

PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
PI NETWORK (PI)

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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 PI 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 PI. 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 PI and how does it work?

Pi Network is a layer-1 blockchain that aims to make participation accessible through “mobile mining” and a web/app ecosystem. According to its white paper, the chain uses the Stellar Consensus Protocol, a Federated Byzantine Agreement,(FBA) rather than Proof-of-Work, with user-defined “Security Circles” forming a trust graph that helps nodes reach agreement. The project provides desktop Node software (Nodes/SuperNodes) and a public block explorer.

PI is the native utility token of the Pi Network. PI was introduced as the network’s core currency to support peer-to-peer transactions and provide payment functionality within the ecosystem. The token can be used for transfers in the non-custodial Pi Wallet, payments inside Pi Apps built with the Pi SDK, and local-commerce purchases with merchants participating in events such as PiFest via the Map of Pi. PI is also the exclusive currency for bidding and registration in the .pi Domains Auction, and it underpins the Pi Ad Network where advertisers acquire and spend PI while app developers earn in PI. In addition, the network’s native KYC application compensates human Validators in PI for performing identity checks.

Who is behind the project?

The PI NETWORK was founded by Nicolas Kokkalis and Chengdiao Fan.

Tokenomics of PI

The total supply of PI is 100 billion tokens, which is distributed as follows:

Category	Percentage
Community Mining Rewards	65%
Foundation Reserves	10%
Liquidity	5%
Core Team	20%
Total	100%

General Risks

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

Competition

The Pi Network faces competition from other similar networks such as Stellar, The Open Network, and many others. PI's value derives from its broader adoption in the market. If the Pi Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PI.

Due Diligence

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