

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Celestia (TIA)

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Disclaimer

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

Celestia is a modular blockchain network that specialises in data-availability and consensus, allowing execution environments (“rollups”) to focus solely on application logic while posting compressed data (“blobs”) to Celestia for secure availability. Unlike monolithic chains, Celestia decouples execution, settlement, consensus, and data availability; nodes therefore perform fewer tasks and can validate the chain with light-weight data-availability sampling (DAS), enabling scalable block sizes without sacrificing security.

Developers pay fees denominated in TIA through PayForBlobs transactions to reserve blobspace for their rollups. Because Celestia acts only as a data layer, a new rollup can launch without issuing its own token and may even adopt TIA as its gas currency. Celestia uses a Cosmos-SDK proof-of-stake (PoS) consensus with an initial validator set of 100. Holders stake or delegate TIA to validators and earn block rewards; governance proposals, parameter changes, and community-pool spending are decided by on-chain voting. The Lotus (v4) upgrade in June 2025 integrated the Hyperlane interoperability module, capped validator commissions at 25 %, and reduced annual inflation by ~33 % (from ~7.2 % to ~5 %, with dis-inflation now decreasing 6.7 % per year until the 1.5 % floor).

Who is behind the project?

Celestia was founded in 2019 by Mustafa Al-Bassam, Ismail Khoffi, John Adler and Nick White. In October 2022, Celestia raised \$55 million in a combined Series A and B funding round, led by Bain Capital Crypto and Polychain Capital. In September 2024 the Celestia Foundation announced an additional US \$100 million raise, bringing total funding to US \$155 million, with participation from Bain Capital Crypto, Syncracy Capital, 1kx, Robot Ventures, and Placeholder.

Tokenomics of Celestia

Celestia (TIA) is designed as a modular blockchain where TIA plays a central role in securing the network via staking, paying for data availability ("blobspace"), and participating in governance. At genesis, the total supply of TIA was 1 billion tokens. TIA secures the network via staking, pays for blobspace, and can function as the default gas or fee token for rollups that opt to use Celestia's data availability layer. Governance voting power is proportional to staked and liquid TIA balances. Vesting schedules follow the original unlock timelines of two to four years, depending on the allocation category. CIP 31, passed in May 2025, integrates staking rewards into vesting (lockup) accounts; rewards earned by continuous and delayed vesting accounts are automatically added to the locked balance and unlock linearly or at a cliff, depending on the vesting schedule. Periodic and permanent accounts are excluded, and a 25% validator commission cap is applied to prevent circumvention.

General Risks

Like all other digital assets, there are some general risks to investing in *TIA*. 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 Celestia

Developer Dependence

Although there are developers working on the Celestia blockchain network, there are no guarantees that they will continue to contribute. TIA could be negatively affected by an inability to retain and/or attract developers to continue to maintain and build out the network infrastructure as well as attract developers to build applications that utilize the Celestia blockchain network infrastructure.

Competition

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

Staking Risk

Staking TIA does not divorce the holder from the same market and technical risks of merely holding TIA. The yield earned through staking is denominated and earned in TIA. Over time, the total balance of TIA will increase for stakers but this does not guarantee its market value also increases in tandem.

Lacklustre market adoption and unforeseen technical problems can negatively impact a holder's return on staked TIA. Projected annual rate is an estimate based on the average staking rewards accrued over the past period, before commission, and is subject to change. Staking involves risks including no guarantee of rewards, potential loss from slashing or hacks, and depreciation in the value of assets while staked. Please refer to Kraken's Terms of Service for additional information.

Due Diligence

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