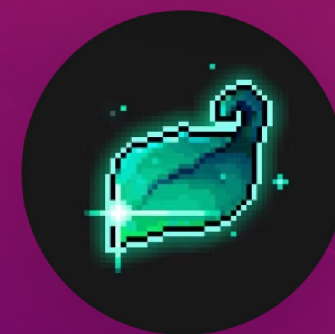




Deep Dive: Solana Gaming

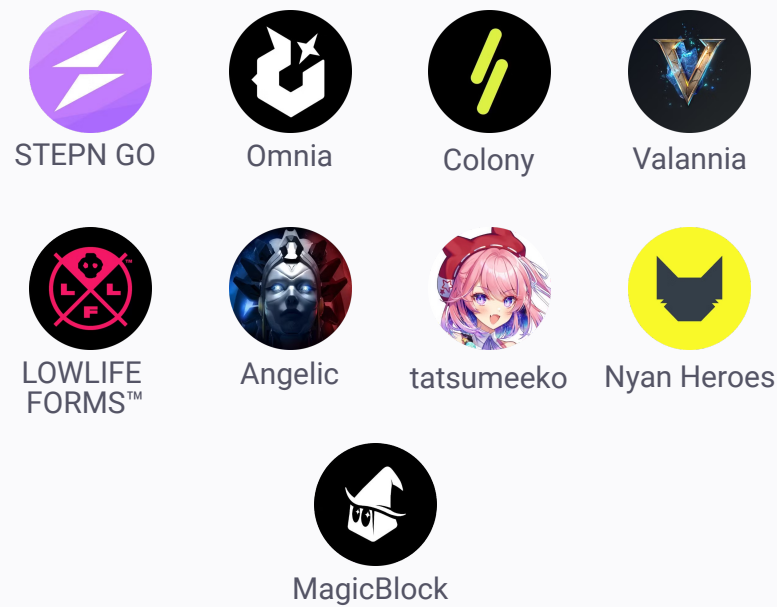
// July 2024



The Solana Gaming ecosystem is quickly expanding.

