

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Coti (COTI)

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Last updated on August 08, 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 COTI 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 COTI. 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 Coti and how does it work?

Coti was originally launched to create a decentralised payment network that would merge the ease of traditional card rails with the speed and borderlessness of cryptocurrencies. The first version of the network relied on Trustchain, a proprietary directed-acyclic-graph (DAG) ledger whose “Proof of Trust” consensus used machine-learning-based trust scores to reach throughput claims of up to 100,000 transactions per second. Within this framework, Coti Pay allowed consumers to spend COTI (or any supported crypto converted via the Coti-X bridge) while merchants used an API to accept those payments and where necessary, invoke an on-chain arbitration process. Enterprises could also issue branded stablecoins collateralised by fiat or other assets and minted or burned to hold a target value.

Since March 2025 the project has migrated to COTI V2, an Ethereum-compatible privacy-focused Layer-2 that replaces the DAG ledger with a roll-up architecture powered by garbled-circuit cryptography. The new mainnet introduces a decentralised sequencer set, gcEVM for confidential smart-contract execution, and “Privacy-on-Demand” tooling designed to let applications toggle between transparent and encrypted states. Legacy Trustchain transactions continue to be supported via a bridge, while new dApps, including real-world-asset platforms announced during 2025, are being built directly on the

Layer-2. Token holders can stake COTI (either on Treasury 2.0 or as sequencer collateral) to earn a share of network fees and newly issued tokens under the updated economic model.

Who is behind the Project?

Shahaf Bar-Geffen serves as Chief Executive Officer. Dr. Nir Haloani serves as Chief Technology Officer. The Coti Foundation oversees ecosystem development and the COTI Builders Program, while research partner Soda Labs contributes to cryptographic architecture.

Tokenomics of COTI

As of September 2025, COTI has a max supply of approximately 4.9 billion tokens, with a circulation supply of approximately 2.3 billion tokens.

At genesis, the token's allocation was as follows:

Category	Allocation
Held in liquidity reserve or allocated for distribution to incentive network participation	45%
Private and public sales, subject to lockup periods of between 6 and 24 months	30%
Coti team, to be gradually released over 10 years	15%
Coti advisors, also subject to a 10 year release period	10%
Total	100%

General Risks

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

Competition

The Coti network faces competition from other cryptocurrencies such as Nano (NANO), Alchemy Pay (ACH), Pundi X (PUNDIX), and many others. Coti's value derives from its broader adoption in the market. If the Coti network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of COTI.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on COTI and determined that COTI 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 COTI, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created COTI;
- The supply, demand, maturity, utility and liquidity of COTI;

- Material technical risks associated with COTI, including any code defects, security breaches and other threats concerning COTI 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 COTI, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of COTI, 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 COTI about whether COTI, or generally about whether the type of crypto asset, is a security and/or derivative.