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Kadena Q2 2025 Report

KADENA

Kadena achieved several major milestones in the second quarter of 2025, advancing both its technological capabilities and ecosystem support. Most notably, the **Chainweb EVM** testnet went live – bringing full Ethereum-compatible smart contract functionality to Kadena's unique multi-chain architecture. The company also introduced a **compliance-first token standard** for real-world assets (RWA) to meet institutional requirements. Meanwhile, Kadena's DeFi ecosystem continued to expand, and a $50 million **Grants Program** was launched to accelerate development across Chainweb EVM, asset tokenization, and AI initiatives.

The following report provides a detailed overview of these Q2 developments and their implications.

Chainweb EVM Testnet – Scaling with Parallel PoW Chains

PoW Comparison

	Kadena	Bitcoin	Kaspa	ETH Classic
Consensus	PoW Chainweb	PoW Nakamoto	POW GHOSTDAG	PoW
TPS (Claimed)	1000tps*	7	3,000	15-30
Block Time	30 seconds	10 mins	10 BPS	135
Smart Contract	Pact + EVM	Limited	Via Upcoming L2	EVM
Energy Efficiency	High	Low	Moderate	Low
Finality	~2 mins	-1 hr	105	13 s/block

"Kadena's current public network tps @ 20 chains is 1,000 tps. But as chains are added tps can grow infinitely.

Launch of the EVM-Compatible Testnet:

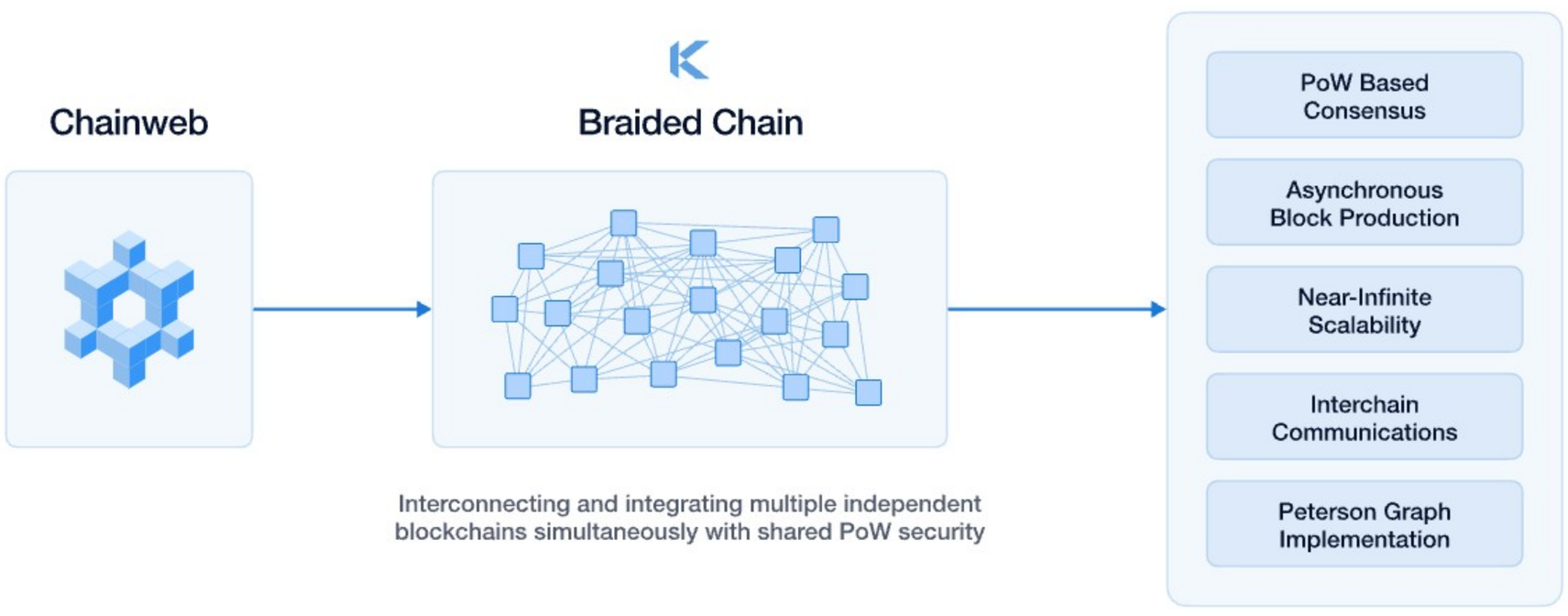
Kadena announced at the end of Q2 (during EthCC in Cannes on June 30, 2025) that its long-planned Chainweb EVM **testnet is live**, introducing full **Solidity** and Ethereum Virtual Machine (EVM) compatibility to the Kadena ecosystem. In practical terms, this means developers can now deploy standard Ethereum smart contracts on Kadena's network. As CEO Stuart Popejoy described, *"This is vanilla EVM… you can deploy today right now onto our chains"* – highlighting that no new language or proprietary tooling is required. Chainweb EVM operates as a new execution layer on Kadena's platform, allowing existing Ethereum dApps and tools to be used out of the box.

