

PAYWARD CANADA INC.

CRYPTO ASSET RISK DISCLOSURE

XION (XION)

Last updated on 15 August 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 XION 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 XION. 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 XION Network and how does it work?

XION is a proof-of-stake layer 1 blockchain built with the Cosmos SDK. The protocol introduces meta accounts that allow apps to replace seed phrases with email or biometric log-ins and a parameterised fee layer that lets developers quote fees in USDC while the chain atomically converts those payments into XION.

The native token, XION, is central to network operation and governance. XION is used for staking with validators to secure the chain, paying all network fees and voting on governance proposals.

Who is behind the project?

XION Network is led by Anthony Anzalone, who serves as CEO.

Tokenomics of XION

Total Token Supply is 200,000,000 XION and the distribution of tokens is as follows:

Category	Percentage
Protocol and Foundation	15%
Core Team	20%
Ecosystem Incentives and Incubation	23%
Community and Launch	15%
Strategic Backers	27%
Total	100%

General Risks

Like all other digital assets, there are some general risks to investing in XION. These include short history risk, 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 XION

Competition

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

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on XION and determined it was permitted to make XION available for trading to Canada users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of XION, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created XION;
- The supply, demand, maturity, utility and liquidity of XION;
- Material technical risks associated with XION, including any code defects, security breaches and other threats concerning XION 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 XION, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of XION,

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 XION about whether XION, or generally about whether the type of crypto asset, is a security and/or derivative.