

PAYWARD CANADA INC.
CRYPTO ASSET STATEMENT
Audius (AUDIO)

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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 AUDIO 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 AUDIO. 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 Audius and how does it work?

Audius is a decentralized, community-run music-streaming protocol that lets artists publish and monetize their work while letting fans listen without subscription fees. Instead of a single corporate server, music files are hosted on a global network of independently operated content nodes. These nodes replicate and serve audio through AudSP, a peer-to-peer file system built on IPFS, eliminating the traditional intermediaries that control rights, royalties and distribution.

The native ERC-20 token, AUDIO, underpins this architecture. Node operators must stake AUDIO as collateral to register their services, the larger the stake, the greater the likelihood their node is selected to serve content. Stakers earn rewards from a 7% annual on-chain issuance as well as a protocol fee pool. Listeners and artists may delegate their tokens to trusted nodes and share in the resulting rewards.

Holding or staking AUDIO also unlocks premium features, such as artist badges, gated releases and higher upload limits and conveys on-chain voting power in protocol governance.

Beyond Ethereum, Audius bridges selected transactions to Solana to lower costs and increase throughput for features such as instant track likes and playlist actions. Artists can run their own nodes for full control over distribution or gate specific tracks to fan segments. Additional earn-to-engage programs distribute AUDIO to creators whose tracks chart in weekly trending lists or who verify their social-media presence and upload debut content.

Who is behind the Project?

Roneil Rumburg serves as Chief Executive Officer, guiding overall strategy and external partnerships. Forrest Browning serves as Chief Product Officer, focusing on user experience and creator tools. Ray Jacobson serves as Chief Technology Officer, overseeing protocol engineering and scaling initiatives. The company has received backing from investors such as Multicoin Capital, Pantera Capital, Coinbase Ventures and Binance Labs.

Tokenomics of AUDIO

The maximum supply currently stands at 1,346,449,483 AUDIO and at genesis, the token allocation was as follows:

Category	Allocation
Audius Team and Advisors, including musicians	41%
Investors, including Binance Labs and Coinbase Ventures	36%
Open Audius Foundation Treasury	18%
Airdropped to early adopters	5%
Total	100%

General Risks

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

Competition

The Audius network faces competition from music-focused projects such as Sound.xyz, Catalog Works and Emanate. If Audius fails to achieve adoption relative to competing platforms, the value of AUDIO could decline.

Due Diligence

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