Financials | November 2025

UNLOCKING OPPORTUNITIES IN LISTED BLOCKCHAIN EQUITIES

PART 1: THE DIGITAL ASSETS LANDSCAPE

ANALYST

Milosz Papst

edisongroup.com

+44 (0) 20 3077 5700

finanicals@edisongroup.com

THEMES

As one of the largest issuer-sponsored research firms, we are known for our bottom-up work on individual stocks. However, our thinking does not stop at the company level. Through our regular dialogue with management teams and investors, we consider the broad themes related to the companies we follow. Edison themes aims to identify the big issues likely to shape company strategy and portfolios in the years ahead.

Digital assets

Unlocking opportunities in listed blockchain equities

4 November 2025

The digital assets landscape has matured considerably, with clearer regulatory frameworks emerging globally and institutional adoption accelerating. This creates a compelling opportunity for investors to gain exposure through listed blockchain equities, which offer distinct advantages over direct cryptocurrency holdings. The diversity of business models in the sector is striking. From Bitcoin miners providing leveraged exposure to the underlying asset while generating cash flows and expanding into other revenue streams, to exchanges and platforms benefiting from growing trading volumes and expanding service offerings. Payment providers are capitalising on the explosive growth in stablecoin usage, while tokenisation platforms are positioning themselves at the forefront of what could be a fundamental reshaping of financial markets.

Why consider digital asset equities?

We believe that investors seeking exposure to the digital asset theme should consider an investment in listed blockchain equities alongside an investment in cryptocurrencies for several reasons.

Firstly, the link between commercial success of blockchains and on-chain applications and the price of their native utility tokens is not straightforward. Secondly, tokens, which do accrue protocol fees but are not registered as securities, may be subject to increased regulatory scrutiny. Finally, listed equities provide exposure to the theme, not just from a plain beta exposure to the underlying asset but from distinct business models based on fees, income from liquidity provisioning or non-directional trading, and on-chain rewards (eg staking or mining rewards and decentralised finance, DeFi, income), among others.

In this report, we focus on pure-play digital asset companies, acknowledging that investors may gain partial exposure to the theme via more traditional names expanding into crypto trading, payments and other related services.

Edison themes

As one of the largest issuer-sponsored research firms, we are known for our bottom-up work on individual stocks. However, our thinking does not stop at the company level. Through our regular dialogue with management teams and investors, we consider the broad themes related to the companies we follow. Edison themes aims to identify the big issues likely to shape company strategy and portfolios in the years ahead.

Companies mentioned in this report:

Advanced Blockchain*
Banxa
Circle Internet Group
Finexity Group
MercadoLibre
PayPal
Stripe

**Is a client of Edison Investment Research.*

Analyst

Milosz Papst +44 (020) 3077 5700

financials@edisongroup.com

Part 1: The digital assets landscape

Understanding blockchain and digital assets

Before delving into the listed digital asset equities universe, it is instructive to summarise the digital asset market backdrop to provide some context to the equity stories of listed blockchain businesses.

Blockchain is one of the better-known distributed ledger technologies with a multitude of potential applications, some of which are facilitated by digital assets hosted on blockchains. For a detailed discussion of the basics of blockchain and digital assets, see Edison's blockchain adoption report.

We believe that digital assets have become an established, distinct asset class with a growing acceptance among retail and institutional investors. The approval of several spot bitcoin exchange-traded funds (ETFs) in the US in January 2024 marked a significant milestone for the asset class, subsequently attracting considerable capital.

Regulatory tailwinds driving adoption

Following the last presidential elections, the regulatory environment in the US turned decisively positive. This shift is illustrated by:

- Donald Trump's executive order Strengthening American Leadership in Digital Financial Technology, signed on 23 January 2025;
- The Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, providing stablecoin regulation;
- The Securities and Exchange Commission's (SEC's) Project Crypto initiative; and
- Donald Trump's executive order opening the door for cryptocurrencies in 401k retirement accounts.

Beyond the US, regulatory clarity has been advancing globally. In the EU, the Markets in Crypto-Assets Regulation provides a comprehensive framework. In Hong Kong, the Securities & Futures Commission of Hong Kong (SFC) has been issuing virtual asset trading platform licences since 2023 and approved the first spot crypto ETFs in 2024. A new Stablecoin Ordinance was introduced in August 2025 and the SFC also issued staking guidance and enhanced custody and stability guidelines. The ASPIRe and LEAP initiatives further support Hong Kong's ambitions as a digital asset hub.