In Development

Building Phase

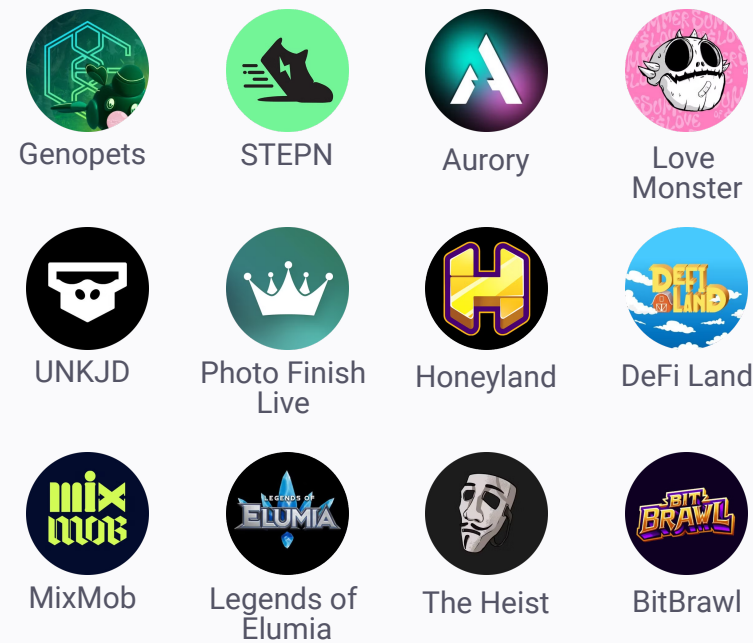


Partially On-Chain

NFT Integration Only



Token and NFT Integration

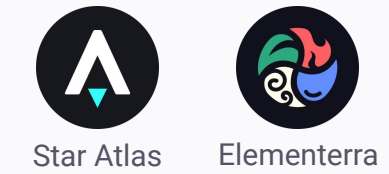


Fully On-Chain

NFT Integration Only

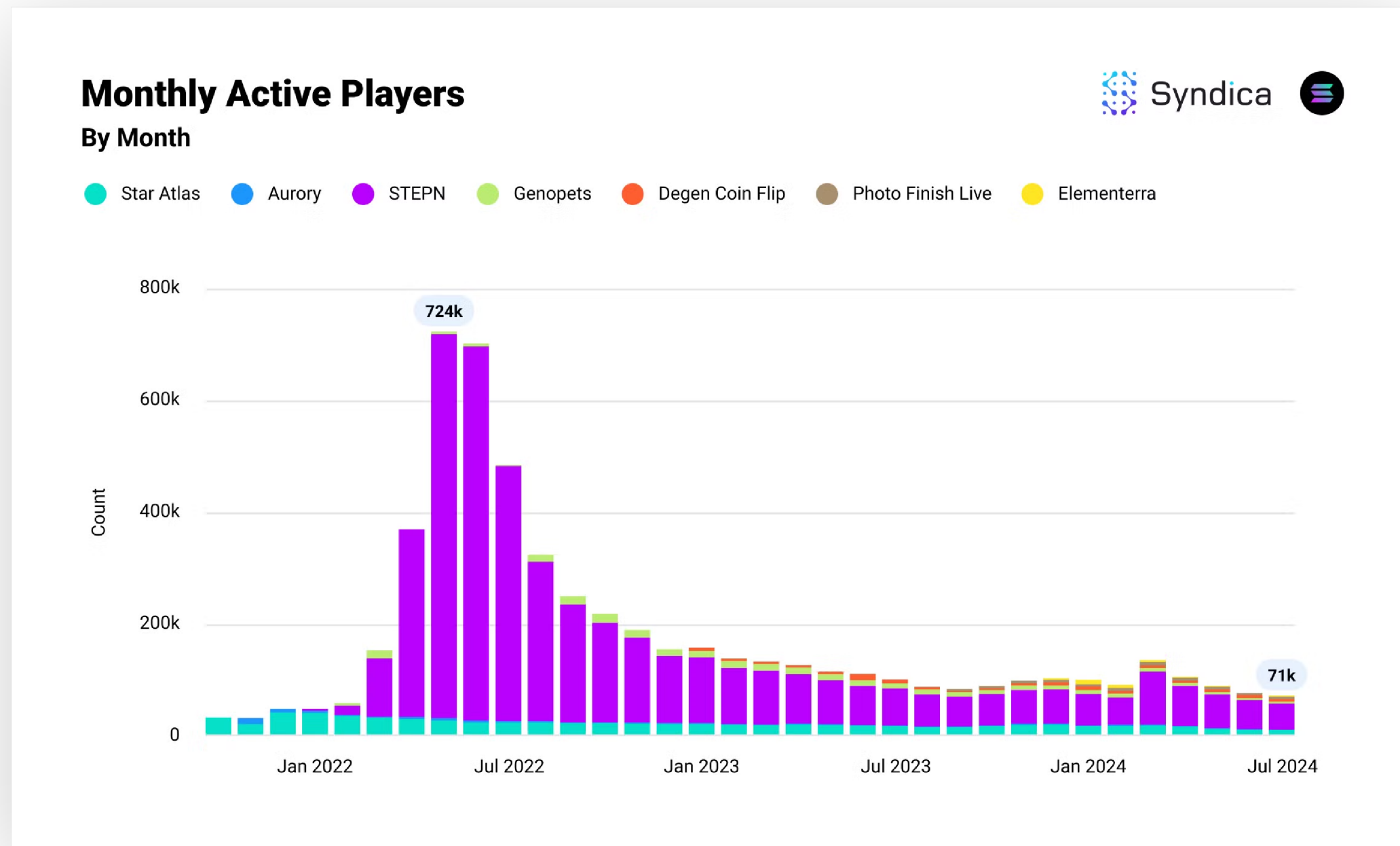


Token and NFT Integration



Note : Fully on-chain games have all game transactions transparent and verifiable directly on the blockchain.

Monthly active players are down drastically since peak STEPN mania in May 2022.



Note: This analysis is based strictly on on-chain activities, utilizing specific proxies such as depositor count when necessary. It does not fully represent monthly active players, as many of the games analyzed are not fully on-chain.

New player growth has slowed significantly.

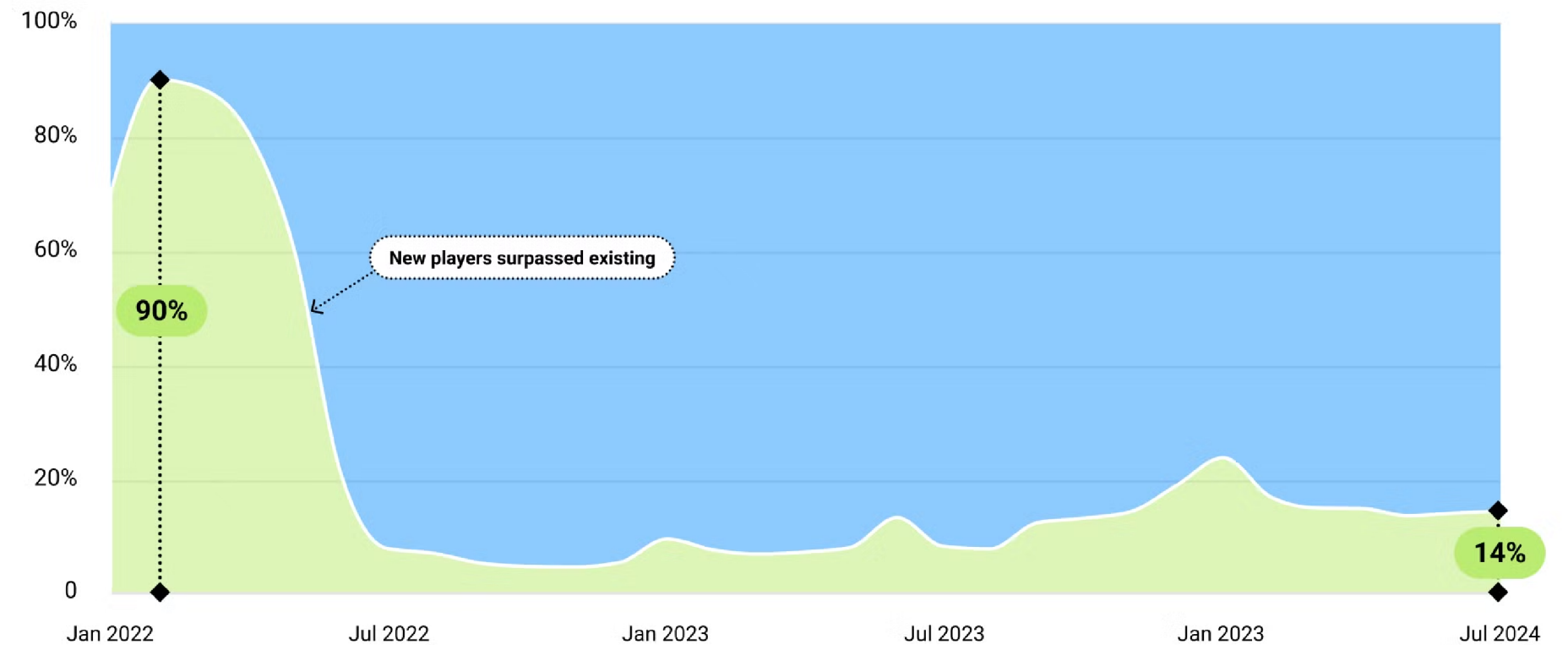
In 1H 2022, new players outnumbered existing ones, marking a unique period of growth for Solana Gaming.

