PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

AVL

Avalon Labs (AVL)
Last updated on July 21, 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 AVL 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 AVL. 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 Avalon Labs and how does it work?
Avalon Labs operates an on-chain capital market for Bitcoin, offering lending, borrowing, and yield services that let holders access liquidity from their Bitcoin without selling it. Its core products include an on-chain Bitcoin-backed lending marketplace, a Bitcoin-collateralised stablecoin known as USDa, and a yield programme for stablecoin and Bitcoin holders. The platform follows a CeDeFi model that combines on-chain protocols with institutional borrowing serviced through independent third-party custodians. Through these products Avalon Labs aims to make Bitcoin usable as productive collateral across both decentralised and institutional finance.

AVL is the native utility and governance token of the Avalon Labs ecosystem. Holders can stake AVL to earn rewards, exercise governance rights over the protocol, receive fee rebates on Avalon's lending products, and gain access to future products within the ecosystem.

Who is behind the project?
Avalon Labs was co-founded in 2024 by Venus Li. Venus Li leads the project as its chief executive. The AVL token is issued by Bluewave Tech Global Ltd, a company incorporated in the British Virgin Islands.

Tokenomics of Avalon Labs

The total supply of AVL is 1 billion tokens which is distributed as follows:

Allocation Category	Percentage of Total Supply (1,000,000,000 AVL)
Community Incentive	28%
Airdrop	20%
Investors	19%
Ecosystem and Treasury	15%
Team	10%
Advisor	4%
Initial Liquidity	4%
Total	**100%**

General Risks

Like all other digital assets, there are some general risks to investing in AVL. 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 Avalon Labs

Competition

The Avalon Labs protocol faces competition from other decentralised lending protocols such as Aave, Compound, and others. AVL's value derives from its broader adoption in the market. If the Avalon Labs protocol fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of AVL.

Regulatory Scrutiny

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

Due Diligence

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