

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

POL

Polygon (POL)

Last updated on June 26, 2026

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What is Polygon and how does it work?

Polygon began life in 2017 as Matic Network but was re-branded in February 2021 as Polygon, with a new mission to build an aggregated network of Ethereum-compatible chains. Under the “Polygon 2.0” roadmap the project now positions itself as an ecosystem in which many independent Layer-2s share liquidity, security and governance rather than a single side-chain.

At the execution layer, Polygon today offers several production chains.

- The original Polygon PoS sidechain for fast, low-cost transactions, slated via community governance proposals to become a zkEVM validium posting proofs to Ethereum.
- Polygon zkEVM, a zero-knowledge rollup whose Mainnet Beta launched in March 2023 and was subsequently upgraded to support self-upgradable chains. The Polygon team has announced that the zkEVM network will shut down on July 1, 2026.

A shared Aggregation Layer (AggLayer) collects zero-knowledge proofs from connected chains and enables atomic movement of assets across the ecosystem, creating a unified view of state and liquidity. Security and value accrual for these networks are provided by a shared staking layer secured by the native POL token, issued at a 1 MATIC : 1 POL swap in September 2024. Validators lock POL in Ethereum

smart contracts and can validate, sequence, or prove blocks across chains, earning emissions and fees.

New focus: Payments and stablecoins

In 2026, Polygon Labs, a core developer of the Polygon ecosystem, announced a strategic shift to expand stablecoin-based payments infrastructure and related regulated services in the United States. This includes plans to build an “Open Money Stack,” a modular framework intended to support stablecoin payments, cross-border value transfers, wallets, on- and off-ramps, and regulatory orchestration. The shift toward regulated payments reflects an effort to position Polygon beyond a scaling solution into a broader infrastructure for moving money onchain.

Who is behind the project?

Polygon was created in India in 2017 and was originally called the Matic Network. It was the brainchild of a group of Ethereum developers, Jaynti Kanani, Sandeep Nailwal, Anurag Arjun, and Mihailo Bjelic. The project is now overseen by the Polygon Foundation and a global open-source developer community.

Tokenomics of POL

The initial supply of 10 billion POL mirrors the total supply of MATIC it replaces, and every token in that initial tranche is reserved for a 1 MATIC : 1 POL migration. The original MATIC issuance (2017-2019) was distributed as follows:

Category	Allocation
Ecosystem	23.3%
Polygon Foundation	21.9%
2019 exchange offering (IEO)	19%
Core team	16%
Staking-rewards pool	12%
Advisors	4%
Private-sale investors	3.8%

Subject to community governance, POL also carries an emission of up to 2% of the initial supply each year for the first decade ($\approx$ 200 million POL annually), evenly divided between validator rewards and a community treasury.

As of August 2025, the circulating supply is $\sim$ 10.48 billion POL tokens.

General Risks

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

Competition

The Polygon network faces competition from the many Ethereum based layer 2 networks and sidechains currently in the market such as Arbitrum, OP Mainnet, zkSync, Gnosis Chain, and Skale, as well as from layer 1 networks like Avalanche, Solana, and Fantom. POL's value derives from Polygon's broader adoption in the market. If the Polygon network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of POL.

Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) or stablecoin payments could negatively impact POL and associated infrastructure.

Adoption by Protocols & Users

POL's value derives partly from protocols building on Polygon and usage of its payments and settlement infrastructure. Failure to attract sufficient adoption could negatively affect the value of POL.

Architecture

Polygon 2.0 interacts with oracles that do not operate on a blockchain. These oracles are independently responsible for collecting the real world data requested by the contracts. Polygon's developer documentation promotes the use of oracles for dApp development. Polygon Labs is unable to fully mitigate the risk of oracles producing incorrect data and impacting the accuracy of Polygon's aggregate data feeds.

Staking Risk

Staking POL does not divorce the holder from the same market and technical risks of merely holding POL. The yield earned through staking is denominated and earned in POL. Over time, the total balance of POL will increase for stakers but this does not guarantee its market value also increases in tandem. Lacklustre market adoption and unforeseen technical problems can negatively impact a holder's return on staked POL. Projected annual rate is an estimate based on the average staking rewards accrued over the past period, before commission, and is subject to change. Staking involves risks including no guarantee of rewards, potential loss from slashing or hacks, and depreciation in the value of assets while staked. Please refer to Kraken's [Terms of Service for additional information](#).

Due Diligence

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