PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Kaspa (KAS)

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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 KAS 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 KAS. 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 Kaspa and how does it work?

Kaspa is a proof-of-work (PoW) cryptocurrency that implements the GHOSTDAG protocol, a variant of the directed-acyclic-graph (DAG) approach that allows blocks created in parallel to coexist and be ordered in consensus. This “blockDAG” design lets the network process multiple blocks simultaneously while remaining secure. Kaspa’s open-source code-base is maintained by a community of independent contributors, with no central governance structure.

Under GHOSTDAG, blocks are confirmed in rapid succession. Kaspa originally produced roughly one block per second and since the Crescendo v1.0.0 upgrade (May 2025) the network now targets ten blocks per second, reducing block time to approximately 100 ms without changing block size. This leap past the internet’s round-trip-time threshold is possible because GHOSTDAG supports multi-leader, parallel block creation.

KAS is the network’s native asset. Miners expend computational work to add new blocks and receive KAS block-rewards and transaction fees in return. Holders use KAS to pay network fees. Additional protocol

features include reachability queries for efficient light-client proofs, block-data pruning, Simple Payment Verification (SPV) proofs, subnetwork support and a geometric emission schedule that halves the block reward every year (in smooth daily reductions) rather than in abrupt quadrennial events.

Who is behind the Project?

The project was created by R&D company DAGLabs. Yonatan Sompolinsky is a co-founder of DAGLabs and the founder of Kaspa. He is an Israeli-based computer scientist who also contributed to the initial GHOSTDAG protocol. The project is community-driven, with no central governance or business model and thus has many individual core developers and contributors.

Tokenomics of KAS

The maximum supply of Kaspa is 28,704,026,601 KAS, with a current circulating supply of 26,363,807,936 KAS as per CoinGecko. The KAS token was a fair launch, with no ICO, vesting phase, or pre-mine. As such, there are no token pools or allocations.

General Risks

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

Competition

The Kaspa network faces competition from other cryptocurrencies such as Ethereum, Solana and many others. Kaspa's value derives from its broader adoption in the market. If the Kaspa network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of KAS.

Proof of Work Pushback

Proof of Work cryptocurrencies have come under considerable criticism because of their energy use. Regulatory efforts around the world could move to clamp down on Proof of Work mining, making it harder for the network to operate and affecting market perception. These criticisms could have negative impacts on the value of KAS.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on KAS and determined that KAS 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 KAS, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created KAS;

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