

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
BSquared (B2)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading B2. 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 risk disclosure is based on publicly available information that may be inaccurate, incomplete, or change at any time.

What is BSquared Network and how does it work?

BSquared Network is a Bitcoin Layer 2 roll-up that executes smart-contracts in a zero knowledge EVM, aggregates user transactions off-chain, stores compressed data and proofs in a separate data availability layer, and anchors succinct proofs back to Bitcoin for settlement. This design aims to give users faster, lower-cost transfers while retaining Bitcoin's base layer security through the roll-up's proof commitments and decentralised sequencer set.

The native B2 token powers the network by covering gas fees on the B² Hub (the main chain that connects Bitcoin with applications and AI and secures the system), securing the network through staking to earn rewards, and rewarding users who lock BTC into B² Hive (a pool for depositing BTC to earn B² and partner rewards) or partner pools to boost total value locked. Governance voting is planned for the future.

Who is behind the project?

BSquared's team remains anonymous and undisclosed; no individual contributors or leadership profiles are publicly available.

Tokenomics of B2

The total supply of B2 is 210 million tokens which is distributed as follows:

B2 Allocation	B2 tokens	% of Total supply
Investors	21 million	10%
Team + Advisors	21 million	10%

Ecosystem Incentive - BUZZ I	11,55 million	5.5%
Ecosystem Incentive - BUZZ II	10,5 million	5%
Ecosystem Incentive - Testnet Odyssey	1,05 million	0.5%
Staking (HIVE)	42 million	20%
Bitcoin Extensive Networks Incentive	23,1 million	11%
Ecosystem Reserve	50,4 million	24%
Public Distribution	25,2 million	12%
Initial Liquidity Provision	4,2 million	2%
Total	1 billion	100%

General Risks

Like all other digital assets, there are some general risks to investing in B2. 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 B2

Competition

The BSquared Network faces competition from other Bitcoin Layer-2 roll-up platforms such as Stacks. B2's value derives from its broader adoption in the market. If the BSquared Network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of B2.

Due Diligence

Prior to listing on the Kraken platform, Kraken performed due diligence on B2 and determined that B2 is unlikely to be a security or derivative under UK 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 B2, including the source code, security and roadmap for growth in the developer community and, if available, the background of the developer(s) that created B2;
- The supply, demand, maturity, utility and liquidity of B2;
- Material technical risks associated with B2, including any code defects, security breaches and other threats concerning B2 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 B2, including (i) any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of B2, 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 B2 about whether B2, 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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