Braided Multi-Chain Architecture:

Unlike Ethereum's Layer-2 rollups that rely on separate sequencers and bridges, Kadena's EVM runs **natively on Chainweb**, the project's braided Proof-of-Work (PoW) multi-chain architecture. Chainweb consists of multiple parallel L1 chains braided together, all secured by PoW. This design supports **horizontal scaling** – every time Kadena adds more chains, network throughput increases linearly while sharing the same security model. For example, when Kadena expanded from 10 chains to 20 chains on mainnet, **throughput doubled** correspondingly. The initial EVM testnet launch is running five parallel EVM chains, with the capacity to **grow on demand** while maintaining quick block times and **sub-cent gas fees** for transactions. Thanks to PoW's robustness, the network achieves *"seamless EVM compatibility without compromising decentralization or throughput"*. In essence, Kadena's approach eliminates the need for any separate consensus layer or proposer; there are **no central sequencers** and no external bridge contracts required to stitch shards together. All chains work in unison as a single network, preserving full **decentralization** and security.

Parallel Execution vs. Layer-2s:

The Chainweb EVM can **execute transactions in parallel across multiple chains**, which significantly boosts throughput of the system as a whole. In traditional blockchains (or even on certain rollups), all transactions contend with each other in one global mempool and state, often leading to congestion and high fees. Layer-2 solutions improve performance by offloading transactions, but they introduce new complexities – such as **state contention** across the main chain and rollup, and potential delays from fraud proofs or validity proofs. As Kadena's team has noted, simply adding L2s doesn't fully solve the underlying **state management problem** – under heavy load, conflicts and retries can still occur, which *"doesn't go away and arguably gets worse because you have the potential for many more conflicts"* when scaling via multiple rollups. By contrast, Kadena's base layer scales by adding parallel chains that act independently and hold their own state; therefore, no conflicts can occur. There is no need for cross-chain bridges between rollups or periodic checkpointing to L1; Chainweb's chains talk to each other directly and maintain consensus collectively. This avoids the **centralization issues** seen in many Ethereum L2s (which often rely on a small set of operators or sequencers) and sidesteps the additional trust assumptions and complexity those systems require. In short, Kadena provides Ethereum-level programmability on a pure L1 that scales linearly, rather than through off-chain computation. The network's PoW consensus – though traditionally associated with lower TPS – has been engineered here for parallelism, achieving high throughput without sacrificing security or decentralization.

