

## **RISK DISCLOSURE**

### **Risks Associated with the BitBoost Token (BBT)**

Last updated 19 March, 2018

The BitBoost Token (BBT) is a utility token, created to enable users to list their items on our e-marketplace app, The Block. The token and the app are new, innovative products, built on the Ethereum blockchain. This document was created to provide you with awareness of some of the risks involved in the purchase, holding, trading, and use of BBT. It cannot and does not claim to represent all possible risks. You should carefully consider any additional risks that may exist and should consult with your own legal, tax, financial, and accounting experts and any other advisors you deem appropriate before entering into any transactions involving BBT.

There are many risks inherent in digital currencies, as well as in the development and maintenance of products built on a blockchain, including those produced by BitBoost Block GmbH (the Company that issued BBT). Some of these risks are beyond the Company's control. Anyone considering the purchase of BBT should evaluate and understand the risks described below in addition to any other available information before participating in transactions involving BBT.

Participation in transactions involving BBT shall be taken as actions based upon cautious and educated consideration of all factors involved. Participants will be deemed as having been fully informed, advised, and willing to bear any and all risks associated with these transactions, including those risks described in this document. The Company expressly disclaims all responsibility for any direct, indirect, or consequential loss, damages, costs, or expenses of any kind however they may arise in connection with any reliance on the information set out in this document, any error or omission in any information in this document or any action you or any other person might take (or decide not to take) as a result of the information provided.

### **Government Regulation and Taxation Considerations**

As the Company is incorporated in Zug, Switzerland, the creation, allocation, development, and release of the Company's products are considered to be executed in Switzerland. However, you should be aware that the legal and regulatory position of the Company may vary depending on the circumstances. Governing bodies are in the process of establishing regulations regarding the status and trading of digital tokens, but currently, there is very little regulation. It is not clear how individual government agencies will regulate within their own borders, or if regulations will eventually be standardized globally.

At present, the regulatory approaches to tokens vary greatly between jurisdictions. Some jurisdictions have banned digital currencies and Token Generation Events entirely. The Company's products are intended to be used worldwide and, therefore, they may fall within the legal boundaries of one or more of these jurisdictions, at least to some extent, so resulting legal and/or regulatory factors may be unexpected.

The taxation of tokens is also unclear and could change. You must seek out and rely on your own independent taxation, legal, accounting, and financial advisors regarding the purchase, holding, trading, and use of BBT to ensure that you comply with all applicable regulations. You bear the sole responsibility to contact your local governing body and understand how any digital currency will be categorized, regulated, and taxed as per your local law.

No action has been taken to register or qualify the BBT with any government or regulatory agency in Zug, Switzerland, or any other jurisdiction. BitBoost Tokens are considered by the Company to be utility tokens, as their only function is to enable users to list items for sale on The Block e-commerce app. No other value is stated or implied.

BBT do not indicate any ownership, share, or security in the Company, will not pay dividends, and BBT holders will not earn any interest. BBT carry no rights, nor do they indicate any future right to any interest in any intellectual property of the Company or assets of the Company.

### **KEY RISKS**

The purchase of digital tokens involves inherent risks. These risks are related to the nature of digital tokens in general, as well as the risks involved with the Company's efforts to seek user adoption of BBT and related products.

No one should purchase digital tokens unless they consider themselves an expert. Ideally, participants should be personally familiar with all digital tokens, including everything from the major players Bitcoin and Ether to the newer BBT, and with blockchain software systems.

Participants should have solid technical knowledge of how to create and operate a software wallet and cold storage hardware wallet for the storage of their digital currency. The Company is not offering to provide technical support in this regard, nor can the Company retrieve lost private keys. The Company does not and will not accept responsibility for any lost or stolen Ether or BBT where that loss arises in connection with a participant's personal act or lack of action.

Participants should not purchase any digital tokens if the risks included in this document could result in unacceptable losses.

If, after having read, understood, and accepted the risks described in this document, you decide to purchase BBT, then you will be expressly agreeing and assuming all risk associated with BBT and will be agreeing not to hold the Company, or any related party, liable for any loss, damages, costs or expenses, whether direct or indirect, consequential or special, arising in connection with the purchase, sale, ownership, possession, or use of BBT.