Since then, new player counts have declined in alignment with the Gaming sector decline.

New vs. Existing Players

By % of Players

● New Players ● Existing Players



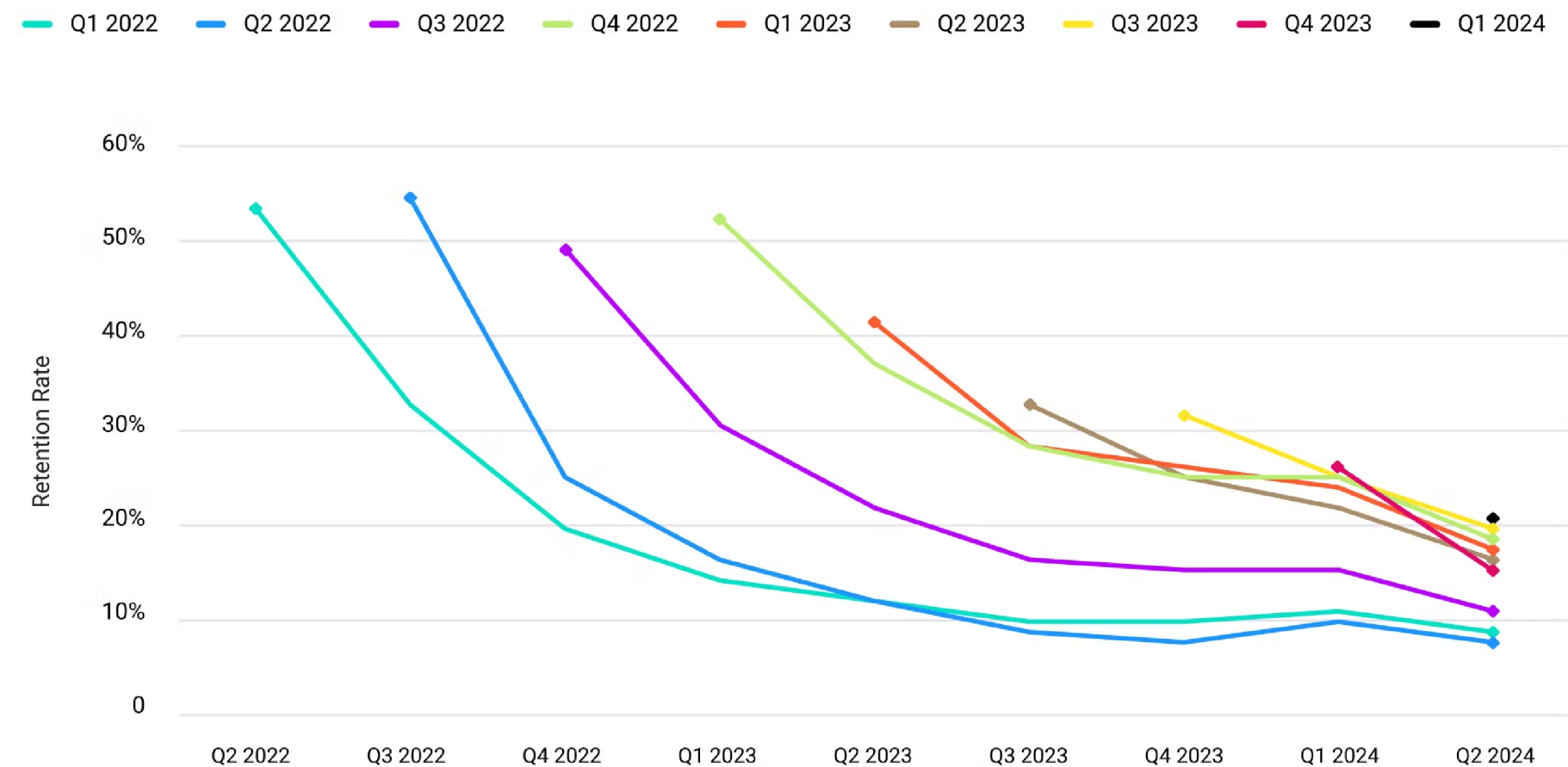
Note: Games included are limited to Star Atlas, Aurory, STEPN, Genopets, Degen Coin Flip, Photo Finish Live and Elementerra.

Player retention was strong during the last cycle, but tapered into the bear market.

Some dedicated players - at least 10% - have continued to engage with their respective games despite the downturn in the market cycle.

Due to wallet cycling, these figures are a lower-bound in retention rates.