In Singapore, the Payment Services Act's scope was expanded in 2024 to cover digital payment tokens. Singapore also finalised the stablecoin framework in 2023 and the regime for Digital Token Service Providers was clarified in June 2025. We also note that the United Arab Emirates and Saudi Arabia introduced clear virtual asset licensing regimes.

The investable digital assets universe

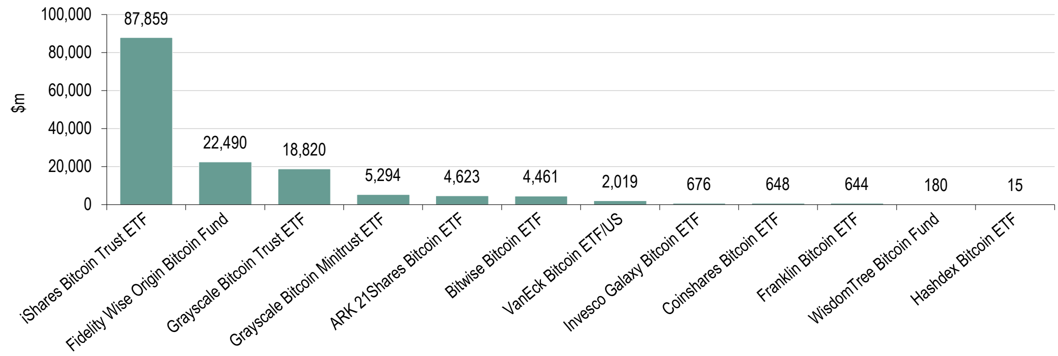
The investable universe includes digital assets hosted on blockchain networks which offer a diverse range of use cases underpinning their value. These can be broadly divided into:

1. Exchange tokens used as a means of exchange and store of value;
2. Utility tokens providing access to on-chain products and services;
3. Governance tokens granting its users protocol-level voting and treasury control rights; and
4. Security tokens, which are tradeable digital financial instruments that are either a digital version of traditional securities or native digital securities providing exposure to income streams of on-chain protocols.

Exchange tokens: Bitcoin as the 'digital gold'

The investment case of Bitcoin (BTC, the first and most prominent exchange token) is centred around its 'digital gold' status as an incorruptible, trustless, independent monetary system with a predefined currency supply based on a peer-to-peer network. While the Bitcoin network was originally designed as a peer-to-peer payment system to address the shortcomings of legacy payments systems, it has shortcomings of its own. Given the limited throughput of the Bitcoin network (up to approximately seven transactions per second) and limited functionalities in terms of programmable features, its main value proposition is that it represents a distinct, scarce asset that can be easily transferred without any boundaries, even if it is not well-suited for day-to-day payments at the base layer.

Exhibit 1: Assets under management of major US spot Bitcoin ETFs



Source: Bloomberg data. Note: As of 30 October 2025.

Other major digital assets, such as Ether (ETH, the native token of the Ethereum network) or Solana (SOL), compete with BTC for store-of-value status. This competition is illustrated by the launch of Ethereum spot ETFs in the US in 2024 and the recent launch of first Solana spot ETFs. The investment case of ETH, SOL and other native tokens of proof-of-stake blockchains is supported by the passive income they offer to investors via staking, meaning the locking up of the digital assets as collateral to secure the network. The Bitcoin network does not support this natively as it is based on a proof-of-work rather than proof-of-stake consensus algorithm.

Current staking yields on the Ethereum and Solana networks stand at close to 3% and approximately 6.0-6.5%, respectively. The yield from staked assets can be further amplified by the use of liquid staking protocols (such as Lido), where holders of staked digital assets receive a liquid token that can be used to generate additional DeFi income on top of the staking yield, as well as re-staking protocols (such as Eigenlayer), which allow the re-use of already staked tokens as collateral to secure decentralised applications and receive rewards in exchange.

