

PAYWARD LTD

CRYPTO ASSET RISK DISCLOSURE

SHAPE (SHAPE)

Last updated on 14 August 2025

Disclaimer

Please note that this Crypto Asset Statement is not exhaustive of all risks associated with trading SHAPE. Investors should perform their own assessment to determine the appropriate level of risk for their personal circumstances. Be sure to do your own research and due diligence while taking into account your own financial situation and risk tolerance. Please review the [Risk Summary](#) for additional discussion of general risks associated with the assets made available in the 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 that may be inaccurate, incomplete, or change at any time.

What is SHAPE and how does it work?

Shape is a creator-focused Ethereum Layer-2 built with the OP Stack. It is fully EVM equivalent, and aims to offer the same developer experience as Ethereum at a lower cost, and inherits security directly from Ethereum. Shape is a member of the Optimism Superchain, which brings ecosystem cooperation, public goods funding, and builder incentives. Creators can claim back 80% of sequencer fees (Gasback) on interactions with contracts they own or deploy. Shape supports bridging of ETH from other chains and offers a range of developer tools via Alchemy and other platforms.

At the time of writing, SHAPE is not live. The team plans for the SHAPE token to be used for governance, allowing holders to vote or delegate on protocol upgrades, Gasback allocation ratios, and the use of the community treasury. In the future, SHAPE will also be staked to run validators to confirm transactions and sequencers to fully decentralize the network.

Who is behind the project?

Shape Network was founded by Bonafidehan.

Tokenomics of SHAPE

The initial token allocation for SHAPE is 10 billion, distributed as follows:

Category	Percentage
Team	16.5%

Liquidity	8%
Investors	13.5%
Airdrop	10%
Community Treasury	15%
Full Decentralization Incentives	30%
Initial pledges	7%
Total	100%

General Risks

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

Competition

Shape Network faces competition from other decentralized compute networks such as Zora Network. SHAPE’s value derives from its broader adoption in the market. If the Shape Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of SHAPE.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on SHAPE and determined it was permitted to make SHAPE available for trading to UK users. Our analysis generally includes, but is not limited to, reviewing publicly available information on the following:

- The creation, governance, usage and design of SHAPE, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created SHAPE;
- The supply, demand, maturity, utility and liquidity of SHAPE;
- Material technical risks associated with SHAPE, including any code defects, security breaches and other threats concerning SHAPE 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 SHAPE, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of SHAPE, and (ii) consideration of statements made by any regulators or securities regulatory

authorities in the UK, other regulators of the International Organization of Securities Commissions, or the regulator with the most significant connection to SHAPE about whether SHAPE, or generally about whether the type of crypto asset, is a security and/or derivative.

Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you should not expect to be protected if something goes wrong. [Take 2 mins to learn more.](#)

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