Player Retention Rate
By Starting Quarter

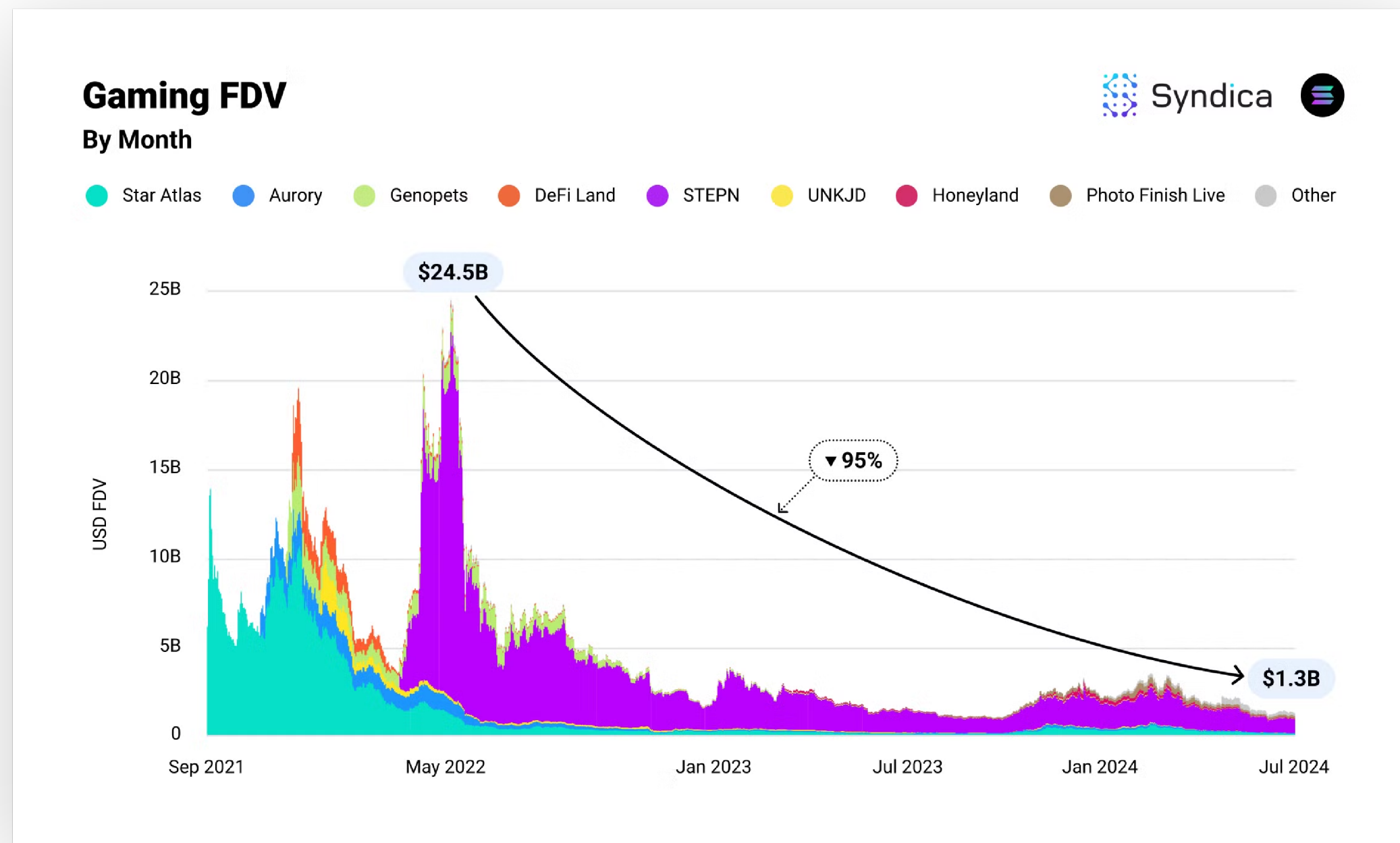


Note: Games included are limited to Star Atlas, Aurory, STEPN, Genopets, Degen Coin Flip, Photo Finish Live, and Elementerra.

Gaming FDV has plunged 95% since its peak.

In mid-2022, the gaming sector's total Fully Diluted Valuation (FDV) peaked at **almost \$25B**.

Now, it stands at **around \$1.3B**, marking a 95% decline.