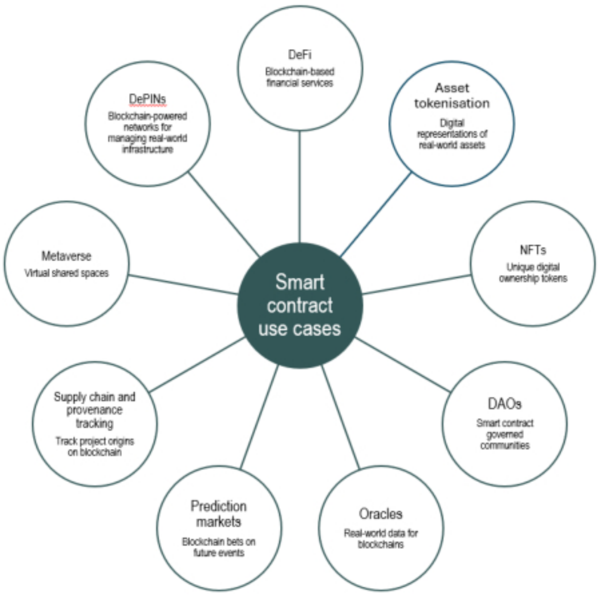
Utility and governance tokens: The smart contract revolution

The appeal of blockchains (such as Ethereum, Solana, Tron or Avalanche) is also underpinned by their revolutionary ability to host so-called smart contracts. These are agreements whose terms are directly embedded within the code and that are automatically executed on the blockchain without the need to involve intermediaries. To run these smart contracts, users need to pay a fee in the respective blockchain's native token (eg ETH in the case of Ethereum).

Therefore, the value proposition of these utility tokens goes beyond a simple means of exchange or store of value. The greater the usage of the smart contracts hosted on a blockchain, the greater demand for these utility tokens and, potentially, the higher their price (especially if tokens used to pay fees on the network are 'burned', meaning removed from circulation). Therefore, one can think of them as 'digital oil'. However, valuation of these utility tokens is less straightforward than this relationship suggests as it may also depend on other factors, such as token circulation velocity, as well as the popularity of so-called Layer 2 networks that sit 'on top of' the base blockchain network.

Smart contracts have a plethora of potential use cases across, among others, DeFi, asset tokenisation, non-fungible tokens (NFTs), decentralised autonomous organisations (DAOs), oracles, supply chain and provenance tracking, the Metaverse, privacy and compliance layers, decentralised physical infrastructure networks (DePINs), and prediction markets and betting (with Polymarket recently attracting a $2bn investment from the NYSE-owner, Intercontinental Exchange).

Exhibit 2: Selected use cases of smart contracts



Source: Edison Investment Research

DeFi: An open alternative to traditional finance

DeFi applications form part of a global, open alternative to the existing financial system, granting all users free access to financial products (such as borrowing, lending, saving, trading, insurance and payments) without the need for traditional intermediaries and in a 24/7 set-up. While DeFi is still a relatively nascent sector and yet to reach mass adoption, it has already attracted significant capital with total value locked (TVL) in all DeFi applications across all public blockchains at $147bn as of 3 November 2025, according to DefiLlama, compared to c $1bn five years ago.

So far, most of the demand for DeFi came from 'crypto-native' activity, which is investments and trading in cryptocurrencies and NFTs and the associated fiat on- and off-ramps and leverage. This provided traction for major DeFi projects like decentralised lending protocols (eg Aave, Compound), which let users supply and borrow digital assets, and decentralised exchanges (eg Uniswap, Sushi Swap) on which investors can either trade for a fee or earn income from acting as liquidity providers. It also provided traction for stablecoins, both centralised (eg Circle Internet's USDC or Tether's USDT) and decentralised (eg Sky), which are cryptocurrencies whose value is pegged to a traditional (fiat) currency (primarily US dollar) and that can be used as a means of payment, deposited or lent out, or provided as collateral in the DeFi ecosystem.

Asset tokenisation: Reshaping financial markets

More recently, an important emerging use case for blockchains hosting smart contracts that started gaining traction was asset tokenisation, which is the creation of digital representations of real-world assets (RWAs), which can then be hosted and freely moved on the blockchain.

Tokenisation has the potential to fundamentally reshape global financial markets. It allows investors to easily access securities anywhere in the world on a 24/7 basis (though this may be subject to KYC/AML and other whitelisting rules) and facilitates secondary liquidity for asset classes, which are normally illiquid or less liquid, such as private equity and real estate. It supports asset fractionalisation, reduces administrative burdens and lowers barriers to entry. It facilitates better composability, enabling the efficient re-use of collateral. It also promises significant cost savings in clearing, settlement, custody and asset servicing thanks to real-time (instant or near-instant) settlement, smart contract automation and reduction of intermediaries.