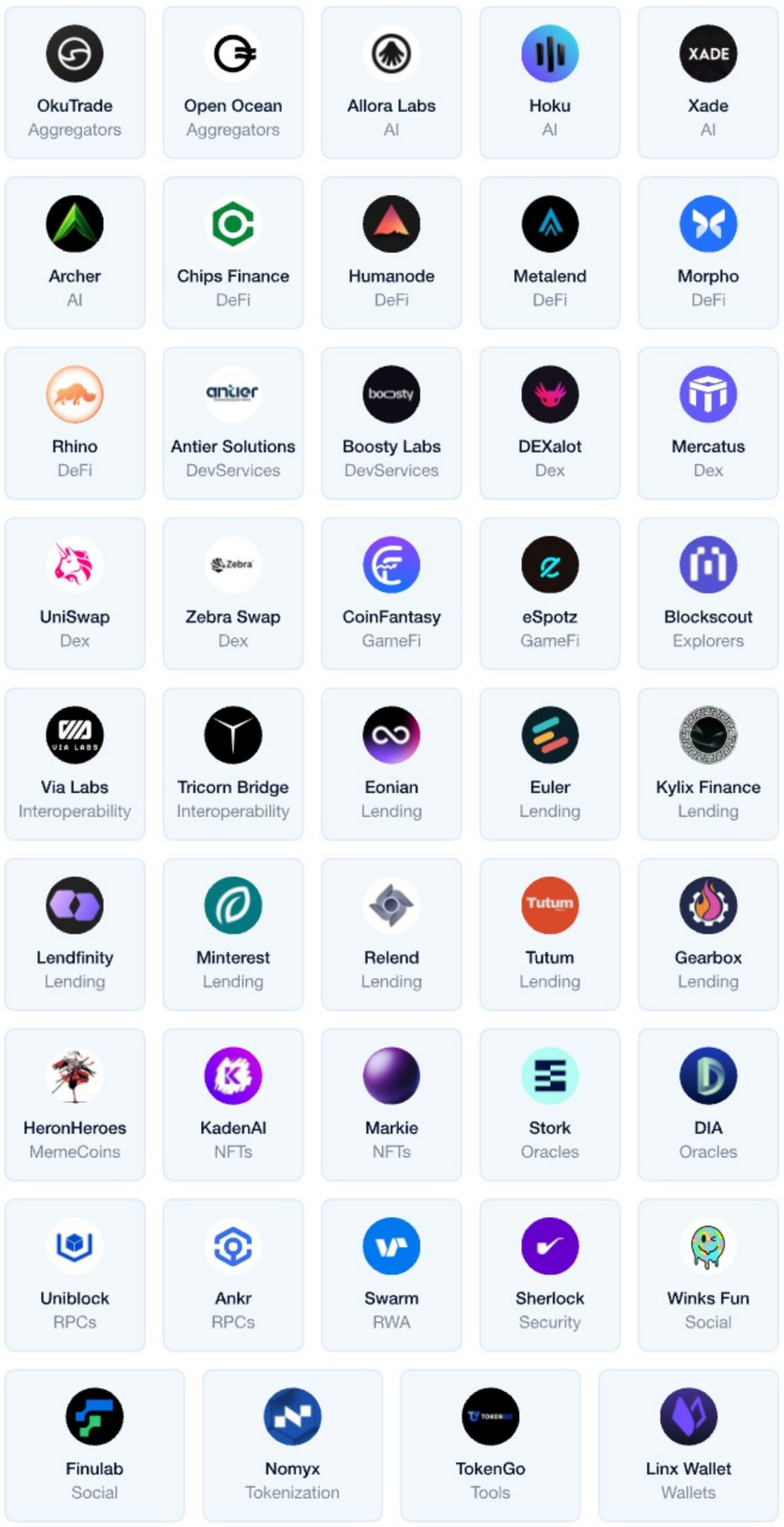


Interconnecting and integrating multiple independent blockchains simultaneously with shared PoW security

EVM Tooling and Developer Support:

A key motivation for adding EVM support is to provide a better platform for scalable dApps for the large existing pool of Solidity developers, whilst also leveraging Ethereum tooling. The EVM is the most widely adopted smart contract platform, with **well-established developer tools (Hardhat, Truffle, Remix, etc.)** and wallet support (e.g., MetaMask). Kadena is fully embracing this: the Chainweb EVM environment is fully **compatible with Ethereum's tooling and standards**. The team has already released a Hardhat V2 plugin for developers, with Foundry coming soon. From day one of the testnet, developers can connect to Kadena's EVM chains using familiar frameworks and deploy any Solidity contract as they would on Ethereum. This dramatically lowers the barrier to entry. *"It's important to note this is EVM… we have the Hardhat plugin ready for you to go, so there's nothing stopping you from lifting and shifting your application over to Kadena,"* said Popejoy during the launch. In effect, Kadena is positioning itself to tap into the **Solidity developer community** – estimated in the hundreds of thousands globally – by providing a platform that offers the same developer experience but with far greater throughput and near-zero fees. The strength of Ethereum's network effects around developers, tooling, and wallets is well known, and Kadena's strategy is to make onboarding those users as seamless as possible. Early indicators are promising: **over 50 projects** have already partnered and agreed to deploy on the Chainweb EVM testnet since its launch, including teams migrating from higher-fee environments where gas costs and performance limitations constrained their dApp designs. The testnet ecosystem now spans a diverse mix of use cases – from DeFi protocols to gaming and AI – showcasing the broad interest in Kadena's scalable PoW approach.

ChainWeb Testnet Projects



Ecosystem Partners and Adoption:

To cultivate a robust ecosystem, Kadena entered Q2 with a range of partners integrating with Chainweb EVM. By the time of the testnet launch, **dozens of projects** were either live or committed. These include **decentralized exchanges, wallets, lending/borrowing protocols, bridges, an RWA marketplace, and multiple AI applications**, among others. The breadth of partners means developers on Kadena can readily access infrastructure like DEX liquidity, lending markets, cross-chain bridges, and oracle/indexing services in the testnet environment. Notably, solutions are being built for **stablecoins**, GameFi, decentralized physical infrastructure (DePIN), and blockchain indexers as well – ensuring that the Chainweb EVM launch comes with a rich toolkit for dApp builders.