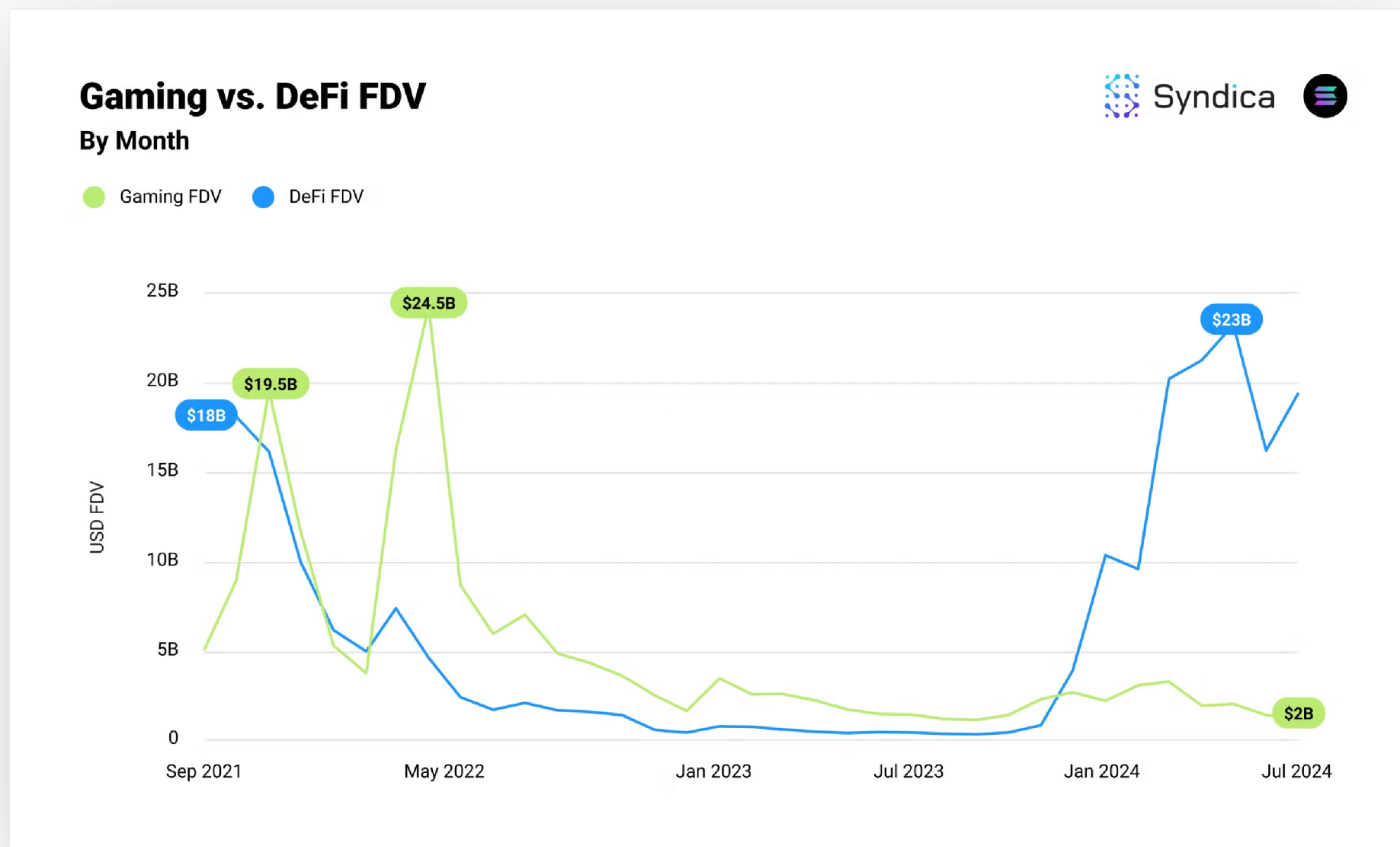


Note: Gaming tokens in this analysis are limited to Star Atlas, STEPN, Honeyland, Nyan Heroes, Aurory, Genopets, BitBrawl, MixMob, Photo Finish Live, UNKJD, DeFi Land, Legends of Elumia, and Yaku.

Gaming led DeFi for the past two years.

Today, DeFi is 10x larger than Gaming.

Gaming has declined this year while DeFi has skyrocketed.

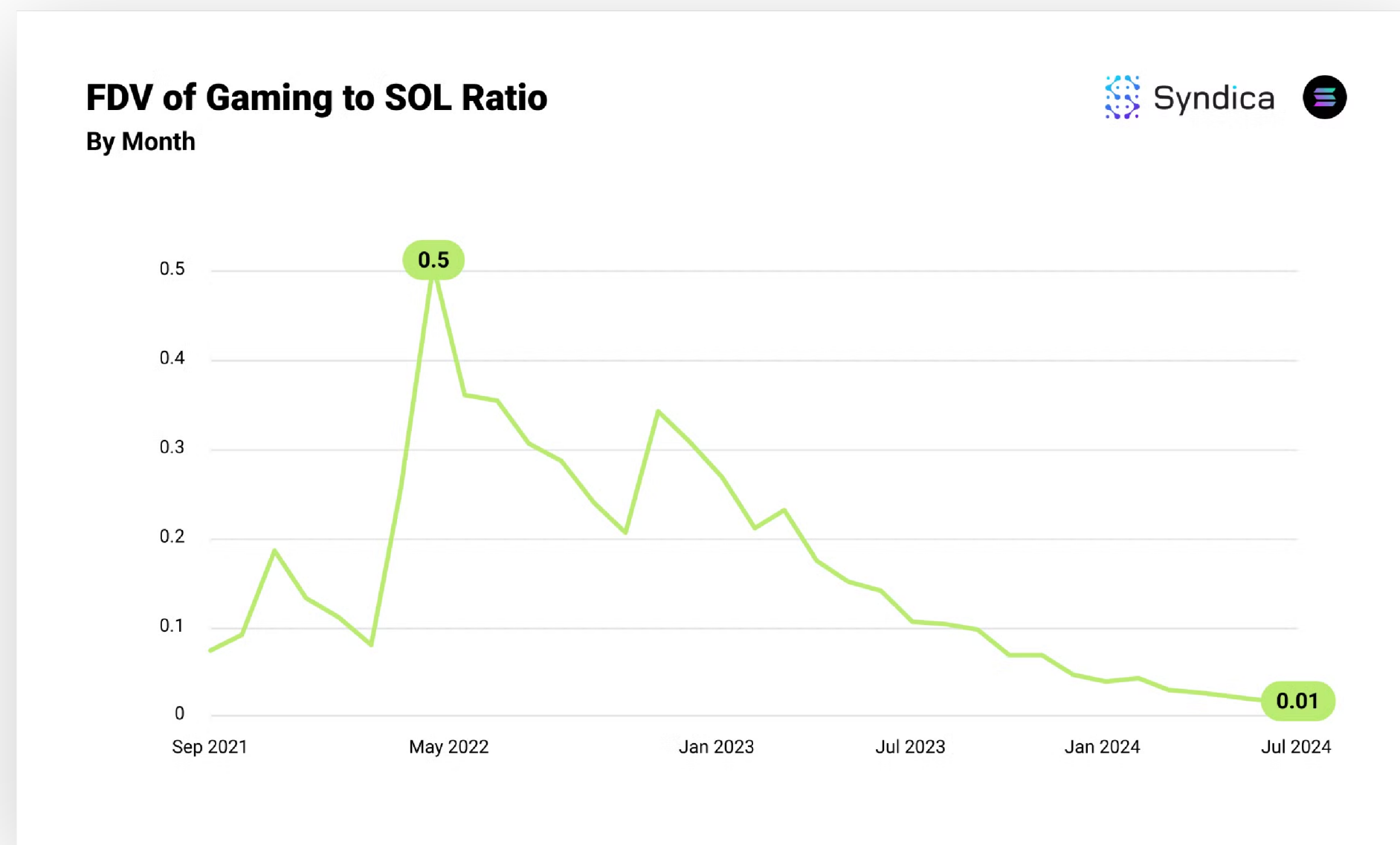


Note: Gaming tokens in this analysis are limited to Star Atlas, STEPN, Honeyland, Nyan Heroes, Aurory, Genopets, BitBrawl, MixMob, Photo Finish Live, UNKJD, DeFi Land, Legends of Elumia, and Yaku. DeFi tokens in this analysis are limited to Raydium, Orca, Serum, Mercurial Finance, Mango Markets, Tulip Protocol, Solend, Marinade Finance, Jito, Wormhole, Jupiter, Sanctum, Drift, Zeta, and Kamino Finance.

SOL has outperformed Gaming tokens 50:1 since May 2022.

In 2022, the ratio of the fully diluted value (FDV) of Gaming tokens to SOL was **0.5**.

