

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

PNG

Pangolin (PNG)

Last updated on August 20, 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 PNG 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 PNG. 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 Pangolin and how does it work?

Pangolin is a community-run decentralised exchange (DEX). Think of it as an online marketplace where people trade crypto tokens directly from their own wallets instead of through a central intermediary. Pangolin started on the Avalanche blockchain in 2021 and now also works on Hedera, Flare, and Songbird.

- **How trades happen:** It uses an automated-market-maker (AMM). Liquidity providers put pairs of tokens into shared “pools,” and a smart contract sets prices based on supply and demand.
- **Latest upgrade (V3):** The current version lets providers choose a narrow price range (“concentrated liquidity”) so they can earn more fees when trades stay inside that range. Fees are adjustable within set parameters by the Pangolin team in response to market conditions. Each liquidity position is wrapped in an NFT, so users can move or manage it like any other token.
- **Cross-chain swaps:** Pangolin supports cross-chain functionality through integration with the Squid router, which is built on Axelar. This allows trades that begin on one blockchain to settle on another.

PNG is an ERC-20-compatible token that provides two functions:

- **Governance and voting:** PNG stakers may propose or vote on protocol changes such as fee levels, treasury spending, or support for new blockchains.
- **Fee distribution:** A portion of trading fees is allocated to a pool. These funds are periodically used to purchase PNG from the market and are distributed to stakers. PNG does not represent equity in Pangolin and does not secure any blockchain. Its value is linked to usage of the exchange and decisions made by the DAO

Who is behind the Project?

Pangolin was incubated by Ava Labs but moved to full community governance three months after launch. Justin Trollip served as Pangolin's CEO and public lead from 2022, with governance decisions determined by DAO votes.

Tokenomics of Pangolin:

PNG has a fixed maximum supply of 230 million tokens. The initial distribution of PNG was as follows:

Category	Allocation (%)
Liquidity Providers (Farms V1)	15.4%
Liquidity Providers (Farms V2)	68.3%
Airdrop (claimed)	3.3%
Treasury	13%
Total	100%

As of August 2025, the circulating supply of PNG is approximately 224.3 million.

General Risks

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

Competition

The Pangolin network faces competition from other decentralised exchanges on Avalanche such as Trader Joe and Dexalot. Pangolin's value derives from its broader adoption in the market. If the Pangolin network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PNG.

Due Diligence

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