

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

S

Sonic (S)

Last updated on September 02, 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 S 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 S. 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 Sonic and how does it work?

Sonic is a Layer 1 blockchain platform that evolved from the Fantom Opera network. It introduces the S token as its native cryptocurrency, which serves multiple functions within the ecosystem, including paying for transaction fees, staking, operating validators, and participating in governance.

The Sonic network aims to offer high-performance infrastructure, capable of processing approximately 10,000 transactions per second (TPS) with sub-second finality. This is achieved through compatibility with the Ethereum Virtual Machine (EVM), facilitating the deployment of decentralised applications (dApps) across different blockchain environments.

Who is behind the Project?

Sonic Labs, re-branded from Fantom Foundation, leads development. Key leadership now includes Michael Kong (Chief Executive Officer), Andre Cronje (Co-Founder & Chief Technology Officer), and David Richardson (Executive Chairman).

Tokenomics of S

At launch, Sonic's total supply is 3.175 billion S tokens, mirroring the total supply of FTM tokens from the Fantom network. The circulating supply at launch is approximately 2.88 billion tokens, with the remaining tokens allocated for validator rewards over the first four years.

Six months post-launch, an additional 6% of the total supply will be minted for an airdrop program to reward users and builders on both Fantom Opera and Sonic. Furthermore, to support ongoing development, 1.5% of the initial supply (47,625,000 tokens) will be minted annually for six years, starting six months after the mainnet launch. Unused tokens from this allocation will be burned to reduce inflation.

General Risks

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

Competition

Sonic faces competition from other Layer 1 protocols such as Solana, Ethereum, and others. Sonic's value derives from the project's broader adoption in the market. If Sonic fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of S.

Due Diligence

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