

Vision 2030 - Where Will The Returns Come From?

Monthly Insights

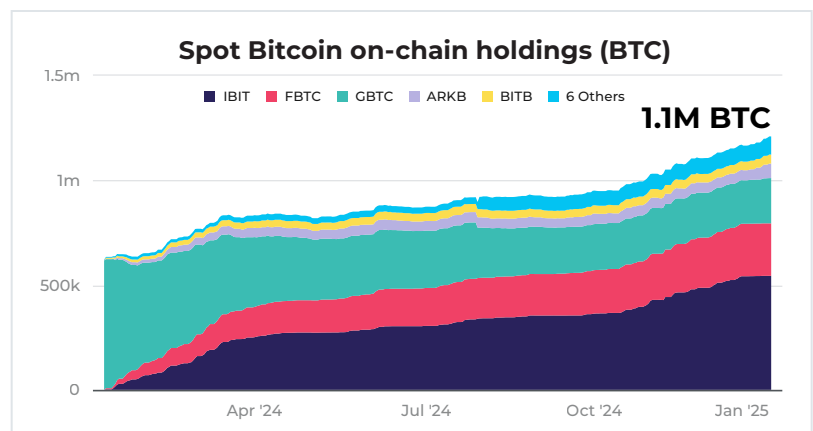
January 6, 2025

- 2024 was a year of transformation and resilience for the crypto industry, bringing a long-awaited launch of ETFs, positive regulatory landscape, accelerating adoption, rise of stablecoins, tokenization of real-world assets, and Crypto x AI.
- Here at 10SQ, we have spent the last two years patiently working through the cycle turn, making investments, and sharpening our thesis around compelling venture bets well-positioned for the "Crypto Renaissance." Our fundraising efforts continue and we anticipate our first close early in 2025. We want to thank the people who have shown their faith in us and welcome conversations with others who want to join our journey.
- All 10SQ portfolio companies demonstrated strong performance in 2024 and have seen meaningful increases in valuation from when we invested and are positioned for more growth in 2025.
- The risk-to-reward profile for new investments in the space has become notably more attractive. While asset prices have risen from lows in the last six months, we see plenty of attractively priced opportunities, and the probability of the "upside case" for each has significantly increased.
- While it is still early, blockchain-enabled use cases are showing real signs of traction across different industries. Investing in blockchain technology with a long-term view has a tremendous opportunity for upside.

2025 - A YEAR TO BE IN CRYPTO

- The crypto industry has demonstrated significant progress in rebuilding trust, fostering innovation, and maturing as a financial and technological ecosystem. In 2025, we anticipate substantial industry acceleration driven by multiple positive factors.
- **Crypto-friendly regulatory policy.** 2024 was a pivotal year for the evolution of crypto policy, with many significant developments in crypto regulation across the globe, including the EU's Markets in Crypto-Assets Regulation (MiCA) becoming the first comprehensive crypto regulatory framework. The US election has changed the paradigm of the crypto industry. When you think about why prospective investors were saying no, the answer was often a lack of regulatory clarity. The new Trump Administration's friendlier approach to crypto suggests a more balanced and supportive regulatory landscape for cryptocurrencies in the United States in 2025.

- **Launch of ETFs and institutional momentum.** The approval of the BTC and ETH spot ETFs has legitimized the asset class and made it more accessible to both retail and institutional allocators. IBIT was the first ETF to reach \$3B in AUM in the first 30 days of launch and \$40B within ~200 days; these were both tremendous records in legacy markets. ETFs issued by incumbent financial institutions, including Blackrock, Fidelity, VanEck, Franklin Templeton, and others, demonstrate the demand for exposure to the cryptocurrency asset class from some of the most respectable institutional investors. Bitcoin ETFs will continue to grow distribution, and there may be more ETFs to follow (e.g., Solana).

