

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

BONZO

Last updated on September 2, 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 BONZO 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 BONZO. 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 Bonzo Finance and how does it work?

Bonzo Finance is a non-custodial, open-source lending and borrowing protocol built on the Hedera public network. The team states the protocol is adapted from Aave v2 and integrates with Hedera's EVM and Hedera Token Service (HTS). It supports over-collateralized loans, flash loans, and dynamic interest-rate models, with a web interface as one of several ways to interact with the protocol. BONZO is the HTS fungible token of the protocol. According to the project team, BONZO will be used for governance through the Bonzo DAO and for staking to receive xBONZO, a yield-bearing receipt token.

Who is behind the project?

Bonzo Finance was founded by Brady Gentile and Gaurang Torvekar. The Bonzo Finance Foundation acts as the DAO wrapper, Bonzo Reserve Ltd. is the token issuance entity, and Bonzo Finance Labs is the development organization supporting the protocol.

Tokenomics of BONZO

The total supply of BONZO is 400 million tokens which is distributed as follows:

Category	Percentage
Community	27.4%
Investor	10%
Core Development	25%
DAO Treasury	27.6%
Ecosystem Development	10%
Total	100%

General Risks

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

Competition

The Bonzo Finance network faces competition from other cryptocurrencies such as Aave, Compound, Radiant, and many others. Bonzo Finance’s value derives from its broader adoption in the market. If the Bonzo Finance network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of BONZO.

Due Diligence

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