

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

XYO

XYO Network (XYO)

Last updated on August 21, 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 XYO 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 XYO. 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 XYO Network and how does it work?

The XYO Network (short for XY Oracle Network) is a decentralised, blockchain-powered oracle protocol focused on verifiable location data. It aims to bridge the physical and digital worlds by enabling smart contracts and decentralised applications to interact with trusted real-world information. This is achieved through a novel Proof of Origin system, which securely validates where data comes from without relying on centralised authorities or identifiable device metadata.

The network is one of the first examples of a Decentralised Physical Infrastructure Network (DePIN), operating at scale with millions of edge devices and a functioning incentive system. Its infrastructure is designed to support high-integrity data services for use cases in artificial intelligence, real-world asset (RWA) tokenisation, geolocation, logistics, and real-world gaming.

The XYO Token is one of the utility tokens of the XYO network. XYO is used to pay for queries, as an incentive for data verification, and staking and network reputation. Importantly, the XYO token is distinct from the XL1 token, which is native to the XYO Layer One blockchain and used for gas and internal

operations. XYO, by contrast, serves the broader DePIN ecosystem and acts as the outward-facing economic token for rewards, data verification, and external integrations.

Who is behind XYO Network

XYO was co-founded by Arie Trouw and Markus Levin. The project is stewarded by the XYO Foundation, a non-profit entity, and supported by XY Labs Inc.

Tokenomics of XYO Network:

The maximum supply of XYO is 13.93 billion tokens. As of June 2025, all tokens are locked and in circulation. The project's treasury has just under 5% of the total supply in its treasury.

General Risks

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

Competition

XYO Networks faces competition from other DePIN and IoT projects such as FOAM, Helium Network and many others. XYO's value derives from the project's broader adoption in the market. If XYO Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of XYO.

Architecture

XYO network 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. While XYO doesn't consume data from oracles, its internal components — particularly Sentinels and Bridges — behave like edge-device oracles. Because these devices gather data from the real world (e.g., GPS, Bluetooth), there's an architectural risk of data manipulation, sensor spoofing, or relay tampering, even with Proof of Origin safeguards.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on XYO and determined that XYO 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 XYO, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created XYO;
- The supply, demand, maturity, utility and liquidity of XYO;

- Material technical risks associated with XYO, including any code defects, security breaches and other threats concerning XYO 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 XYO, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of XYO, 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 XYO about whether XYO, or generally about whether the type of crypto asset, is a security and/or derivative.