

PAYWARD CANADA INC.

CRYPTO ASSET RISK DISCLOSURE

Pepe (PEPE)

Last updated on 12 December 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 PEPE 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 PEPE. 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 PEPE and how does it work?

PEPE is a community driven meme based cryptocurrency built on the Ethereum blockchain. It is described as a cultural and entertainment token that references the long running Pepe the Frog internet meme, with no stated utility beyond humor, social engagement, and community participation.

Who is behind the project?

PEPE is described as a community-driven cryptocurrency project without a formal team or company overseeing its operations. Its activities rely on community participation for development, fundraising, and promotion. The project uses platforms like X (formerly Twitter) for updates and engagement.

Tokenomics of PEPE

The total supply of PEPE is 420,690 trillion tokens.

Note: A report by Cointelegraph, citing analysis from Bubblemaps, suggests that approximately 30% of PEPE's initial supply may have been controlled by a single entity.

General Risks

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

Competition

The PEPE meme token faces competition from other memecoins such as Doge (DOGE), Brett (BRETT), and many others. PEPE's value derives from its broader adoption in the market. If the PEPE meme token fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PEPE.

Due Diligence

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