

PAYWARD CANADA INC.

CRYPTO ASSET STATEMENT

Astar (ASTR)

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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 ASTR 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 ASTR. 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 Astar and how does it work?

Astar Network (formerly Plasm) launched in 2019 as a Polkadot parachain focused on providing a multi-virtual-machine smart-contract hub that supports both WebAssembly (WASM) and Ethereum Virtual Machine (EVM) environments, enabling developers to build on either stack within the same network.

Built with Substrate, Astar operates a Layer-1 blockchain that plugs into Polkadot's relay chain for shared security, while also offering a Layer-2 scaling framework originally based on an Optimistic Virtual Machine (OVM).

ASTR is the network's native utility token. It is used to pay transaction fees, participate in on-chain governance and uniquely, to power dApp Staking v3, a mechanism through which token-holders "nominate" their ASTR to support specific decentralized applications and share in a portion of block inflation that is automatically routed to both stakers and builders.

In addition, ASTR can be bonded by collators who produce blocks and by community members who wish to secure the network's parachain slot on Polkadot.

The protocol's economic layer was upgraded to Tokenomics 2.0 between late 2023 and early 2024. The upgrade introduced dynamically-adjusted inflation that now targets around 5-6% annual supply growth instead of the previous approximately 9.5% rate, with block rewards automatically re-balanced among stakers, dApp developers, collators and the treasury each cycle.

Who is behind the Project?

The Astar Network was founded by Sota Watanabe. Watanabe has previously worked at Chronicle, a blockchain startup in San Francisco, and was a blockchain researcher at the University of Tokyo. He is also a task force member on the Japanese government's Trusted Web Promotion Council.

The Astar Network has raised a total of \$24.4 million over two funding rounds. Astar's latest (strategic) funding round occurred on 28 January 2022 and included investments from crypto venture capital firms Polychain and Alameda Research.

Tokenomics of ASTR

At Genesis, the token distribution was as follows:

Category	Allocation
Users & Early Supporters	30%
Parachain Auction (2021)	20%
Protocol Development	10%
Foundation	10%
Early Financial Backers	10%
Team	5%
On-Chain DAO	5%
Marketing	5%
Parachain Auction Reserve - burned July 2024	5%
Total	100%

Circulating supply is approximately 8.14 billion ASTR as of August 8 2025, according to CoinMarketCap, while no hard cap is defined under Tokenomics 2.0.

General Risks

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

Competition

The Astar Network faces competition from other smart-contract platforms such as Ethereum, Polygon, Solana and many others. ASTR's value derives from its broader adoption in the market. If the Astar Network fails to achieve sufficient adoption compared to other options, this could negatively impact the value of ASTR.

Developer dependence

While there are many developers who contribute to Astar, there are no guarantees that they will continue to contribute. ASTR, Astar's native asset, could be negatively affected by an inability to retain and/or attract developers to maintain and build out the network infrastructure.

Due Diligence

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