

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

LayerZero (ZRO)

Last updated on September 14, 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 ZRO 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 ZRO. 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 LayerZero and how does it work?

LayerZero is a communication layer that lets separate blockchains exchange messages and move assets. Applications choose their own security configuration from a pool of independent verifiers and executors, and select how many of them must confirm a message before it is executed; an application that selects only one verifier does not get the same protection as one that selects several. In February 2026, LayerZero Labs announced Zero, a separate layer 1 blockchain aimed at institutional finance, and in August 2026 it introduced ATLAS, a trading and settlement engine built on Zero, extending the project beyond cross chain messaging into market infrastructure.

The network's native token, ZRO, serves several practical purposes. Pay for Messaging Fees: Apps can choose to pay the cross chain message fee in ZRO instead of the chain's native gas token. This remains optional after ZRO holders voted on 27 June 2025 to keep the protocol fee switch turned off. Buybacks: Separately from that fee switch vote, LayerZero Labs runs a monthly ZRO buyback funded by revenue from Stargate, the bridging application built on top of LayerZero, according to LayerZero's own blog. Potential Universal Gas Token: Because paying in ZRO is optional and not yet common, ZRO is not widely used as a single gas token across all chains today, though the feature exists for projects that opt in. LayerZero Labs has said ZRO will also serve as the native gas and staking token on Zero, the layer 1

blockchain it announced in February 2026, and that Zero will not issue a separate token of its own. Protocol Governance: Every six months ZRO holders vote on chain on proposals such as activating protocol fees or approving upgrades.

Who is behind the project?

LayerZero Labs, the company behind the LayerZero protocol, was founded in 2021 by Bryan Pellegrino and Ryan Zarick. Bryan Pellegrino serves as the CEO, and Ryan Zarick is the CTO. The company is based in Vancouver, British Columbia, Canada.

Tokenomics of LayerZero

ZRO has a fixed total and maximum supply of 1,000,000,000 tokens. As of June 2026, the circulating supply is approximately 514 million ZRO according to CoinMarketCap, with the remainder subject to a vesting schedule running into 2027.

General Risks

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

Competition

LayerZero is aiming for a share of the cross-chain communication market by leveraging its omnichain interoperability protocol, i.e., competitors like Wormhole and Axelar. Each offers unique tradeoffs, fostering competition between them. LayerZero's value derives from its broader adoption and the effectiveness of its cross-chain messaging. If LayerZero fails to achieve sufficient adoption or interoperability efficiency compared to other options in the market, this could negatively impact the value of LayerZero.

Developer Dependence

Although there are many developers working on LayerZero, there are no guarantees that they will continue to contribute. LayerZero could be negatively affected by an inability to retain and/or attract developers to continue to build out its protocol.

Staking Risk

Staking ZRO does not divorce the holder from the same market and technical risks of merely holding ZRO. The yield earned through staking is denominated and earned in ZRO. Over time, the total balance of ZRO will increase for stakers but this does not guarantee its market value also increases in tandem.

Lacklustre market adoption and unforeseen technical problems can negatively impact a holder's return on staked ZRO. Projected annual rate is an estimate based on the average staking rewards accrued over the past period, before commission, and is subject to change. Staking involves risks including no guarantee of rewards, potential loss from slashing or hacks, and depreciation in the value of assets while staked. Please refer to Kraken's Terms of Service for additional information.

Due Diligence

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