By July 2024, this figure has dropped to **0.01**.



Note: Gaming tokens in this analysis are limited to Star Atlas, STEPN, Honeyland, Nyan Heroes, Aurory, Genopets, BitBrawl, MixMob, Photo Finish Live, UNKJD, DeFi Land, Legends of Elumia, and Yaku.

Trading activity in Gaming tokens has virtually disappeared.

In 2022, Gaming tokens accounted for **12%** of Solana's total DEX volume.

By July 2024, this figure has fallen dramatically to just **0.1%**.

Gaming DEX Volume Share
By Month



Note: Gaming tokens in this analysis are limited to Star Atlas, STEPN, Honeyland, Nyan Heroes, Aurory, Genopets, BitBrawl, MixMob, Photo Finish Live, UNKJD, DeFi Land, Legends of Elumia, and Yaku.



Part I

STEPN

Solana's Most Popular Move-to-Earn (M2E) Game

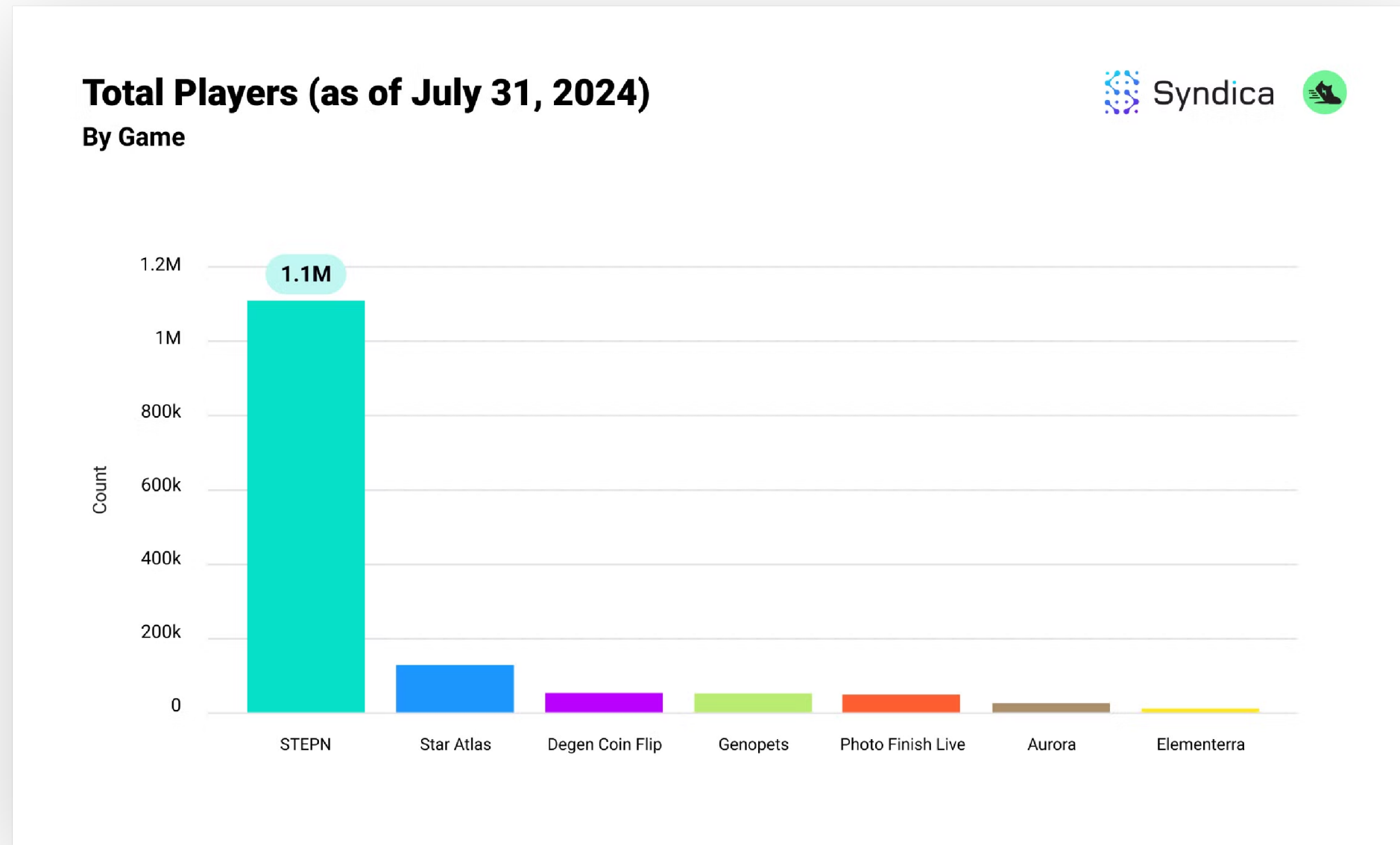
Earn tokens by walking, jogging or running with STEPN.

To participate, users must acquire NFT sneakers - available for purchase, sale, or rent on the app's marketplace.

