

**PAYWARD LTD**  
CRYPTO ASSET RISK DISCLOSURE  
Peaq Network (PEAQ)

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**Disclaimer**

*Please note that this risk disclosure is not exhaustive of all risks associated with trading PEAQ. 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 PEAQ and how does it work?**

Peaq is a Layer-1 blockchain platform designed to support Decentralized Physical Infrastructure Networks (DePINs) and the broader Economy of Things (EoT). It provides core infrastructure that enables real-world machines, vehicles, and devices to function autonomously and interact with decentralized applications (dApps). The platform integrates key tools such as peaq ID (self-sovereign identity for machines), peaq Access (role-based access control), and peaq Pay (peer-to-peer payments between devices). These tools allow devices to securely exchange data and value without relying on centralized systems. peaq supports both Ethereum Virtual Machine (EVM) and ink! smart contracts, offering flexibility for developers building applications in diverse environments, such as mobility, energy, and telecommunications.

The PEAQ token is the native utility token of the peaq network. It is used to pay for transaction fees, stake to help secure the network and earn rewards, and is designed to support on-chain governance. While governance functionality is planned, proposing and voting on changes is not active yet.

**Who is behind the project?**

Peaq is developed by Peaq Foundation Ltd. The project was co-founded by Julia Pönitzsch, Leonard Dörlicher, Max Thake, Pavlo Fomenko, and Till Wendler

**Tokenomics of PEAQ**

Total supply at genesis of PEAQ is 4,200,000,000 tokens. The network begins with a 3.5% annual inflation rate, decreasing by 10% each year until it reaches 1%. This disinflationary model can be adjusted in the future through governance. The total supply is distributed as follows:

Category	Total Supply
Investors	34%
Community	21%
Core contributors	11.5%
EoT Labs	8.5%
Network Security	5%
Ecosystem and Treasury	20%
<b>Total:</b>	<b>100%</b>

### General Risks

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

#### *Competition*

The peaq network faces competition from other Layer-1 blockchain platforms such as Solana, Polkadot, and Avalanche. peaq's value derives from its broader adoption in the market. If the peaq network fails to achieve sufficient adoption compared to the other options in the market, this could negatively impact the value of PEAQ.

### Due Diligence

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