It allows for the introduction of more flexible and customer-centric custody models, providing end users with greater control over their assets. Finally, it offers the prospects for lowering risk surcharges and improving refinancing conditions due to better transparency and risk reduction in the settlement process. McKinsey forecast in its June 2024 publication that total tokenised market capitalisation could reach $2tn by 2030 (excluding stablecoins and other cryptocurrencies), or $4tn in a bullish scenario.

We asked Paul Huelsmann, the CEO of Finexity Group, to share his perspective on the prospects of asset tokenisation:

From crypto to tokenisation: Institutional adoption accelerates

The rapid evolution of cryptocurrency markets over the past five years is now being mirrored in the world of asset tokenisation. With progressive regulation, technological maturity and growing institutional adoption, tokenisation is moving from niche experimentation to a mass-market infrastructure for digital assets.

Regulatory approaches differ significantly across jurisdictions. Dubai, through the Virtual Assets Regulatory Authority (VARA), allows direct tokenisation of assets, where the token functions as a digital certificate of ownership. This approach provides operational efficiency, cross-border transferability and access to global investors. Conversely, Germany and other European jurisdictions focus on tokenising the security wrapper, such as a bond or share under frameworks like the Electronic Securities Act (eWpG). While less direct, this method ensures full legal certainty, investor protection, and institutional compliance.

Both models will continue to coexist, each with advantages: direct asset tokenisation excels in speed and accessibility, while security-based tokenisation supports regulatory alignment and market stability.

Ultimately, the convergence of these frameworks will establish a globally interoperable digital asset ecosystem, bridging traditional finance (TradFi) and decentralised finance (DeFi). For retail and professional investors, tokenisation represents the next frontier in asset digitisation – redefining how assets are issued, traded and managed, and unlocking new sources of liquidity, transparency and programmability.

Total RWA (excluding stablecoins) hosted on-chain reached $34.6bn as of 3 November 2025, more than doubling compared to $11.3bn a year ago, according to RWA.xyz. Good examples are security tokens, such as tokenised money-market funds like the BlackRock USD Institutional Digital Liquidity Fund, which currently has total assets of approximately $2.8bn, or the Franklin OnChain US Government Money Fund with net assets of $852m. Another group of tokenised assets are digital assets backed by physical gold (eg Tether Gold, Pax Gold). Centrifuge (c $1.4bn TVL) allows institutions to borrow against tokenised real-world assets, while Goldfinch acts as a bridge between DeFi and traditional asset managers to offer on-chain private credit funds run by institutions such as Apollo, Ares and KKR.

Stablecoins: The bridge to mainstream adoption

Centralised stablecoins can also be considered part of the asset tokenisation trend as many of them (including USDT and USDC, the two largest by issued value) are mostly backed by a combination of traditional financial products, such as US Treasuries, money market funds, bank deposits, loans/corporate bonds and cash, among others.

We have recently witnessed a considerable expansion of monthly stablecoin transaction volumes globally to $1.03tn in September 2025 versus approximately $0.4tn in September 2024 and just $0.08tn in September 2020, according to Visa Onchain Analytics. This was accompanied by a similarly strong increase in average stablecoin supply to $263bn in September 2025 versus $161.4bn in September 2024 and $18.1bn in September 2020.

Interestingly, the value of stablecoins already reached the equivalent of 1.02% of total US money supply by Q225, according to Circle Internet Group citing data from the Federal Reserve's Board of Governors. The solid traction of stablecoins in the US has been supported by regulatory clarity brought by the above-mentioned GENIUS Act.

We also note the significant interest in stablecoins from paytechs (eg PayPal, Stripe, Mercado Libre), card networks and financial institutions, which also explore tokenised deposits. Finally, Swift recently launched a blockchain platform in response to the strong traction of stablecoins. Citi forecasts the global stablecoin market size (issuance volumes) to reach $1.9tn in its base case and $4.0tn in its bull case by 2030.