This parallel development of ecosystem projects is important for attracting new developers: when they deploy on Kadena, they will find many of the same primitives (AMMs, lending pools, asset bridges, etc.) that they expect from Ethereum, but with the advantage of much lower fees and higher throughput. Kadena has also created a comprehensive **developer portal** for the Chainweb EVM, complete with documentation, a testnet faucet, and developer communities. A key goal in Q2 has been to make the developer experience on Kadena's EVM **indistinguishable from Ethereum's**, aside from performance gains. For example, connecting MetaMask to the Chainweb EVM network or using Hardhat to deploy contracts is straightforward, and popular Ethereum libraries and SDKs are compatible.

By providing this plug-and-play experience, Kadena is directly targeting Ethereum's developer base and liquidity. *(It is worth noting that Kadena's original smart contract language, Pact, remains available on its existing chains, but the focus of growth has clearly shifted toward EVM compatibility to leverage the vast Solidity/ETH ecosystem.)*

Outlook – Mainnet and Interoperability:

With the testnet now in full swing, Kadena's core objective looking ahead is to harden the Chainweb EVM for **mainnet release**. The team is focused on ensuring stability, security audits, and performance tuning as they move toward a production launch of EVM chains running on Kadena's main network. Alongside mainnet readiness, a major priority is **cross-EVM interoperability** – connecting Kadena's chains with the broader Ethereum universe. Work is underway on a **bridge** to Ethereum Mainnet, as well as support for interfacing with other EVM-compatible chains. This will allow value and assets to move fluidly between Kadena and other EVM chains, effectively integrating Kadena into the wider multi-chain DeFi ecosystem.

In the longer term, Kadena envisions hosting **multiple EVM chain** clusters that can interoperate, and even enabling other chains or rollups to plug into Chainweb for security. The Q2 testnet is just the beginning, but it represents a crucial proof-of-concept that Kadena's **braided PoW scaling model** can deliver an Ethereum-compatible environment without the usual trade-offs. As Stuart Popejoy emphasized, the ultimate success metric will not simply be total value locked or developer count, but the deployment of **real, institutional-grade applications** that take advantage of Kadena's performance and compliance features. By the end of Q2, Kadena has put in place the pieces – technology, partners, and funding – to aggressively bootstrap its ecosystem in the coming quarters. The stage is set for a competitive entry into the EVM arena, offering a **Layer-1 alternative** that promises to be the place where DeFi developers go when they're tired of high fees, slow transactions, and complex bridging.

Compliance-First RWA Token Standard for Institutions

One of Kadena's distinguishing initiatives in Q2 was the introduction of a **compliance-centric token standard** aimed at real-world asset tokenization. Recognizing that institutional adoption requires meeting regulatory and governance requirements, Kadena has developed a native token standard that embeds compliance features **directly at the protocol level**. This standard is built on the specifications of Ethereum's ERC-3643 (also known as the T-REX standard), enabling on-chain enforcement of permissions, investor qualifications, and other controls within the token smart contract itself. In other words, tokens issued on Kadena using this standard can have built-in whitelist functionality, transfer restrictions, and governance oversight **by design**, rather than as ad-hoc features.

Protocol-Level Compliance:

Kadena's team has noted that many current blockchain solutions for tokenizing real assets force developers to choose between compliance and flexibility – often bolting on compliance as an afterthought via off-chain processes or centralized gatekeepers. By contrast, Kadena's approach bakes regulatory compliance into the token's DNA. *"Kadena has developed native token standards that embed regulatory alignment directly into the protocol layer,"* Popejoy said, *"enabling projects to meet institutional requirements without compromising on transparency, speed, or composability."*. This is a significant innovation for institutional DeFi and security tokens: it allows, for example, only accredited investors to hold a certain token, or only approved jurisdictions to trade it, all enforced by the smart contract in real time. Compliance rules can cover scenarios like secondary transfers, whitelisting new investors, enforcing lock-up periods, and so on – crucially, **without manual intervention**. Kadena's standard draws heavily from **ERC-3643 T-REX**, which is an established framework for regulated tokens (notably used in some security token platforms), and pairs it with decentralized identity management to manage credentials on-chain. According to Kadena's Chief Business Officer, Annelise Osborne, this deliberate and thoughtful design is meant to *"meet the complex needs of regulated entities seeking to tokenize assets on a public blockchain"*.