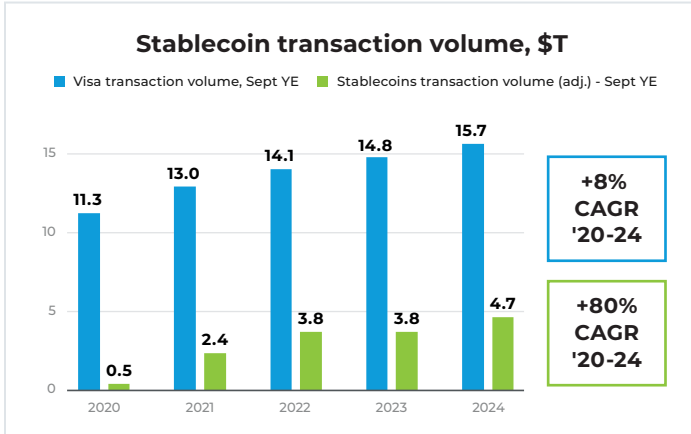


Source: The Block

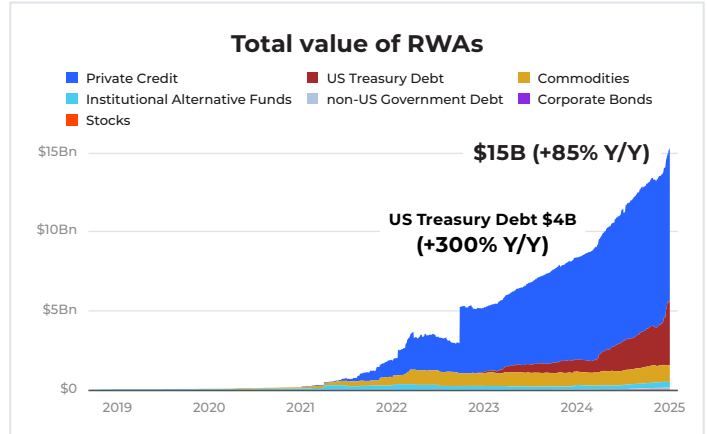
TenSquared ("10SQ") is a venture capital firm investing in innovation in the blockchain and Web3 sector

2025 - A YEAR TO BE IN CRYPTO

- **F500 companies use blockchain technology in the ordinary course of business.** Stablecoins surged in popularity across the FinTech ecosystem and became a back-end infrastructure for peer-to-peer transactions, remittances, and small business operations due to their affordability and accessibility. JP Morgan uses stablecoins to settle \$2B in daily transaction volume, and Stripe recently made a \$1.1B acquisition of Bridge, a stablecoin infrastructure company. Other notable examples include PayPal's stablecoin PYUSD, Visa's new tokenization platform, Robinhood launching crypto transfers in Europe, and Revolut's planned MiCA-compliant stablecoin.
- Web2 has continued integrating blockchain to enhance supply chain transparency, streamline payments, and improve data security. Recent examples include Deutsche Telekom, Telefonica, Walmart, IBM, Microsoft, and Amazon. American Express, Warner Music, and Cartier use blockchain technology to increase user engagement and customer loyalty. Improvements in blockchain technology have resulted in lower costs, faster transaction times, and a simplified user experience when interacting with the blockchain.



Source: Visa, Allium, adjusted for inorganic activity from bots and other artificially inflationary practices

