PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
RUNE

Thorchain (RUNE)
Last updated on September 08, 2025

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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 RUNE 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 RUNE. 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 Thorchain (RUNE) and how does it work?
Thorchain is a decentralized liquidity protocol that enables cross-chain swaps of cryptocurrencies without the need for wrapping or centralized intermediaries. It is built on the Tendermint consensus engine and allows users to exchange assets across different blockchains, including Bitcoin, Ethereum, Binance Chain, Avalanche, Cosmos Hub, Dogecoin, Litecoin, and Bitcoin Cash. Users maintain custody of their assets throughout the swap process, with transactions secured by a rotating network of validator nodes that manage vaults and process swaps. Thorchain operates on a continuous liquidity pool (CLP) model, which ensures sufficient liquidity for trades by incentivizing users to provide assets to shared pools. Swaps are settled with RUNE as the intermediary asset, providing consistent pricing across pairs. Over time, the network has reduced reliance on block rewards and shifted toward a fee-driven model, where swap fees fund validator rewards and contribute to RUNE's supply management.

RUNE is the native token of Thorchain and performs four core functions within the protocol: it acts as the settlement asset in all liquidity pools, secures the network through validator bonding, enables governance signaling for upgrades, and provides incentives to liquidity providers and node operators. For each asset deposited into a liquidity pool, an equivalent value of RUNE is required, making it central to the functioning of swaps. Validators must bond RUNE to participate in consensus, with bonds designed

to exceed the value of assets held in liquidity pools as a safeguard against malicious behavior. Liquidity providers and validators earn rewards in RUNE, distributed from network fees. These mechanisms establish RUNE as both the medium of settlement and the means of securing and incentivizing participation in the Thorchain ecosystem.

Who is behind the project?
Thorchain was created in 2018 by an anonymous group of developers under the name "THORChain Team" and launched its mainnet in April 2021. The protocol continues to be developed by a pseudonymous community of contributors. In addition, a development group called Nine Realms has supported Thorchain since 2021, focusing on integrations, tooling, and protocol improvements. There is no central company or foundation controlling Thorchain; governance and upgrades are coordinated through validators and community processes.

Tokenomics of RUNE
RUNE has a fixed maximum supply of 500 million tokens. Originally, 1 billion RUNE were pre-minted in 2018, but approximately half were burned in 2019, reducing the supply to 500 million. At launch, RUNE was distributed as follows:

Category	Percentage (%)
Seed sale (capital)	5%
IDO (Initial DEX Offering)	16%
Developers (time and effort)	10%
Bootstrapping participation (users)	24%
Protocol Reserve (nodes & LPs emissions)	44%
Total	**99%**

Note: Thorchain's official documentation states that 100% of the supply was created and distributed at genesis, though the listed categories total 99%. This discrepancy may reflect a small portion of tokens not explicitly detailed in the emission schedule.

As of September 2025, the circulating supply of RUNE is approximately 351 million tokens.

General Risks
Like all other digital assets, there are some general risks to investing in RUNE. 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 RUNE
Competition
Thorchain faces competition from other cross-chain and decentralized exchange protocols such as Osmosis and Anyswap. RUNE's value derives from Thorchain's broader adoption in the market. If

Thorchain fails to achieve sufficient adoption compared to other options, this could negatively impact the value of RUNE.

Regulatory Scrutiny
A regulatory crackdown on DeFi could regulate decentralised exchanges similar to their centralised counterparts effectively curtailing the growth of DeFi. This could have a negative impact on the value of RUNE.

Novel Technical Risk
Interoperability protocols enable communication between different blockchains but are fairly new and introduce technical risks. Security vulnerabilities can and have been exploited by hackers. The compatibility of different protocols, languages, and consensus mechanisms can present challenges, and decentralized governance adds complexity to decision-making. Any type of exploit or negative event can negatively affect the value of RUNE.

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