The result is a compliance-first token standard that should appeal to banks, asset managers, and fintech firms looking to issue digital securities or other real-world assets on Kadena with full confidence in meeting legal requirements.

Real-World Asset Tokenization Use Cases:

The introduction of Kadena's RWA token standard opens the door to a wide array of asset classes being digitized on its network. Kadena has explicitly mentioned targeting assets such as **real estate, government and corporate bonds, money market funds, and other alternative investments** for tokenization. For example, a commercial real estate fund could issue tokens representing fractional ownership of properties, with each token carrying transfer restrictions to comply with securities laws (e.g., only transferable to verified accredited investors, and with holding periods encoded). Similarly, government bonds or Treasury bills could be wrapped into tokens that only specific whitelisted financial institutions can hold or trade. Kadena's on-chain permissioning would handle these constraints automatically. Other potential use cases include tokenized **fund units, private equity shares, invoices or trade finance instruments, and even tokenized art/collectibles** – any asset where maintaining compliance is paramount. By enabling these features natively, Kadena aims to position itself as a go-to platform for **institutional DeFi** and the bridging of traditional finance with blockchain. This is aligned with the wider industry trend in 2025 of increasing interest in RWA tokenization (bringing off-chain assets on-chain). Still, Kadena's differentiator is doing so on a scalable PoW network with no compromise on decentralization or security. The leadership has repeatedly stressed that the *"serious institutional capital"* entering crypto will demand robust safeguards – something this standard is built to provide.

RWA Grants and Partnerships:

To accelerate real-world asset use cases, **half of Kadena's $50M grant fund (which we will discuss in more detail later)** is earmarked specifically for projects working on compliant RWA issuance and infrastructure. This substantial commitment underlines how strategic RWAs are to Kadena's vision. The types of projects being encouraged include platforms for tokenizing **real estate equity or REITs, tokenized debt platforms for bonds and loans, digitally native money market funds or treasuries**, and fintech integrations for bringing these assets on-chain. By the end of Q2, several partnerships and grant applicants were already in motion. Kadena has been in discussions with traditional institutions about tokenizing assets like **real estate** and **bonds** on its chain, leveraging the new standard to satisfy compliance departments. CurveBlock, a UK-based proptech start-up pioneering sustainable real estate investment, was one such grantee who was awarded 400k by Kadena. The network's ultra-low fees and high throughput are also a selling point here – for instance, a tokenized bond market on Kadena could handle high-frequency secondary trading or interest payouts at minimal cost, something not feasible on Ethereum L1 today due to gas fees. As part of the ecosystem, Kadena is fostering collaborations between crypto startups and real-world institutions (e.g., custodians, banks) to create end-to-end solutions (from asset custody to token issuance and trading) on Chainweb. All of this is supported by grant funding. The **goal for the coming quarters** will be to have flagship RWA applications live on Kadena, demonstrating how real estate deals or bond issuances can be done more efficiently on-chain, all while respecting the regulatory framework. This could potentially attract significant enterprise usage of Kadena.

In summary, Q2 saw Kadena laying the groundwork – both technically and financially – for a **compliance-friendly tokenization platform** that directly addresses the needs of institutional finance. If successful, this could differentiate Kadena in a crowded L1 field by capturing value from traditional assets moving on-chain.