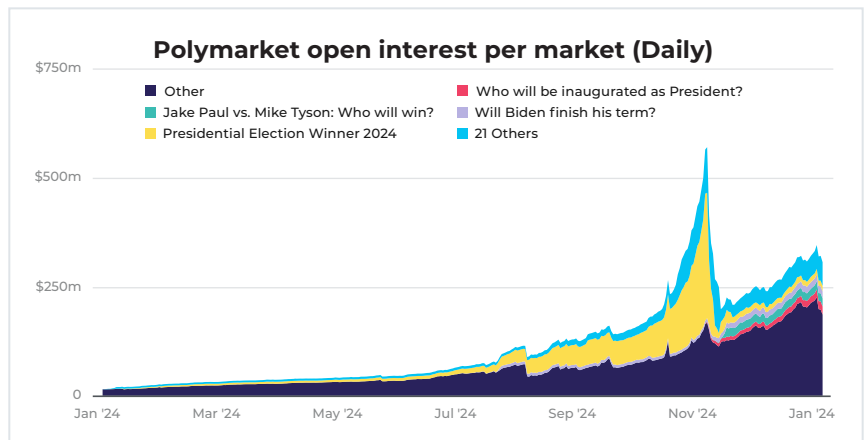


Source: RWA.xyz

- **Tokenization of real-world assets (RWA) gains momentum.** Tokenized RWAs moved from pilot to at-scale deployment, reaching over \$15B in total value, while tokenized US Treasuries surpassed \$4B by the end of 2024. BlackRock, UBS, Guggenheim, and Brevan Howard have joined KKR, Hamilton Lane, and Franklin Templeton in tokenizing RWAs this year. In addition, over \$200B of USD-backed stablecoins facilitate the movement of value globally. The institutional-grade infrastructure is here to support the institutional adoption of digital assets.

- Japan has become a global leader in tokenizing real estate, with a remarkable growth in issuances over the last three years. In the first quarter of 2024 alone, over JPY 100Bn of tokenized real estate was issued. Leading financial institutions such as Nomura, Daiwa, SBI, and SMBC, among others, are already heavily involved in the space.

- **Mainstream adoption - new use cases are emerging:** Polymarket, Telegram, and DePINs. Polymarket has become the world's largest prediction market and a breakthrough crypto use case. Its rapid growth (1M+ new accounts and \$7.5B+ trading volume), highlights its successful progress toward product-market fit. The Polymarket mobile app became the second most downloaded iOS news app leading up to the election, outperforming legacy media. Other breakthroughs of the year included the explosive growth of Telegram's TON ecosystem and the remarkable real-world traction of DePIN (decentralized physical infrastructure) projects.



Source: Dune

The risk-to-reward profile for new investments in the space has become notably more attractive. While asset prices have risen from lows in the last six months, we see plenty of attractively priced opportunities, and the probability of the “upside case” for each has significantly increased. Many innovations in Web3 present attractive opportunities for investors, and we at 10SQ remain focused on sustainable long-term growth.

Here at 10SQ, we have spent the last two years patiently working through the cycle turn, making investments, and sharpening our thesis around compelling venture bets well-positioned for the "crypto Renaissance." So many significant real-world use cases are now becoming front and center. We are excited to see that all 10SQ portfolio companies demonstrated solid business results in 2024 and are well-positioned for more growth in 2025.

TON

- In 2024, Telegram reached profitability, with total revenue surpassed \$1B in 2024 and over \$500M in cash reserves (excluding crypto assets). The launch of TON blockchain has significantly contributed to this remarkable achievement. The success of Telegram Mini Apps has expanded the platform's user base and created new opportunities for monetization of increased user engagement. Achieving profitability has been a goal for Telegram in preparation for a planned IPO by 2026.
- We invested in TON because we believe that the company has the potential to become one of the largest crypto ecosystems by leveraging Telegram's vibrant community of 950 million monthly active and 12 million paid users.
- Telegram's TON blockchain demonstrates another global adoption case with viral tap-to-earn minigames, which keep users tapping their phones to mine token allocations. Notcoin, the first major success, gained over 40 million users and became one of crypto's most widely held tokens with 2.5 million holders and a ~\$1B valuation. Hamster Kombat, one of crypto's biggest marketing phenomena, has attracted 200 million users and 35 million YouTube subscribers.

TALOS

- Talos is No.1 enterprise-grade end-to-end crypto trading infrastructure provider with deep roots in traditional markets and is best-positioned to benefit from institutional adoption of crypto. Total volume since inception surpassed \$350B in 2024.
- In 2024, Talos solidified its dominant position as the leading crypto trading technology provider, broadened its risk management and DeFi services by acquiring Cloudwall and Skolem, and expanded in Europe by opening a new entity in the Netherlands. The company has the largest number of top-tier partnerships and integrations (80+ in 2024) and continues to be the top choice for sophisticated institutional clients.
- This year, Talos was recognized with multiple awards, including Best Trading Platform (Hedgeweek), Best Execution Provider (Digital Banker), and Best Blockchain Tech Service Provider (FX Markets Asia).