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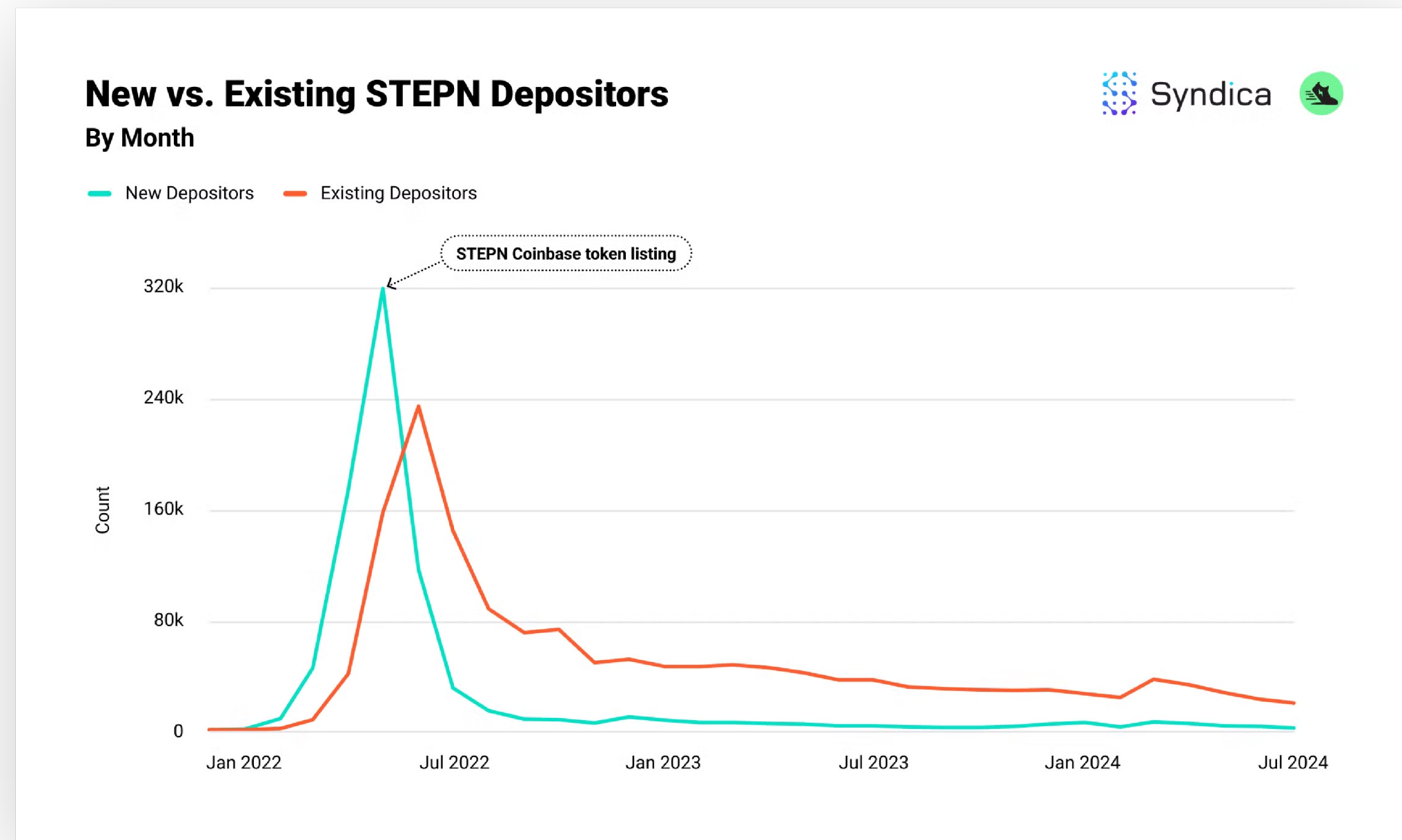
STEPN is the most played game on Solana.



Note: This analysis is based strictly on on-chain activities, utilizing specific proxies such as depositor count when necessary. It does not fully represent monthly active players, as many of the games analyzed are not fully on-chain.

Even after a drastic decline, STEPN's monthly depositors still represent a meaningful player base.

Players deposit GMT and GST to engage with STEPN's move-to-earn model, earning rewards through physical activity.



Note: Depositors are wallets that deposit GMT/GST to STEPN's spending wallet.



Part II

Star Atlas

The First Space Strategy & Unreal Engine 5 Game on Solana

Set in the year 2620, Star Atlas offers a vast, interactive universe for exploration, resource mining, and combat.

The game is being developed in stages, enabling players to engage with various mini-games as the full experience continues to evolve.