DeFi Ecosystem Update – DEXs, Stablecoins and More

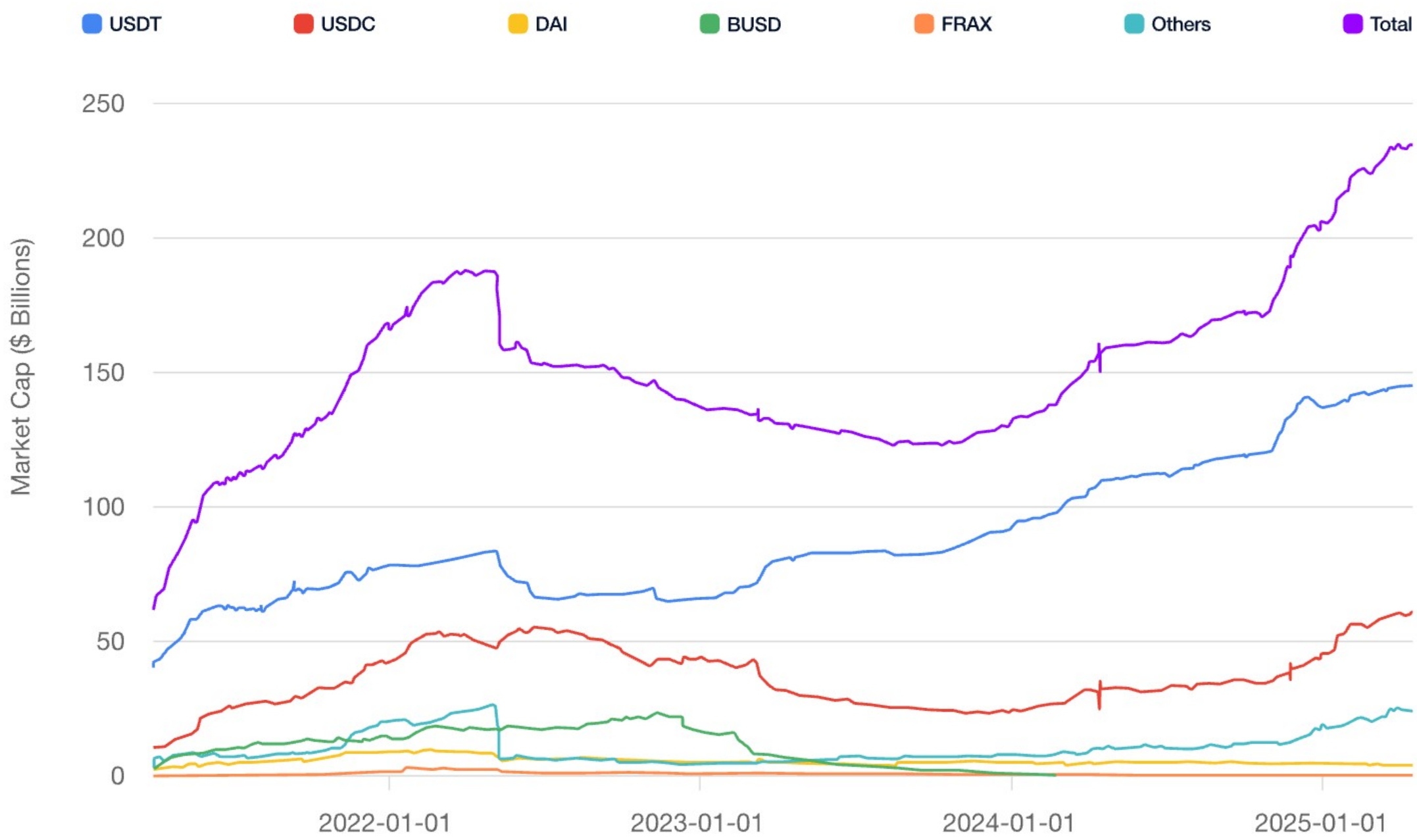
Kadena's DeFi ecosystem showed steady growth through Q2, buoyed by the launch of the Chainweb EVM testnet and the promise of easy migration for Ethereum-based dApps. On the testnet, several **decentralized exchanges** are already operational, taking advantage of Kadena's low fees to offer swaps and liquidity pools with negligible gas costs. The presence of multiple DEX partners provides a foundation for liquidity in the ecosystem. Users will be able to swap assets across Kadena's chains thanks to parallel chain architecture and fast finality. **Lending and borrowing protocols** have also begun deploying – lending platforms were in testing by the end of the quarter, some offering collateralized loans with interest rates algorithmically determined, similar to Compound or Aave on Ethereum. These early DeFi deployments demonstrate core functionality and help battle-test Kadena's EVM with real economic activity in a testnet environment.

Notable Integrations and Prospects:

Looking ahead, Kadena is actively courting some of the largest DeFi protocols to join its network. The prospect of major **Ethereum DeFi protocols** operating on a PoW Layer-1 with high throughput is quite novel – and Kadena's team believes it can attract those projects by offering them a new market without throughput constraints. One such example is Oku, the multichain DeFi studio backed by GFX Labs. On 17 July 2025, Kadena confirmed a partnership with Oku to bring Uniswap v3 and Morpho to Chainweb EVM at mainnet launch (they will **not** appear on testnet). Oku will use the commercial licences it gained from the Uniswap and Morpho communities to redeploy each protocol's contracts and front-end on Kadena's horizontally scalable proof-of-work network. This move gives Chainweb EVM immediate access to roughly nine billion US dollars of existing liquidity, letting traders perform concentrated-liquidity swaps and collateralised lending from a single interface while Chainweb's parallel chains keep gas fees steady. Kadena's fifty-million-dollar grants programme will prioritize projects that extend these new pools and vaults, creating a virtuous cycle of depth, volume, and developer adoption as the mainnet goes live.

