

PAYWARD LTD
CRYPTO ASSET RISK DISCLOSURE
Astar Network (ASTR)

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Disclaimer

Please note that this risk disclosure is not exhaustive of all risks associated with trading ASTR. 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 Astar Network 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 Astar Network

The Astar Network was founded by Sota Watanabe. Watanabe has previously worked at Chronicled, 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 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 ASTR

Competition

The Astar Network faces competition from other smart-contract platforms such as Ethereum, Polygon, Solana and many others. Astar'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 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 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 the UK, 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.

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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