

PAYWARD CANADA INC.

CRYPTO ASSET RISK DISCLOSURE

Baby Shark Universe (BSU)

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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 BSU 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 BSU. 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 BSU and how does it work?

Baby Shark Universe is an online gaming and metaverse platform that builds an interactive environment around the Baby Shark intellectual property. The project combines open-world gameplay, customizable housing and role-play features and NFT-based assets that can be traded through its marketplace.

BSU is the native token of the Baby Shark Universe. It is currently used as in-game currency and for minting NFTs within the project's ecosystem. The team also outlines additional planned future utilities: staking programs that provide NFT rewards, decentralized governance rights through a DAO, open-world "Universe World" gameplay functions and redemption for physical merchandise.

Who is behind the project?

The project is led by BSUNIVERSE.PTE.LTD, where Kim Cheong Yong acts as CEO, Oh Chang Kwan acts as Head of Programming and So Yeon Jang acts as Head of Game design.

Tokenomics of BSU

The token's max supply is 850 million BSU and the distribution of tokens is as follows:

Category	Percentage
Ecosystem	35%
Ecosystem reserve	15%
Seed round	4%
Private sale round	8%
Liquidity and exchanges	8%
Marketing	4%
Operation and development	8%
Team	10%
Advisors and partners	8%
Total	100%

General Risks

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

Competition

Baby Shark Universe faces competition from other GameFi projects such as The Sandbox (SAND), Axie Infinity (AXIE) and others. BSU's value derives from its broader adoption in the market. If Baby Shark Universe fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BSU.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on BSU and determined that BSU is unlikely to be a security or derivative under Canada 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 BSU, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created BSU;
- The supply, demand, maturity, utility and liquidity of BSU;
- Material technical risks associated with BSU, including any code defects, security breaches and other threats concerning BSU 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 BSU, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of BSU, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to BSU about whether BSU, or generally about whether the type of crypto asset, is a security and/or derivative.