

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### Nillion Network (NIL)

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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 NIL 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 NIL. 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 Nillion Network and how does it work?

Nillion Network is a decentralised infrastructure designed to support secure, privacy-preserving data operations. Unlike traditional blockchains, Nillion operates without relying on a global shared state, enabling both vertical scalability by upgrading individual nodes or clusters, and horizontal scalability by adding new nodes or clusters to distribute workloads efficiently.

The network consists of two core layers. The Coordination layer (nilChain) manages governance, payments, crypto-economic security, and inter-cluster coordination. It supports interoperability through the Inter-Blockchain Communication (IBC) protocol. The Orchestration Layer (Petnet) integrates cryptographic technologies such as Multi-Party Computation (MPC), Fully Homomorphic Encryption (FHE), and Zero-Knowledge Proofs (ZKPs) to enable privacy-preserving computations and data management. Nillion's architecture allows developers to build applications and services that leverage privacy-enhancing technologies to perform blind computations over user data without requiring that data to be revealed to the network.

The NIL token is the utility token of the Nillion Network, used for security, resource management, and governance. It powers a Delegated Proof of Stake (DPoS) system, where staking NIL secures the Network. Users pay NIL to access the Coordination Layer and request Blind Computation, while infrastructure providers earn NIL for contributing computational power and storage capacity. Additionally, NIL holders can participate in network governance by voting on proposals or delegating voting power.

## Who is behind the Project?

Nillion Network was founded by Miguel de Vega, Andrew Masanto, Rob Leslie, and Tristan Litré. De Vega serves as the team's Chief Scientist, Masanto as Chief Strategy Officer, and Litré as the project's Onchain Maxi. The Project's Chief Executive is Alex Page, its Chief Marketing Officer is Andrew Yeoh, and its Chief Operating Officer is Clair Kelly. John Delaney serves as the Project's Chairman.

## Tokenomics of NIL

NIL has a total supply of 1 billion tokens. The token allocation is as follows:

Category	Allocation
Core Team (incl. Advisors)	20%
Pre-Seed Round	4%
Seed Round	12.1%
Series A Round	4.9%
Community Initiatives	20%
R&D and Ecosystem	27.5%
Treasury	10%
Liquidity & Listings	1.5%
Total	100%

## General Risks

Like all other digital assets, there are some general risks to investing in NIL. 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 Nillion Network

### *Competition*

NIL faces competition from other decentralised computing and privacy enhancing networks such as Secret Network and Oasis Network. NIL's value derives from the project's broader adoption in the market. If NIL fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of NIL.

### **Due Diligence**

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