Additionally, Kadena-native DeFi innovations are on the way. One such future project is **Kudos**, an upcoming **collateralized debt protocol (CDP)** that will introduce a Kadena-native **stablecoin**. Similar to MakerDAO's DAI, Kudos could allow users to borrow KUSD against deposited collateral, enabling a homegrown stablecoin for the Kadena ecosystem. The presence of a native stablecoin is important for liquidity pools and lending markets, and Kudos could play a central role in Kadena's DeFi economy (with the advantage that Kadena's infrastructure can handle high volumes of stablecoin transfers with negligible cost).

Another anticipated future entrant is **Brale**, a platform known for helping institutions launch their own **regulated stablecoins**. Brale's technology allows businesses or banks to create fiat-backed stablecoins on multiple chains with compliance in mind. Kadena's partnership with Brale (in development) could enable, for example, a USD-backed stablecoin to be issued directly on Kadena's network, benefiting from its security and low fees. This would complement the decentralized Kudos stable coin by providing an institutionally-backed digital dollar on Kadena. Together, Kudos and Brale represent an expansion of Kadena's stablecoin and lending capabilities, which are essential pillars of any DeFi ecosystem.



Cross-Chain and Composability:

The DeFi projects on Kadena could eventually be built with cross-chain interoperability in mind. Because Chainweb EVM itself comprises multiple chains, protocols are now exploring designs to spread liquidity across chains or use Kadena's built-in SPV (Simple Payment Verification) proofs to move assets between chains trustlessly. For instance, a question raised at EthCC was how a Uniswap pool would operate on Kadena's multi-chain setup – whether liquidity would need to be split across each chain or unified. Kadena's answer is that assets can **move freely between chains** via burn-and-mint using SPV proofs, avoiding fragmented liquidity pools. This means a user could provide liquidity on one chain and traders on another chain could still access it after a quick transfer, all without relying on external bridges or custodians. Such functionality is powerful for DeFi, as it ensures **composability** across Kadena's chains remains as seamless as on a single-chain network. Moreover, Kadena's upcoming bridges to Ethereum and other networks (as mentioned in the interoperability plans) will eventually allow Kadena's DeFi users to tap into liquidity outside of Kadena and vice versa.

Overall, Kadena's DeFi landscape at the end of Q2 is in a nascent but promising state. The core building blocks – exchanges, lending platforms, stablecoins, and bridges – are either live on testnet or in active development. The company's strategy is clearly to leverage its EVM compatibility to bring in proven DeFi protocols (like SushiSwap/Uniswap) while also nurturing **native projects** that utilize Kadena's unique strengths.

If Q2 was about laying the groundwork, Q3 and Q4 will be about expanding and integrating these DeFi services on mainnet, and driving TVL into the network. Kadena's pitch to developers is that they can achieve the same financial innovation as on Ethereum but without worrying about scalability bottlenecks.

Grants and Ecosystem Support Program

To catalyse development and attract builders, Kadena launched the aforementioned **$50million Grants Program** in Q2, offering generous support to projects building on Chainweb EVM, real-world asset tokenization, and even blockchain-based AI solutions. Announced in May 2025, this program represents a significant investment in ecosystem growth and signals Kadena's commitment to fostering real utility on its platform. The grants initiative is **equity-free** – meaning startups and developers receive funding without giving up ownership – and is open to individual developers, teams, and established projects alike via a public application portal. By the end of Q2, the program had already begun reviewing proposals on a rolling basis, with a number of teams approved for grants (some of the "50+" testnet projects mentioned earlier are grant recipients). Below are key features and highlights of Kadena's grants and support efforts:

Focus Areas and Funding Allocation:

The $50 M fund is split between **two main tracks**: approximately **$25M for Chainweb EVM** projects (including Solidity dApps, DeFi protocols, gaming, and AI integrations) and the previously discussed **$25M for RWA tokenization** projects. This dual focus aligns with Kadena's strategic goals of growing usage of the new EVM chains and driving institutional asset tokenization on the platform. By dedicating substantial funding to these areas, Kadena is "doubling down" on real-world use cases that can showcase its technology.