We asked Zafer Qureshi, executive director and co-CEO of Banxa, to share his perspective on stablecoins:

> *Stablecoins are one of the most innovative solutions within the financial industry in decades, showcasing the possibility of blockchain technology. The adoption of stablecoins within the payments space is exploding across use cases, such as fx, remittance, payroll and supplier payments – delivering instant settlements, reduced transaction costs and 24/7 accessibility. Firms like Banxa that offer compliant payment rails to facilitate these use cases by leveraging stablecoins will be at the forefront of the evolution happening in the payments space.*

DePINs: Democratising physical resources

DePINs are an emerging group of projects that leverage blockchain and token incentives to crowdsource the deployment and maintenance of real-world infrastructure and, in turn, drive its mission of 'democratising' physical resources. They can provide either physical resources (such as wireless connectivity, data from IoT sensors or geolocation data) or digital resources (such as data storage, computing power or data).

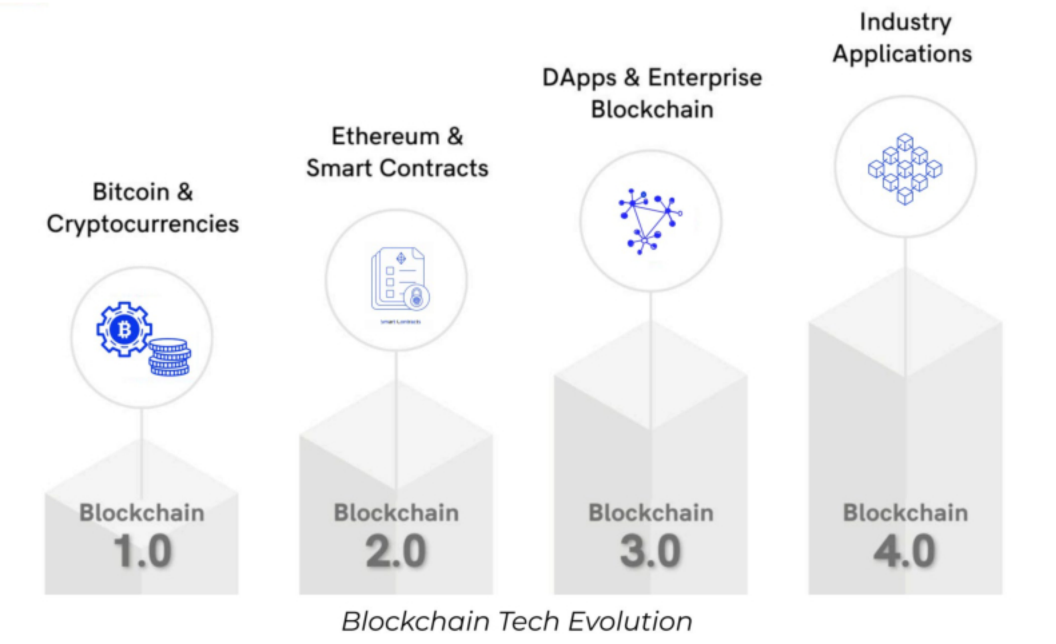
Messari classifies DePIN projects into six groups depending on the use-case: compute (store and manipulate data), wireless (move data between locations), sensors (capture data), identity (capture identity and reputation), energy (generate and store electricity) and logistics (move physical assets between locations).

Total number of DePIN projects reached 1,170, according to Messari, and the space attracted total investments of $703m in 2024 (Advanced Blockchain). Importantly, there were more than 13m daily active nodes (devices) across all DePIN projects globally (with twenty DePINs having more than 100k active nodes each), according to Messari data as of December 2024.

For instance, Helium, which provides a decentralised wireless network, currently has around 114.1k hotspots (almost exclusively across the US). Messari, therefore, believes that there is good supply-side momentum in the sector and the main challenge for major DePIN projects will now be driving the demand side (revenue) and then profitability. Helium currently has around 1.4m active daily users transferring c 54TB of data per day.

Given the low-single digit share in the total number of projects and investments across the digital asset sector, DePIN can be considered a nascent, niche part of the digital assets ecosystem for now, but with a high disruptive potential.

Exhibit 3: Blockchain technology evolution



Source: Advanced Blockchain. Note: DApps, decentralised applications.

EDISON

General disclaimer and copyright

This report has been prepared and issued by Edison. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom