Trade Ideas

Love It or Hate It: Kaia's Redemption Arc

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Summary

- Kaia is an EVM-compatible Layer 1 blockchain, built through the 2024 merger of Kakao's Klaytn and LINE's Finschia—two major platforms with deep roots in Korea, Japan, and Taiwan. By integrating directly into LINE, Kaia enables users to access Web3 services natively within the region's most-used messaging apps, eliminating friction and onboarding barriers.

- Kaia is one of the few Layer 1s delivering real-world usage at scale, not just wallet counts. Its mini-app ecosystem—natively embedded in LINE—has onboarded over 75 million users, generated 212 million on-chain transactions, and created 43.5 million wallets in just over 100 days. With over 1.4 million paying users and standout ARPPU figures, Kaia is showing product-market fit and monetization rarely seen in Web3.

- Key risks include unclear OTC unlock dynamics, persistent negative sentiment in the Korean market, and uncertainty around expansion into verticals beyond mini-apps (e.g., DeFi, NFTs). Sustained performance will depend on broader ecosystem development and continued user growth outside of gaming.

1. Introduction

Klaytn and Finschia were once two of the most anticipated blockchain projects in Asia, backed by tech giants Kakao and LINE, each with millions of monthly active users. However, despite the advantage of being integrated with leading messaging apps, both projects failed to gain meaningful traction or achieve mass adoption. Their previous cycles were marked by various scandals and limited user engagement—leaving many investors skeptical, even after the announcement of their merger.

But things are changing. Today, Kaia, born by the merger, is quietly onboarding tens of millions of users across Asia through real, sticky products embedded in the region's most popular messaging platforms. Backed by Kakao and LINE—and now with the conviction of top global investors—Kaia is building what could become the first blockchain ecosystem to achieve true mass adoption in Asia, powered by a viral mini-app wave, measurable on-chain growth, and real monetization

2. What is Kaia?

Kaia is an EVM-compatible Layer 1 blockchain developed for mainstream adoption in Asia. It integrates with LINE Messenger (196 million MAUs) and KakaoTalk (49 million MAUs), allowing users to discover, play, and pay within familiar messaging apps—without requiring wallets, gas fees, or browser extensions. Through account abstraction and gas fee delegation, Kaia aims to reduce onboarding friction and make blockchain interactions more accessible to non-crypto-native users.

The project was formed through a merger between Kakao's Klaytn ($KLAY) and LINE's Finschia ($FNSA), two regionally focused blockchain initiatives that had previously operated independently. While both had strong corporate backers and platform integrations, each faced challenges in driving sustained user adoption. In August 2024, the Kaia mainnet was launched, consolidating token supply and governance under a single protocol with integrations into both LINE and (soon) Kakao's mobile ecosystems.

Figure 1: Kaia Was Born From the Merger of Klaytn and Finschia

klaytn

No.1 Infrastructure Assets in Asia

Leading the Asian Blockchain Landscape
Achieving a $376B Trx Volume and $1B TVL

- EVM-Based Assets with **5Y+** of Tech
- Existing Mainnet/Product Ecosystem
  - Governance: **30+**
  - DApp & Service**: 230+
  - Wallet Users: **29M+**
- Token MarketCap: **USD 673M+**
- Web 3 Community: **240K+**
- Infrastructure Linked to Kakao

Initiated by **Kakao**···

PROJECT DRAGON

Asia's No.1 Blockchain by Infrastructure and Web3 Services

Ecosystem Grounded on 250M Wallets

Sustainable Value Creation Tokenomics

Technical Compatibility with New Network

New Governance and Decentralization

Finschia

No.1 Product Assets in Asia

Leading in the Web3 Product Sector in Asia
Largest Web3 Investment in Asia ($140M)·

- Cosmos-Based Assets with **5Y+** of Tech
- Existing Mainnet/Product Ecosystem
  - Governance: **15+**
  - DApp & Service**: 190+
  - Wallet Users: **5.6M+**
- Token MarketCap: **USD 213M+**
- Web 3 Community: **170K+**
- Infrastructure Linked to LINE

Initiated by **LINE**···

Source: Kaia

2.1. Tokenomics of Kaia

Following the merger, a new tokenomics model was introduced. All non-circulating supplies of $FNSA and $KLAY were burned, while the circulating supplies were converted to $KAIA. Currently, $KAIA operates with an annual inflation rate of approximately 5.2%, with new token issuance allocated as follows:

1. 25% to the Ecosystem Fund (developer grants, mini-app incentives)
2. 25% to the Infrastructure Fund (validators, network operations)
3. 50% to stakers and validators

According to the document, the key feature of Kaia's design is its multi-layer burn mechanism, which includes:

1. Base fee burns applied to every transaction
2. MEV-based burns, where validators are required to burn a portion of extracted value
3. Optional dApp-driven buy-and-burns, often integrated with ecosystem grant programs

Figure 2: Tokenomics of $KAIA
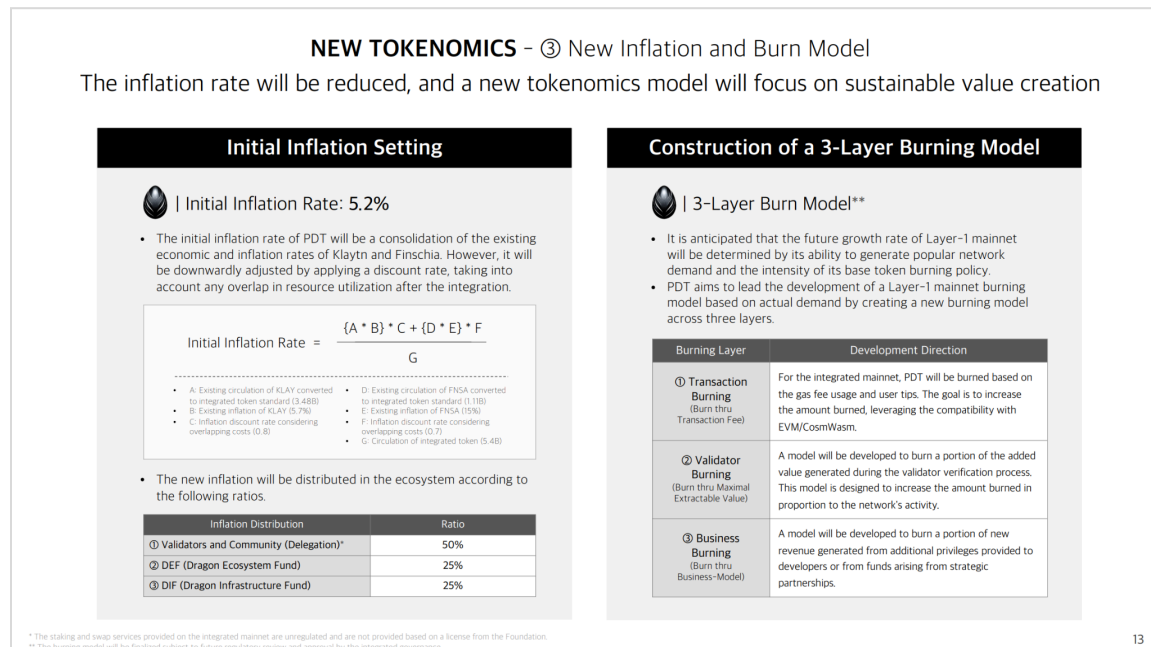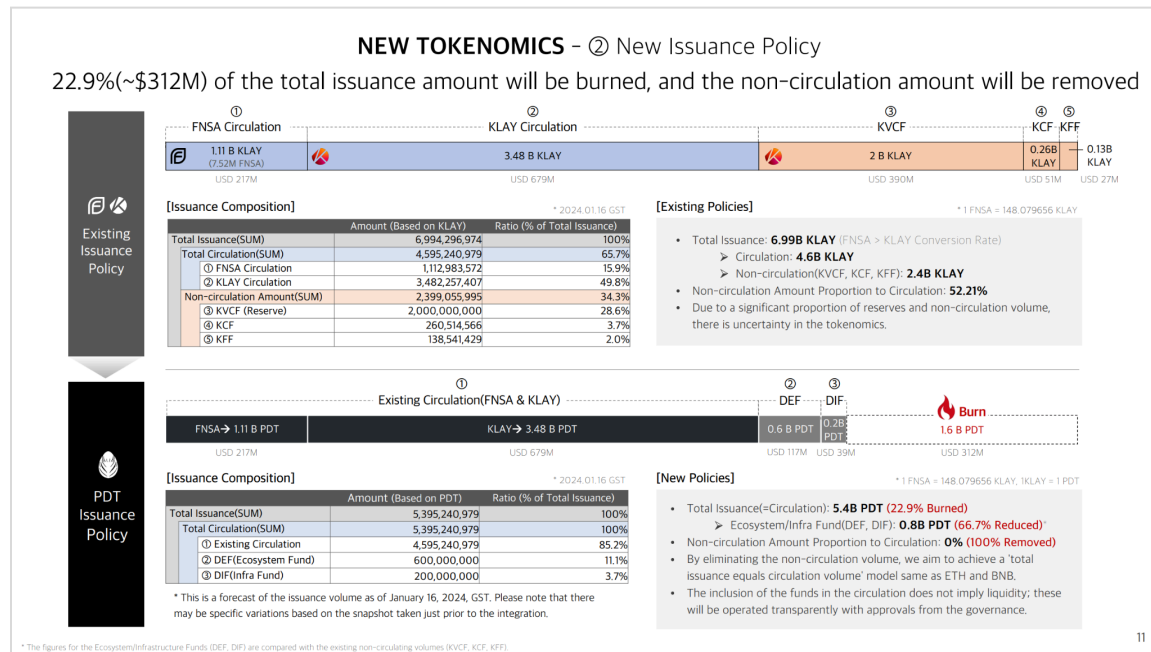
Source: Kaia

3. Thesis: The Gap Between East and West

The hard truth is that sentiment toward Kaia in Korea (or Asia) remains overwhelmingly negative. Many still see it as a "scam coin" or, at best, a failed project—largely due to the baggage from Klaytn's previous cycle. Domestic interest has dwindled, and the fact that Kaia is not listed on major Korean exchanges only reinforces the perception that the project is irrelevant or finished. Meanwhile, most foreign investors are unaware of this sentiment. It's not well-documented, and as an outsider, it's nearly impossible to pick up on the level of skepticism that persists in Korean crypto circles.

But regardless of the past—and whether or not that skepticism is entirely justified—the reality on the ground is shifting. Kaia is now showing strong, measurable growth, particularly through LINE-based mini-apps. It's doing exactly what it set out to do: leveraging major messaging platforms to onboard real users at scale. The on-chain data is impressive, and yet this progress is flying under the radar due to legacy perceptions. In short, while Kaia may never be a narrative darling, it stands out as one of the few L1s that is actually onboarding users, generating revenue, and delivering on its original promise.

3.1. What Are Mini-Apps?

Mini-apps are lightweight, web-based applications embedded directly within messaging platforms like LINE. Unlike traditional dApps requiring separate wallets or complex onboarding, Kaia's mini-apps allow users to play games, collect rewards, and make purchases without leaving their chat interface. This frictionless design has turned LINE Messenger into Asia's de facto Web3 app store.

3.1.1. Five Major Mini-Apps on Kaia

The mini-app ecosystem on Kaia has quickly become the engine of its growth, with several standout projects driving user engagement, monetization, and cultural relevance. Below are five of the most prominent mini-apps in the ecosystem.

1. Bombie: A viral zombie-shooting game where players earn $BOMBIE airdrops while battling zombies in a post-apocalyptic setting. It is a meme-driven action game that leads the platform in user engagement and airdrop participation, and is often cited as the flagship for KAIA's "fun-first, frictionless" onboarding.
2. Boxing Star X: A fast-paced, action-packed boxing game with swipe controls, social features, and play-to-airdrop mechanics. It has quickly surpassed 700,000 players and ranks #1 in revenue across all LINE Mini Dapps, with some of the highest ARPPU figures in the ecosystem.

3. Fate War: A strategy and battle game featuring collectible heroes and competitive guild play, designed for both casual and hardcore gamers. It stands out for its PvP and guild-based reward structure, driving strong retention and social engagement.

4. Frog Defense: A tower defense game featuring the viral TikTok character Frog Pikeman (1.7M followers). Players defend castles, upgrade frogs, and earn $FOFO token airdrops, blending meme culture with blockchain gaming and onboarding a new wave of Web2-native users.

5. Slime Miner: An idle RPG where players control slimes to mine minerals and journey to the Earth's core. Within 20 days of release, it surpassed 1 million users and is highly popular in Japan, Taiwan, and Thailand, demonstrating the cross-border appeal of Kaia's mini-app ecosystem.

3.2. Current Statistics (Source: [Dune](#))

Over just 103 days, Kaia has quietly scaled into one of the most active consumer blockchain platforms:

- 64 mini dApps launched to date, driving 212 million on-chain transactions
- 75+ million total registered users, setting a new benchmark for consumer-facing Web3 platforms
- 43.5 million new wallets created, with over 1.4 million users making on-chain payments
- 57 million $KAIA in total gross merchandise value (excluding fiat), or ~$6.9 million
- ARPPU by title:
    - Boxing Star X: 4,467 $KAIA
    - Frog Defense: 4,351 $KAIA
    - Bombie: 2,843 $KAIA
    - Fate War: 587 $KAIA
    - Slime Miner: 54 $KAIA

Kaia's mini-app ecosystem marks a rare success in Web3: it's attracting not just wallets, but real users—and not just users, but paying ones. In just 103 days, the platform has attracted over 75 million users, onboarded 43.5 million new wallets, and processed more than 212 million on-chain transactions across 64 mini dApps. Importantly, over 1.4 million unique wallets have made payments, signaling not just scale but meaningful monetization.

Crucially, this is just the beginning. Kaia's success shows that frictionless mini-apps can act as a Trojan horse for onboarding Web2-native users into Web3—without requiring them to learn about wallets, gas fees, or token mechanics. The initial momentum has been driven by a few viral games, but the underlying infrastructure and distribution via platforms like LINE are built to scale. With more apps, broader content categories, and expansion into new regions, Kaia is positioned to

replicate this success at a much larger scale. It's not just proving that mass adoption is possible—it's laying out the playbook for how Web3 can go mainstream.

4. Valuation: The Disconnect in Plain Sight

Similar to our approach with Metaplex, we recognize that valuing crypto assets is inherently difficult due to factors like the absence of traditional cash flow models. As such, rather than trying to pinpoint an absolute fair value for $KAIA, we prefer a relative value strategy—taking a long position in $KAIA while shorting other Layer 1s that appear stagnant or effectively dead.

Below is a comparison with other well-known major L1s.
* Please note that Kaia's metrics are sourced from the Dune dashboard, while the data for other chains is from Token Terminal. While there may be slight discrepancies between data providers, the key takeaway remains the same: even when compared to well-known, high-FDV L1s, Kaia is delivering impressive performance.

Figure 3: Kaia vs. Major L1s and L2s: A Metrics Comparison

	Kaia	Optimism	Arbitrum	Sonic	zkSync
Market Cap	$674M	$1.04B	$1.46B	$1.47B	$191M
FDV	$674M	$2.71B	$3.08B	$1.62B	$1.09B
Active Users	~2.8M	109.7k	201.6k	92.4k	9.6k
Transaction	~4M	819.7k	2M	773.7k	51.0k

Source: Dune, Token Terminal

4.1.Kaia vs. Ton

The most direct comparison to Kaia is Ton, as they are the only two Layer 1 blockchains with exclusive integrations into major messaging platforms—Telegram for $TON, and LINE/Kakao for $KAIA. While the Ton ecosystem is currently larger and more accessible due to the global nature of its platform, Kaia's recent user and revenue metrics have been particularly impressive. That said, we do not recommend shorting $TON; in fact, we believe both Layer 1s—given their strong distribution channels and native user bases—have significant room to grow in parallel as the Web3 messaging narrative plays out.

Figure 4: Kaia vs. Ton: A Metrics Comparison

	Kaia	Ton
Market Cap	$674M	$7.44B
FDV	$674M	$15.35B
Avg DAU	~2.8M	~254.7k
Avg Daily Transactions	~4M	~1.7M

All DAU and daily transaction averages are calculated for the period from April 22 to May 5, 2025
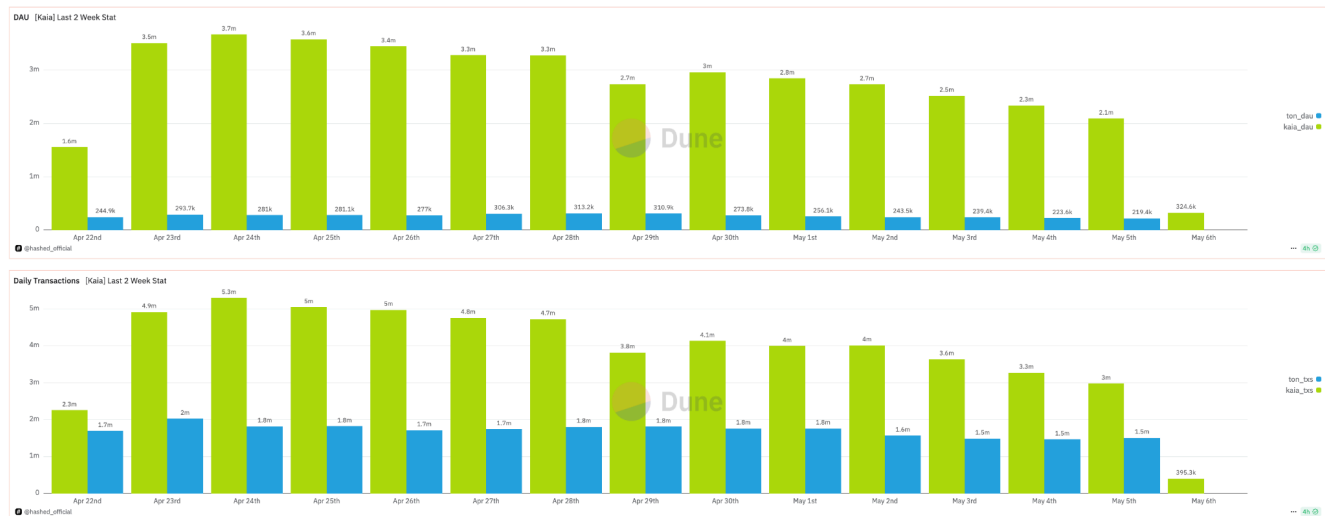
Source: Dune

5. Risks & Considerations

5.1. Uncertainty Around OTC Unlocks

Since this research is based solely on public information, we do not have visibility into the exact amount, discount, or vesting period of the $KAIA OTC transactions. However, Kaia recently announced investments from 1kx, Blockchain Capital, Galaxy, and others. Based on industry standards, we expect these tokens to unlock not in the immediate term but over a 1–2 year period.

5.2. Persistent Negative Perception

The core thesis assumes a revaluation of Kaia as its user growth and fundamentals improve—but this relies on sentiment eventually catching up to reality. In Korea, however, public perception remains cautious. Lingering associations with Klaytn and Finschia's previous cycles have led many retail investors to remain skeptical of Kaia's potential, despite clear signs of progress. This skepticism is deeply ingrained and not easily reversed, especially without a major narrative shift or local exchange listing. If sentiment fails to change, Kaia risks being chronically undervalued in its own home market—no matter how strong its underlying metrics become.

5.3. Beyond Mini-Apps

While Kaia's mini-app performance has been impressive, it remains uncertain whether this momentum will extend into other verticals such as DeFi, stablecoins, or NFTs. The recent announcement of USDT launching on the Kaia blockchain is a positive step, but its actual usage and adoption remain to be seen. In parallel, the success of upcoming projects and their token

generation events (TGEs) will be key indicators of whether Kaia can grow into a more well-rounded Layer 1 ecosystem beyond its current stronghold in messenger-based gaming.

5. Conclusion

Kaia is not a speculative bet on future adoption—it's a platform already driving real users, real revenue, and real Web3 behavior within Asia's largest mobile apps. With deep integration into LINE, and a monetization model built around in-app purchases and engagement, Kaia is carving out a new category: the Web3 superapp chain. As new features roll out—including stablecoins, DeFi, and NFT—and LINE begins promoting mini-apps across its full user base, Kaia is well-positioned to scale from millions to tens of millions of recurring users.

Despite this traction, Kaia continues to be misunderstood—especially in Korea, where negative sentiment from Klaytn's past cycle still lingers. It remains unloved and undercovered in the local market, leading many to overlook its recent growth. But beneath the surface, the data tells a different story: real user onboarding, consistent monetization, and product-market fit through messenger-native distribution. For investors seeking exposure to real blockchain adoption—grounded in usage, not narratives—Kaia may be the stealth blue chip hiding in plain sight.

About Presto

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