Open and Rolling Application Process:

The grants program uses a **rolling review** process with no fixed deadlines. Developers can apply at any time, and proposals are evaluated case-by-case. The grant committee sizes each award according to the project's scope and needs, rather than using preset tiers, ensuring flexibility. This open approach is designed to continuously onboard promising projects rather than limit support to a single cohort. Applications are submitted through an online portal and are open to all (from independent developers to enterprises), reflecting Kadena's inclusive ecosystem ethos.

Quick Evaluation and Onboarding:

Kadena aims to provide a relatively quick turnaround on grant applications. The committee targets an **initial evaluation within 2–4 weeks** of submission. Qualifying teams are then invited to an **onboarding call** where Kadena's team works with them to define clear development milestones and deliverables. This means that within a month or so of applying, a project can potentially start receiving support. The onboarding process ensures both the team and Kadena have aligned expectations on what will be built and how progress will be measured.

Milestone-Based Funding Releases:

Importantly, grant funding is **disbursed in stages** based on milestone completion. Rather than a one-time lump sum, projects receive **token transfers upon each milestone's completion**. This milestone-driven approach provides accountability and encourages steady progress – teams must demonstrate tangible development (e.g., an MVP launch, testnet deployment, user acquisition targets, etc.) to unlock each tranche of funding. It also mitigates risk for Kadena while giving teams clear short-term goals. The funding itself is equity-free (as noted), typically provided in Kadena's native tokens. This structure mirrors best practices from venture accelerators but without taking equity, which is attractive to founders.

Technical and Business Support:

Kadena is not just offering money – it's also providing extensive **hands-on support** to grant recipients. The Kadena engineering and solutions teams make themselves available for **technical assistance**, including performing code reviews, helping optimize smart contracts (especially if transitioning from Ethereum to Pact or vice versa), and providing guidance on Kadena-specific features. They can also assist with the integration of developer tools, and in the case of projects using Kadena's Pact language or unique features, the team offers mentorship to ensure best practices. This level of support, offered both upon

request and proactively throughout a project's lifecycle, can significantly reduce development friction. On the business side, Kadena's marketing and community teams help amplify grantees – for example, through **"Project Spotlight" articles, social media promotion,** and introductions at events. Essentially, being a Kadena grantee comes with a built-in publicity boost in the Kadena community and beyond, which can help projects gain users or additional investment. Kadena also provides networking opportunities and exposure to its partners (for instance, connecting a DeFi project with a wallet provider in the ecosystem).

Early Outcomes and Expectations:

By the end of the quarter, the grants program had attracted a healthy pipeline of applicants. Many of the projects discussed in previous sections (DEXs, lending platforms, RWA token issuers, etc.) have been beneficiaries of Kadena's grants or are in the application process. Kadena's leadership has made it clear that they view the grant expenditures as a long-term investment in network effects. *"Our Grants Program and token standards are essential to [our mission] – enabling compliant, scalable tokenization, empowering builders on Chainweb EVM, and fostering AI innovation,"* said Stuart Popejoy. The success of each funded project will be tracked through metrics like on-chain activity, new wallet growth, and community engagement. Kadena is monitoring developer feedback closely and remains ready to adjust its support strategies based on what it learns during this bootstrapping phase. The overarching goal is that by fueling a diverse range of high-quality applications, Kadena will drive real usage and demonstrate the power of its scalable PoW network in practice.

Conclusion

In summary, Q2 2025 was a transformative period for Kadena. The launch of the Chainweb EVM testnet has opened the doors to Ethereum developers and applications, showcasing Kadena's ability to combine **high throughput, low fees, and full decentralization** in a single Layer-1 platform. Simultaneously, Kadena's push into real-world asset tokenization – with a **compliance-first standard and substantial grant funding – positions it at the forefront of institutional blockchain adoption**. The DeFi groundwork laid this quarter provides the necessary financial primitives to support a thriving on-chain economy once mainnet EVM goes live. And underpinning all of this is Kadena's $50 M grants program and ecosystem support, ensuring that developers have not only the technology but also the resources and encouragement to build ambitiously on Kadena. As the network moves into the second half of 2025, the focus will be on converting this momentum into tangible outcomes: launching mainnet EVM chains, onboarding marquee projects (from SushiSwap to real estate tokenization platforms), and achieving interoperability with the broader crypto world. If Q2's achievements are any indication, Kadena is well on its way to making its mark as a scalable, enterprise-ready smart contract platform that doesn't compromise on the core values of blockchain. **Kadena's progress this quarter demonstrates a clear path toward a future where decentralized applications can be both high-performance and regulator-friendly – a combination that could prove critical in bringing the next wave of real-world assets and users on-chain.**

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