

# PAYWARD CANADA INC.

## CRYPTO ASSET STATEMENT

### POL

#### Polygon (POL)

Last updated on January 20, 2026

#### 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 POL 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 POL. 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 Polygon and how does it work?

Polygon began life in 2017 as Matic Network but was re-branded in February 2021 as Polygon, with a new mission to build an aggregated network of Ethereum-compatible chains. Under the “Polygon 2.0” roadmap the project now positions itself as an ecosystem in which many independent Layer-2s share liquidity, security and governance rather than a single side-chain.

At the execution layer, Polygon today offers several production chains.

- The original Polygon PoS sidechain for fast, low-cost transactions, slated via community governance proposals to become a zkEVM validium posting proofs to Ethereum.
- Polygon zkEVM, a zero-knowledge rollup whose Mainnet Beta launched in March 2023 and was subsequently upgraded to support self-upgradable chains.

A shared Aggregation Layer (AggLayer) collects zero-knowledge proofs from connected chains and enables atomic movement of assets across the ecosystem, creating a unified view of state and liquidity. Security and value accrual for these networks are provided by a shared staking layer secured by the native POL token, issued at a 1 MATIC : 1 POL swap in September 2024. Validators lock POL in Ethereum

smart contracts and can validate, sequence, or prove blocks across chains, earning emissions and fees.

#### *New focus: Payments and stablecoins*

In 2026, Polygon Labs, a core developer of the Polygon ecosystem, announced a strategic shift to expand stablecoin-based payments infrastructure and related regulated services in the United States. This includes plans to build an “Open Money Stack,” a modular framework intended to support stablecoin payments, cross-border value transfers, wallets, on- and off-ramps, and regulatory orchestration. The shift toward regulated payments reflects an effort to position Polygon beyond a scaling solution into a broader infrastructure for moving money onchain.

#### **Who is behind the project?**

Polygon was created in India in 2017 and was originally called the Matic Network. It was the brainchild of a group of Ethereum developers, Jayanti Kanani, Sandeep Nailwal, Anurag Arjun, and Mihailo Bjelic. The project is now overseen by the Polygon Foundation and a global open-source developer community.

#### **Tokenomics of POL**

The initial supply of 10 billion POL mirrors the total supply of MATIC it replaces, and every token in that initial tranche is reserved for a 1 MATIC : 1 POL migration. The original MATIC issuance (2017-2019) was distributed as follows:

Category	Allocation
Ecosystem	23.3%
Polygon Foundation	21.9%
2019 exchange offering (IEO)	19%
Core team	16%
Staking-rewards pool	12%
Advisors	4%
Private-sale investors	3.8%

Subject to community governance, POL also carries an emission of up to 2% of the initial supply each year for the first decade ( $\approx$  200 million POL annually), evenly divided between validator rewards and a community treasury.

As of August 2025, the circulating supply is  $\sim$ 10.48 billion POL tokens.

#### **General Risks**

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

### Competition

The Polygon network faces competition from the many Ethereum based layer 2 networks and sidechains currently in the market such as Arbitrum, OP Mainnet, zkSync, Gnosis Chain, and Skale, as well as from layer 1 networks like Avalanche, Solana, and Fantom. POL's value derives from Polygon's broader adoption in the market. If the Polygon network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of POL.

### Regulatory Scrutiny

A regulatory crackdown on decentralized finance (DeFi) or stablecoin payments could negatively impact POL and associated infrastructure.

### Adoption by Protocols & Users

POL's value derives partly from protocols building on Polygon and usage of its payments and settlement infrastructure. Failure to attract sufficient adoption could negatively affect the value of POL.

### Architecture

Polygon 2.0 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. Polygon's developer documentation promotes the use of oracles for dApp development. Polygon Labs is unable to fully mitigate the risk of oracles producing incorrect data and impacting the accuracy of Polygon's aggregate data feeds.

### Staking Risk

Staking POL does not divorce the holder from the same market and technical risks of merely holding POL. The yield earned through staking is denominated and earned in POL. Over time, the total balance of POL will increase for stakers but this does not guarantee its market value also increases in tandem.

Lackluster market adoption and unforeseen technical problems can negatively impact a holder's return on staked POL. For more information on staking risks associated with smart contracts and digital assets, see [Kraken's Risk Statement](#).

## Due Diligence

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

In addition to performing due diligence on POL and prior to making POL available to clients for staking on the Kraken platform, Kraken performed a review of the following:

- the operation of the Proof of Stake blockchain for POL;
- the staking protocols for POL ;
- the risk of loss of staked POL, including from software bugs and hacks of the protocol;
- due diligence with respect to the staking infrastructure operated by Kraken's affiliate, Staked Cayman Ltd., including but not limited to, information about:
  - the persons or entities that manage and direct the operations of the affiliate,
  - the affiliate's reputation and use by others,
  - the approximate amount of crypto assets the affiliate has staked on its own nodes,
  - the measures in place by the affiliate to operate the nodes securely and reliably,
  - the quality of the affiliate's work (i.e., the amount of downtime of the staking infrastructure, any past history of "double signing" and "double attestation/voting", etc.),
  - any losses of Crypto Assets related to the affiliate's actions or inactions, including losses resulting from slashing, jailing or other penalties incurred by the affiliate,
  - any guarantees offered by the affiliate against slashing or other penalties and any insurance obtained by the affiliate that may cover this risk, and
  - the financial status of the affiliate.