Figment BLOCKDAEMON

- 10SQ invested in Figment and Blockdaemon because they are the two leading blockchain staking infrastructure providers. The companies' infrastructure underpins the security and transaction processing capabilities of the largest blockchain networks including Ethereum and Solana. Both companies earn revenue based on the value of assets staked with the company and benefit directly from the growth of the cryptocurrency space.
- As the market cap. of all cryptocurrencies reached new all-time highs in late 2024, the assets under staked for both companies correspondingly increased. This industry wide tailwind as demonstrated by the 46% increase in ETH and 87% increase in SOL in 2024 will result in significant year-over-year rev. growth.
- One aspect to look forward to in 2025 is with easing cryptocurrency regulations. The ETF issuers could be allowed to stake the assets held within the ETF to generate an yield for their investors. Figment and Blockdaemon as the largest brands in the space should receive the majority of assets in such a scenario leading to revenue growth.

Superlogic

- 10SQ invested in Superlogic, a loyalty software platform powered by blockchain technology, because the company demonstrated the ability to create superior loyalty solution that integrated seamlessly with a corporation's existing IT stack. Superlogic's management also had experience working with F500 corporations and have American Express and Warner Music corporate investors and customers.
- In 2024, Superlogic continued to expand its customer pipeline of large corporate clients across the financial services and entertainment space. We believe that Superlogic will eventually allow millions of people to interact with blockchain without requiring blockchain knowledge.
- Going into 2025, Superlogic is finalizing a new fundraising round at a higher valuation than where 10SQ invested.

KEY THEMES IN DECEMBER

Tether Sees \$10B In Net Profits For 2024

- The world's biggest stablecoin issuer, Tether, is on track to close the year with more than US\$10B in net profits. Its market capitalization now stands at more than US\$140B, according to CoinMarketCap.
- This year, Tether invested in Bitcoin miners, biotech, and agreed to invest US\$775M into the video-sharing network Rumble. Next year, the company plans to deploy at least half of the profits in investments, including artificial intelligence.
- Howard Lutnick, the CEO of Cantor Fitzgerald and nominated Commerce Secretary, is in talks to deepen financial ties between the two businesses and has been discussing plans for a lending program. Cantor Fitzgerald, which custodies Tether's reserves, purchased a 5% stake in the stablecoin issuer last year.
- **10SQ VIEW:** Although Tether has been executing its diversification strategy outside blockchain for some time, blockchain technologies that enhance decentralized finance and banking services for the unbanked will remain a key priority for the stablecoin issuer. Its recent partnership with Cantor Fitzgerald and Tether's expansion into lending demonstrates its ambition to reshape traditional finance.

[Link](#)

Real-world Traction Of DePINs (Decentralized Physical Infrastructure Networks) In 2024

- The sector doubled its market cap and showed real-world usage among businesses and consumers. DePIN has developed into one of the best crypto use cases, and we expect continued acceleration in 2025.
- Some successful initiatives in 2024 included: the launch of Helium Mobile (124k+ subscribers in year 1); Hivemapper becoming the fastest mapping company in history, having mapped its first 10 million unique miles of roads in less than 2 years; Glow's deployment of 90+ solar farms from California to India; WeatherXM's deployment of 7.5K+ weather stations; and GEODNET building the world's largest RTK network with over 11k nodes.
- DePIN demonstrated real-world utility relevant to the world's most respected institutions: Helium Mobile and XNET partnered with large telecoms for their Carrier Offload program; DIMO integrated its service into Tesla; and GEODNET partnered with the U.S. Department of Agriculture to help farms conduct high-precision farming.

SEC Approved Crypto Wallet Maker Exodus To List On NYSE American

- Exodus Movement, Inc., one of the oldest operating crypto wallet developers, started trading on the NYSE American on December 18th, 2024, experiencing a 37% stock rally by the end of its first trading day and currently trading at \$1.2B on \$90M LTM revenue. Exodus became one of the few publicly traded crypto companies on a major U.S. exchange. The company also has its stock digitally represented on a blockchain.
- **10SQ VIEW:** It is great to see more crypto companies become publicly listed. As the Trump Administration could open the market to crypto firms, we expect a strong crypto IPO pipeline in 2025-2026.

