PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT

Cardano (ADA)

Last updated on August 24, 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 ADA 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 ADA. 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 Cardano and how does it work?

Cardano is an open-source, proof-of-stake (PoS) blockchain platform whose native cryptocurrency, ADA, allows holders to help operate the network and participate in on-chain governance. Built around peer-reviewed research, Cardano separates settlement and computation into two layers, the Cardano Settlement Layer (CSL) for transferring ADA and the Cardano Computation Layer (CCL) for smart-contract execution, so upgrades can be introduced with minimal disruption.

Since March 2023, Cardano has progressed through the Voltaire era of development, introducing community-run governance via a pair of hard-fork upgrades collectively known as Chang (July–September 2024) and Plomin (February 2025). These upgrades implemented CIP-1694, enabling ADA holders to elect delegate representatives (DReps), propose and vote on treasury expenditures, and ratify future protocol changes, thereby completing Cardano's transition to a fully decentralized governance model. On scalability, Cardano launched Hydra Head, a layer-2 state-channel framework, in mid-2023 and has since moved Hydra into a production-ready phase alongside a broader layer-2 portfolio unveiled in June 2025 (including Midgard roll-ups and zero-knowledge solutions such as zkFold and Eryx). Stress testing of Hydra nodes has demonstrated peaks above 7,000 transactions per second. Cardano's consensus mechanism, Ouroboros, remains "provably secure" and divides time into epochs and 20-second slots; randomly elected slot leaders (stake-pool operators) create blocks and earn newly-minted ADA as rewards.

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

Who is behind the project?

Cardano was created in 2017 by technologists Charles Hoskinson and Jeremy Wood. The more high profile of the two cofounders, Hoskinson, is a cofounder of Ethereum (ETH) and briefly served as CEO for a planned commercial entity for the project. Today, Cardano is maintained by three separate and independent organizations: the Cardano Foundation, a Switzerland based nonprofit responsible for supervising and overseeing the development of the Cardano blockchain; Input Output Group, formerly IOHK and then Input Output Global, which was cofounded by Hoskinson and Wood and which built Cardano and designed Ouroboros, the Proof of Stake algorithm Cardano uses to operate its network; and Emurgo, the company charged with helping encourage enterprises and larger organizations to adopt Cardano's technology.

Tokenomics of Cardano

ADA, the native cryptocurrency of the Cardano blockchain, serves multiple roles within the ecosystem: Transaction Fees: ADA is required to pay for transactions on the network. Staking: ADA can be staked to help secure the network and earn rewards. Governance: ADA holders can vote on protocol upgrades and governance proposals. The maximum supply of ADA is 45 billion tokens. As of August 2026, the circulating supply of ADA is approximately 36.7 billion tokens, which represents about 82% of the total maximum supply.

General Risks

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

Staking Risk

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

Competition

The Cardano network faces competition from other smart contract platforms such as Ethereum, Polkadot, Solana, and others. ADA's value derives from its broader adoption in the market. If the Cardano network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ADA.

Developer Dependence

While there are many developers who contribute to Cardano, there are no guarantees that they will continue to contribute. ADA, Cardano'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 smart contract tooling when necessary.

Due Diligence

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

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