PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
Stride (STRD)

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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 STRD 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 STRD. 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 Stride and how does it work

Stride is a liquid-staking platform built with the Cosmos SDK and Tendermint consensus. It lets users stake native tokens from supported proof-of-stake blockchains and immediately receive transferable "stTokens." These stTokens auto-compound staking rewards and can be traded or used in DeFi applications while the underlying assets remain staked. When a user is ready to exit, the stTokens are redeemed for the original assets after the native chain's unbonding period.

Cross-chain functionality is enabled through Inter-Blockchain Communication (IBC), and since 19 July 2023 the Stride chain has operated as an Interchain Security (ICS) consumer chain, inheriting validator security from the Cosmos Hub. Governance is performed on-chain by STRD holders, who decide validator sets, incentive parameters, community-pool spending, and protocol upgrades. STRD also accrues value through protocol fees and inflation: since Stride became an Interchain Security consumer chain on July 2023, 85% of every protocol-fee category and 85% of newly minted STRD now go to STRD

stakers, while the remaining 15% is routed to Cosmos Hub validators and delegators; at the same time, the annual STRD emissions allocated to stakers were cut in half to 1.304 million STRD..

Who is behind the Project?

Stride is co-founded by Vishal Talasani and Riley Edmunds. The project was founded in 2022 and operates within the Cosmos ecosystem.

Tokenomics of STRD

The Stride Token (STRD) has a maximum supply of 100,000,000 STRD and the initial distribution of Stride is as follows:

Category	Allocation
Community Incentives	31%
Core contributors	24.20%
Partners	16.70%
Strategic Reserve	8.90%
Community Airdrop	6.30%
Staking Rewards	5.20%
Community Growth	3.50%
Initial Security Budget	2.20%
Community Reserve	2%
Total	100%

The emissions of the Stride Token (STRD) follow a structured schedule where the token supply reduces by 50% each year. Initially, there is a significant emission rate to boost network security and liquidity, which is crucial in the early stages. Over ten years, the emissions taper off to zero

General Risks

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

Competition

Stride is aiming for a share of the liquid staking market, i.e. Lido, Rocket Pool. Each offers unique tradeoffs, fostering competition between them. STRD's value derives from its broader adoption in the market. If Stride fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of STRD.

Due Diligence

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