[Link](#)

Mastercard And JP Morgan Link Up To Bring Cross-Border Payments On The Blockchain

- Mastercard has connected its blockchain-based system for shifting tokenized assets, the Multi-Token Network, with JP Morgan's recently rebranded digital assets business Kinexys (formerly Onyx).
- **10SQ VIEW:** This news illustrates the next step in the development of private enterprise blockchains, moving towards interconnectedness and integrations. Through these blockchain-based solutions, banks aim to enhance the efficiency of commercial transactions, launch loyalty initiatives, and improve cross-border payment experiences by offering greater transparency and faster settlement.

[Link](#)

We remain focused on looking for investment opportunities in the three areas we believe have the most potential to grow in value over the coming years: New Money, Consumer & Social, and Web3 Infrastructure. These areas had significant traction in 2024 and present plenty of investable opportunities in the year ahead.

Inevitable

1. **A dozen crypto companies go public:** These venture exits will drive renewed investment and a wave of M&A as winners compete for the best assets with new currency. In 2025-2026, multiple IPOs are on deck for the crypto space, and SPACs will make a comeback.
2. **Crypto giants flooded with cash:** Investments in TradFi, crypto companies, and venture-like capital flowing into early-stage rounds, M&A, and war for talent. It's a global game.
3. **Trading volumes explode:** Driving companies that are trading technology enablers, middleware, liquidity providers, and intermediaries toward new highs. Spot, derivative, meme, NFT, predictions, RWA - everything trades.
4. **Financial productization:** Distributed Finance 2.0 productizes yield. Traditional finance firms will take a piece as well with new products. Many follow Blackrock. Large institutions buy bonds, reach for yield, and hold synthetic crypto exposure - billion-dollar inflows.
5. **Scaled gaming:** Several massive multiplayer games with over 5M users will deploy blockchain-based solutions and economics. Billions get new crypto wallets. SONY leads.

Highly Likely

6. **Stablecoins are the default rails:** They take over payment rails as major fintech players like PayPal finally see a path to disintermediating the VISA/MasterCard monopolies and traditional banks.
7. **Prediction markets everything:** A global capitalist market of opinions and options becomes normal. You can bet on anything, anytime, anywhere.
8. **Crypto legislation enshrines clarity:** New rules. Focused regulatory enforcement, CFTC takes charge. Global cohesion. Friendly bank regulations. Sovereign bitcoin reserves.
9. **Physical world of token incentives:** DePIN becomes normalized. Mesh networks, edge computing and storage, EVs, solar, ridesharing - lower cost, greater access, alignment.
10. **Global gains:** China (and others) further ease domestic crypto policy to a more accommodative stance to avoid being left behind. Digital asset reserves and corporate treasuries force rulemaking.

Probable and Possible

11. **AI is crypto:** Authenticity, data markets, push for distributed training, compute and model sharing networks, and agent-to-agent payments are prolific use cases.
12. **"Phygitals" are everywhere:** Physical products linked to NFTs become common marketing practices standard and user engagement tools among consumer brands.
13. **Big databases:** First the DMV, then land registries, then corporate assets, then health records, government contracts, FOIAs, public data... all on-chain.
14. **Digital identity:** People control their digital identities, stored securely on decentralized networks—proof of age, citizenship status, or membership—without exposing sensitive details. A "reputation score" is maintained on-chain, based on verified interactions and achievements.
15. **Creator economies:** Musicians, artists, and influencers have their own social tokens—giving fans a stake in their creative journey combined with instant royalties & revenue sharing.

Upcoming Events

- **January 29 - February 3rd** - [Stan Miroshnik](#) is attending the [Satoshi Roundtable](#) in Dubai, UAE;
- **January 27 - 31** - [Christopher Cheung](#) will be meeting investors in Tokyo, Japan;
- **February 19 - 21** - [Stan](#) and [Chris](#) in Tokyo, Japan.

Opportunities to connect with the 10SQ team - [book a meeting in Calendly](#)



IMPORTANT DISCLOSURES

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