The risks set out below may be incomplete and are not arranged in any particular order of likelihood or importance.

### **GENERAL RISKS ASSOCIATED WITH DIGITAL TOKENS, INCLUDING BBT**

#### **1) Risk of losing your private key and thus access to your tokens**

ERC20 digital tokens (including BBT) are stored in a compatible Ethereum wallet. When you create an Ethereum wallet to store your digital tokens, you create an address and private key for that wallet (or multiple private keys). Your tokens can only be accessed by providing the correct wallet address and private key(s). You should understand and accept that if you lose access to your private key(s) then your Ethereum wallet and any tokens stored within that wallet will be unrecoverable. They will be permanently lost.

Take precautions to protect your private key(s). Ensure that you create your private key(s) using

best practice security processes and maintain the security of your computer systems to the highest standards. If a third party gains access to your private key(s), that third party can transfer your tokens to themselves or another person and you will not be able to recover those tokens.

The Company does not have the ability to assist anyone seeking to recover lost tokens. Therefore, the Company accepts no responsibility for lost tokens.

## **2) Risks of mining attacks**

All decentralised cryptographic tokens based on Ethereum (including ERC20 tokens such as BBT) are susceptible to mining attacks, which can include “51% attacks” where a hacker gains control over the majority of a network to verify false transactions, or to launch double-spend attacks which involve a party attempting to transfer the same tokens to different parties. There are also the possibilities of double spending attacks, "selfish-mining" behavior, race condition attacks, and other attempts by miners to “game” the blockchain.

Since all public blockchains are presently at risk, successful attacks present a risk to the smart contract system, which could affect the proper execution of contract calculations and transactions. This could cause impairment to the blockchain and reduce the reliability of and/or adoption of tokens.

## **3) Risks of bugs and hacking**

Much of the code currently in use in blockchain is open source and hence at greater risk of exploit by bad actors examining and seeking to find exploits within that code.

Updates to open source code can result in unanticipated exploits, despite the sincere efforts of developers to avoid them.

## **4) Risks of hacking and security weaknesses**

Participants should understand and accept that the smart contract system, which is the underlying software application employed by the Ethereum network, and the Ethereum blockchain itself may be exposed to attacks by hackers or other individuals. There is always the risk of malware attacks, denial of service attacks, spoofing attacks, and other exploits negatively affecting legitimate users of digital tokens and other blockchain products.

Hackers may also attempt to steal digital tokens belonging to you or the Company. Hackers have been the cause of significant financial losses in many blockchain projects. Evolving technology, and thus more powerful hacking methods, could present a further risk. While the Company implements security precautions, there remains a risk that a hacker could gain access to the Company’s digital token reserves and attempt to steal them.

In the event that occurs, the Company will have fewer funds to develop and market their products.

## **TRADING RISKS ASSOCIATED WITH DIGITAL TOKENS, INCLUDING BBT**

***Please note that the Company does not recommend investing in BBT as a security or asset. The Company has designed BBT as a utility token and BBT will only be sold by the Company to***

*provide listing power to users of the Company's products. The Company does not claim or imply additional value or purpose, and no steps will be taken specifically to improve the financial value of BBT.*

Financing and trading in digital tokens always involve risk. Therefore, you should always and carefully consider if trading, or engaging in financed transactions in digital tokens, is a wise decision for you in light of your own personal circumstances. This document cannot and does not claim to disclose all of the possible risks associated with trading, holding, or engaging in financing with digital tokens of any kind, including the BBT. Trading risks include, but are not limited to, the following:

#### **1) Market and Trading Risk**

As a general rule, no one should invest funds that he or she is not prepared to lose completely. As digital tokens are still very new, so is the market for them. Such currency is unstable and frequently moves up or down so digital token holders and traders may be suddenly affected by shifts in trading and/or other market activities. Factors include local, regional, and global economic conditions as well as current sentiment towards digital tokens. To avoid sudden loss, traders should be cautious and pay close attention to market fluctuations which will affect their position and holdings.

