

PAYWARD CANADA INC.  
CRYPTO ASSET RISK DISCLOSURE  
Animecoin (ANIME)

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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 ANIME 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 ANIME. 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 Animechain and how does it work?**

ANIME is the native token of Animechain, a Layer 3 blockchain developed using Arbitrum Orbit. The chain is designed to support applications oriented toward anime-related content, including media, NFTs, and user interaction via the Anime.com platform. ANIME is used to pay transaction ("gas") fees on Animechain and is intended to be used in the future for on-chain governance via a community Decentralised Autonomous Organization (DAO) structure.

**Who is behind the project?**

The Animecoin Foundation is the organization behind Animecoin and Animechain. The project's core contributors are pseudonymous and not identified in public channels. Animechain is developed in partnership with NFT Project Azuki. Alex Xu is Azuki's CEO and founder.

**Tokenomics of ANIME**

ANIME has a maximum supply of 10 billion tokens. The token allocation is as follows:

Category	Allocation
Azuki Community	37.5%
Community Cultivation	13%
Domain Expansion	24.44%
Partner Communities	2%
Team and Advisors	15.62%
Company	7.44%
<b>Total</b>	<b>100.00%</b>

## General Risks

Like all other digital assets, there are some general risks to investing in ANIME. These include Smart Contract risks, volatility risk, 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 ANIME

### *Competition*

Animechain faces competition from other anime based web3 projects such as Otaku Coin, Chia Anime, and many others. ANIME's value derives from its broader adoption in the market. If Animechain fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of ANIME.

## Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on ANIME and determined that ANIME is unlikely to be a security or derivative under Canada 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 ANIME, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created ANIME;
- The supply, demand, maturity, utility and liquidity of ANIME;
- Material technical risks associated with ANIME, including any code defects, security breaches and other threats concerning ANIME 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 ANIME, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of ANIME, and (ii) consideration of statements made by any regulators or securities regulatory authorities in the Canada, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to ANIME about whether ANIME, or generally about whether the type of crypto asset, is a security and/or derivative.