations through the Secret Foundation and community contributors rather than a single dedicated development company.

Tokenomics of Secret

The total supply of SCRT is approximately 1.45 billion tokens, with approximately 364 million in circulation as of September 2026, according to CoinMarketCap. The supply is not capped and increases through protocol inflation that rewards staking. In August 2026, the Secret Network community approved a one time mint of approximately 1.079 billion new SCRT under Proposal 365, after core developer SCRT Labs announced it would end support for the network on September 1, 2026; the newly minted tokens were allocated to the Secret Foundation, development, ecosystem and validator programs to fund the network's continued operation.

General Risks

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

Staking Risk

Staking SCRT does not divorce the holder from the same market and technical risks of merely holding SCRT. The yield earned through staking is denominated and earned in SCRT. Over time, the total balance of SCRT 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 SCRT. For more information on staking risks associated with smart contracts and digital assets, see Kraken's Risk Statement.

Competition

The Secret network faces competition from other Layer 1 privacy blockchains such as Oasis Network, Aleph Zero, and others. SCRT's value derives from its broader adoption in the market. If the Secret network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SCRT.

Regulatory Scrutiny

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

Adoption by Protocols & Users

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

Due Diligence

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

In addition to performing due diligence on SCRT and prior to making SCRT 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 SCRT;
- the staking protocols for SCRT ;
- the risk of loss of staked SCRT, 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.