

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

OXT

Orchid (OXT)

Last updated on August 19, 2025

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 OXT 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 OXT. 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 Orchid and how does it work?

Orchid is an open-source, decentralized marketplace where users buy VPN bandwidth from independent providers rather than a single company. The Orchid desktop and mobile clients can string together multiple encrypted “hops,” so no single provider can link a user’s identity to the traffic’s destination. When a user connects, the app queries an on-chain directory contract on Ethereum and selects providers at random; a provider’s odds of being chosen rise with the amount it has staked. Payments move off-chain as probabilistic nanopayments—lottery-style tickets that settle on-chain only when a ticket wins—allowing micro-transactions without high gas costs. Users maintain an Orchid Account smart contract that holds a locked deposit (collateral) and a spendable balance, giving them pay-as-you-go access to bandwidth.

OXT is the ERC-20 token that powers the marketplace. Providers, or delegators who back them, must stake OXT in the directory contract to advertise bandwidth; larger stakes mean the algorithm routes traffic to their nodes more often, letting them earn user payments. End-users fund their Orchid Accounts with OXT, and each probabilistic ticket they send while connected draws from that balance. OXT’s role is therefore twofold:

1. **Security & Discovery** – staking signals honest intent and determines how frequently a provider is selected.
2. **Payment Settlement** – users spend OXT to compensate providers for actual bandwidth consumed.

No governance functionality or automatic inflation/burn mechanism is built into the token; its purpose is limited to securing the network and settling bandwidth fees.

Who is behind the project?

Orchid was founded in 2017 by privacy-focused builders Steven Waterhouse (current CEO), Jay Freeman (current CTO), Brian J. Fox, Gustav Simonsson and Stephen Bell. Development continues under Orchid Labs Inc., with the open-source code base maintained by core contributors and an active community.

Tokenomics of OXT

OXT has a fixed supply of 1 billion ERC-20 tokens, all minted at launch. The token has no programmed inflation or burn mechanism, making its supply fully capped.

Between 2017 and 2019, OXT was sold across three fundraising rounds, raising a total of \$48 million. The initial token allocation was distributed as follows:

| Category | Percentage |
|-------------------------------|------------|
| Network incentives & treasury | 51% |
| Investors | 25% |
| Team | 24% |

As of August 2025, the circulating supply of OXT stands at 591.5 million tokens.

General Risks

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

Competition

The Orchid network faces competition from other cryptocurrencies such as Sentinel (DVPN), Mysterium (MYST), and many others. Orchid's value derives from its broader adoption in the market. If the Orchid network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of OXT.

Due Diligence

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