BBT carry no guarantee of any return or profitability, do not include the payment of any dividends, and provide no mechanism or promise for the return of the initial contribution (for initial token buyers) or any guarantee as to what price (if any) BBT may trade at in the future. If you choose to list or purchase BBT on any exchange, you do so at your own risk.

#### **2) Liquidity and Listing Risk**

The markets for digital tokens have varying degrees of liquidity. There is never any guarantee of an active market for anyone to sell, buy, or trade in digital tokens, nor any products derived from or ancillary to them. The Company makes no guarantee that BBT will be tradable or not tradable on any market at any point in the future. Moreover, digital tokens can be delisted without notice or consent, so it is possible in any market for tokens to appear and then disappear. Also, the Company is not responsible for and has limited control over the circulation of tokens. Neither the Company nor anyone else is under any obligation to refund or acquire BBT from a token holder.

#### **3) Exchange Risk**

When trading, participants should be wary of allowing their digital tokens to be held by third parties. This kind of custodial relationship has certain inherent risks, such as security breaches, risk of loss, and risk of contractual breach.

In addition, many exchanges are unregulated and susceptible to market manipulation. If an exchange comprises a significant proportion of the volume of tokens being traded, and that exchange is alleged to be involved in or becomes involved in fraud or a security failure, such circumstances may have a serious impact on the future adoption and value of those tokens.

#### **4) Risks of Financing Activities**

Anyone interested in financing the purchase or sale of digital tokens should carefully read the terms of the contracts they enter. Likewise, they should understand how their own trading strategies and other factors can affect their contractual obligations. Anyone who invests funds in the purchase or sale of digital tokens runs the risk of losing those funds completely and thus may be at risk of not being able to repay financed funds.

## **SPECIFIC RISKS ASSOCIATED WITH BBT**

### **1) Risk of using an incompatible wallet**

The BBT is an ERC20 token. The Company provides a compatible wallet with its platform but users can choose to transfer their tokens to another wallet. Be aware that any wallet receiving BBT, or wallet service provider used in the transaction, must be technically compatible with ERC20 tokens. Failure to use a compatible wallet may result in the loss of your BBT or other incompatible digital tokens.

### **2) Risk of weaknesses in the software**

The smart contract system, which is the underlying software application employed by the Ethereum network, and the Ethereum blockchain itself are both still in the early stages of development. As such, they are both unproven. Participants should understand and accept that there is no warranty that the process of generating ERC20 tokens including the BBT has been error-free. Be aware that the software could contain weaknesses or bugs, thus causing issues with the token which could affect the use of the products.

### **3) The development and release of the Company's products may not meet expectations**

The development of blockchain software is a very new field. While the Company fully intends to develop their products as described on our website in public documents, changes may need to be made to the plans and/or timeline with regards to the development and deployment of said products. Moreover, there is a risk that the platform could suffer from malfunctions or unexpected performance issues in the future. You should understand that, while the Company will make reasonable efforts to complete and deliver our products, there may be circumstances beyond the Company's control which result in delays, a more limited release, or in the worst case, a functioning platform may not be created at all.

These risks could directly impact the potential for adoption and use of BBT.

### **4) Risk of abandonment**

Be aware that, even if the development and deployment of the Company's products do go as planned, there is no guarantee that the products will be a success. Therefore, the project may be abandoned for any number of reasons, including but not limited to a lack of interest from the public, lack of commercial success, lack of funding, or competitive factors. No promise has been made by the Company that, even if the products are a success, the user will benefit from the holding, trading, or use of BBT or other Company products.

### **5) Risk of competition effecting the adoption of the Company's products**

It is possible that a competitor to the Company could develop and release products in competition to the Company's products which could cause a lower adoption of both the platform and the BitBoost Token than planned or anticipated, or in the worst case, that the market for BBT is supplanted by that competitor.

It is also possible that the Company may inspire similar products to arise, designed and promoted by unaffiliated third parties, in which BBT would have no intrinsic value.

### **6) Risk of changes to government regulation**

Regulatory changes could significantly impact the adoption of BBT or the development and deployment of the Company's products. This could force the Company to cease operations in jurisdictions where the operations of the Company becomes illegal or uncommercial as a result of a regulatory change. This, in turn, could result in the loss of supporters' investments.