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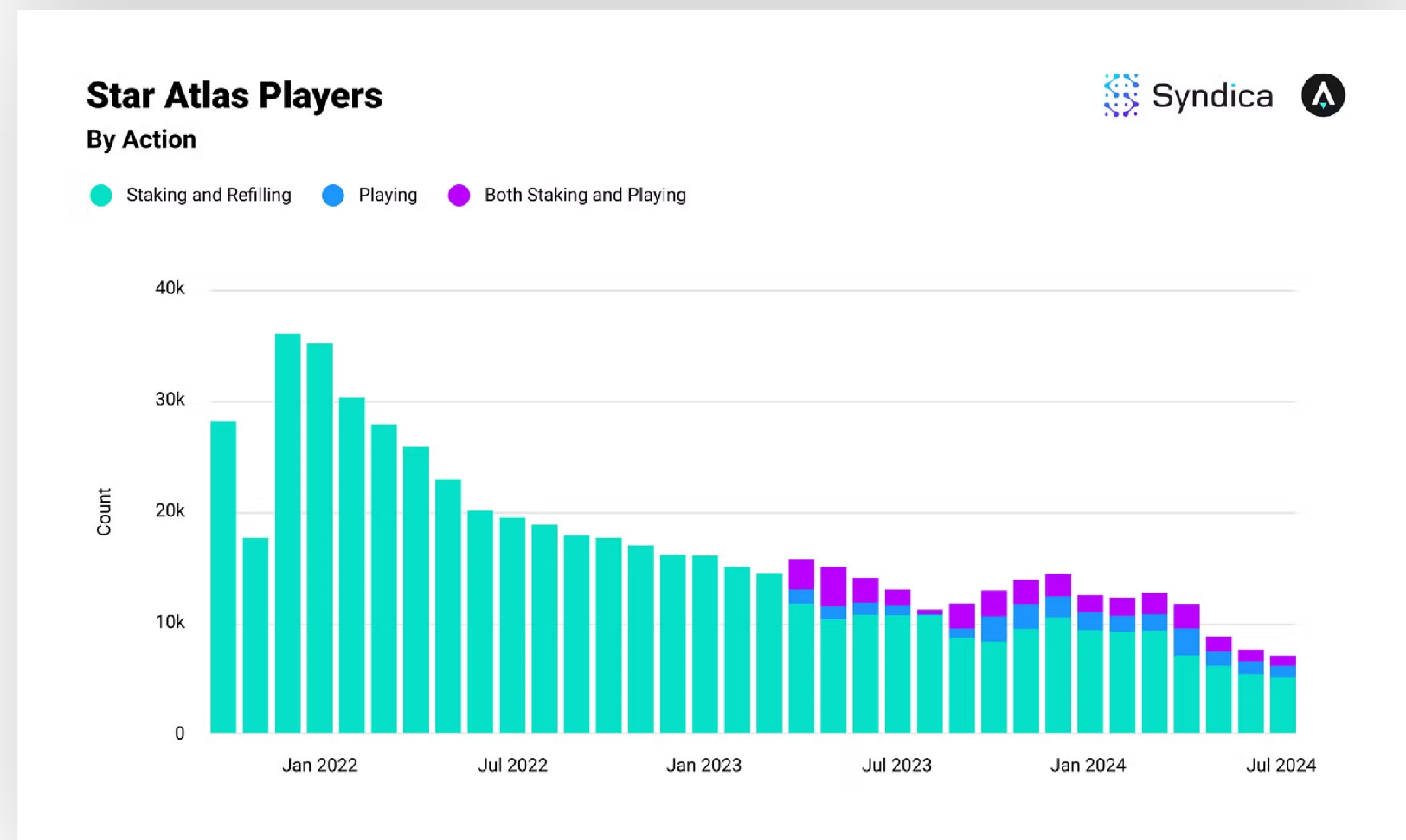
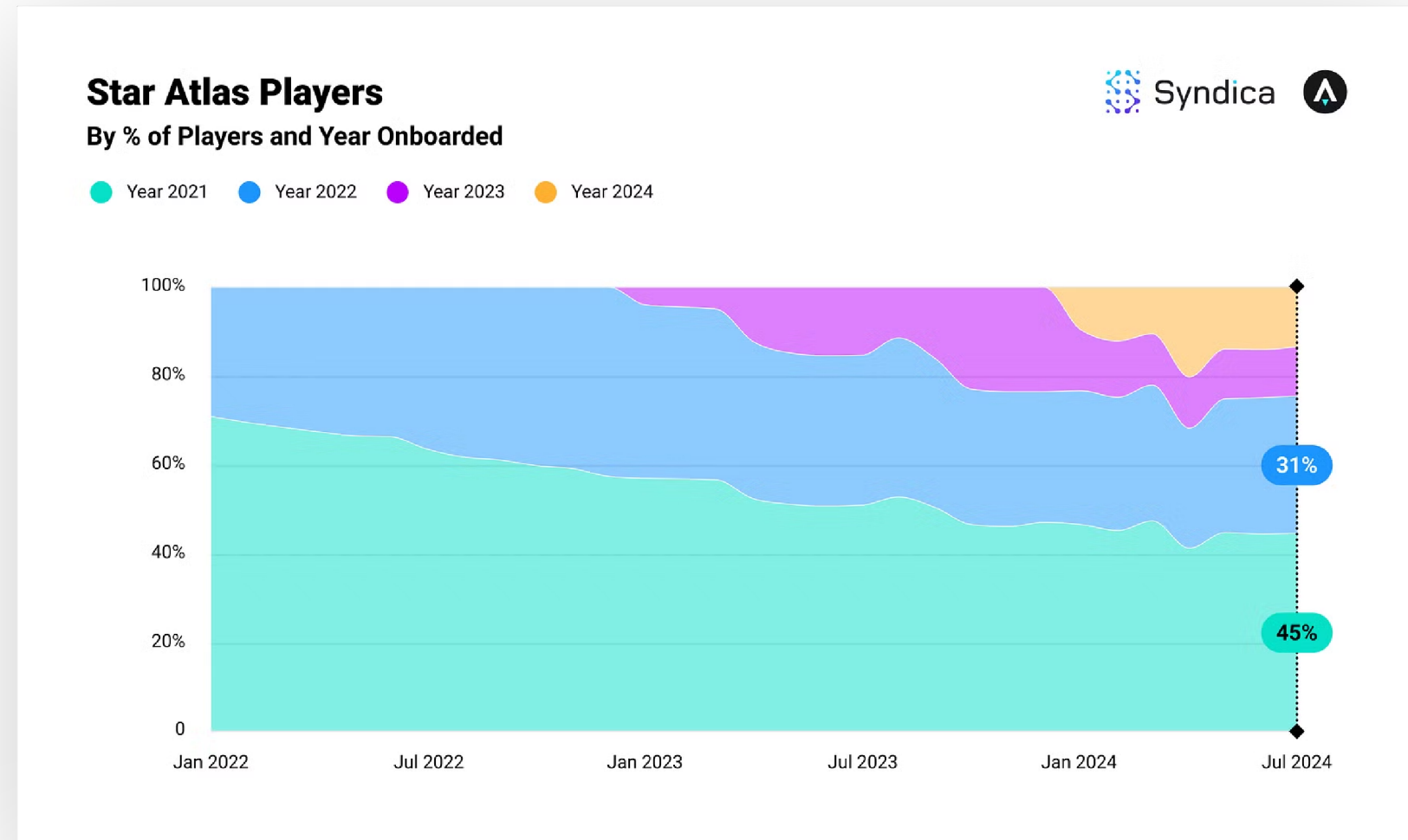
About 76% of Star Atlas' players today were onboarded in 2021 and 2022.

This activity is a mix of staking and gameplay.

The majority of players are primarily engaging in staking and refilling ships in an effort to collect rewards.

Note: 'Actual players' specifically refers to participants in the SAGE gameplay, and does not encompass those involved solely in SCORE staking.

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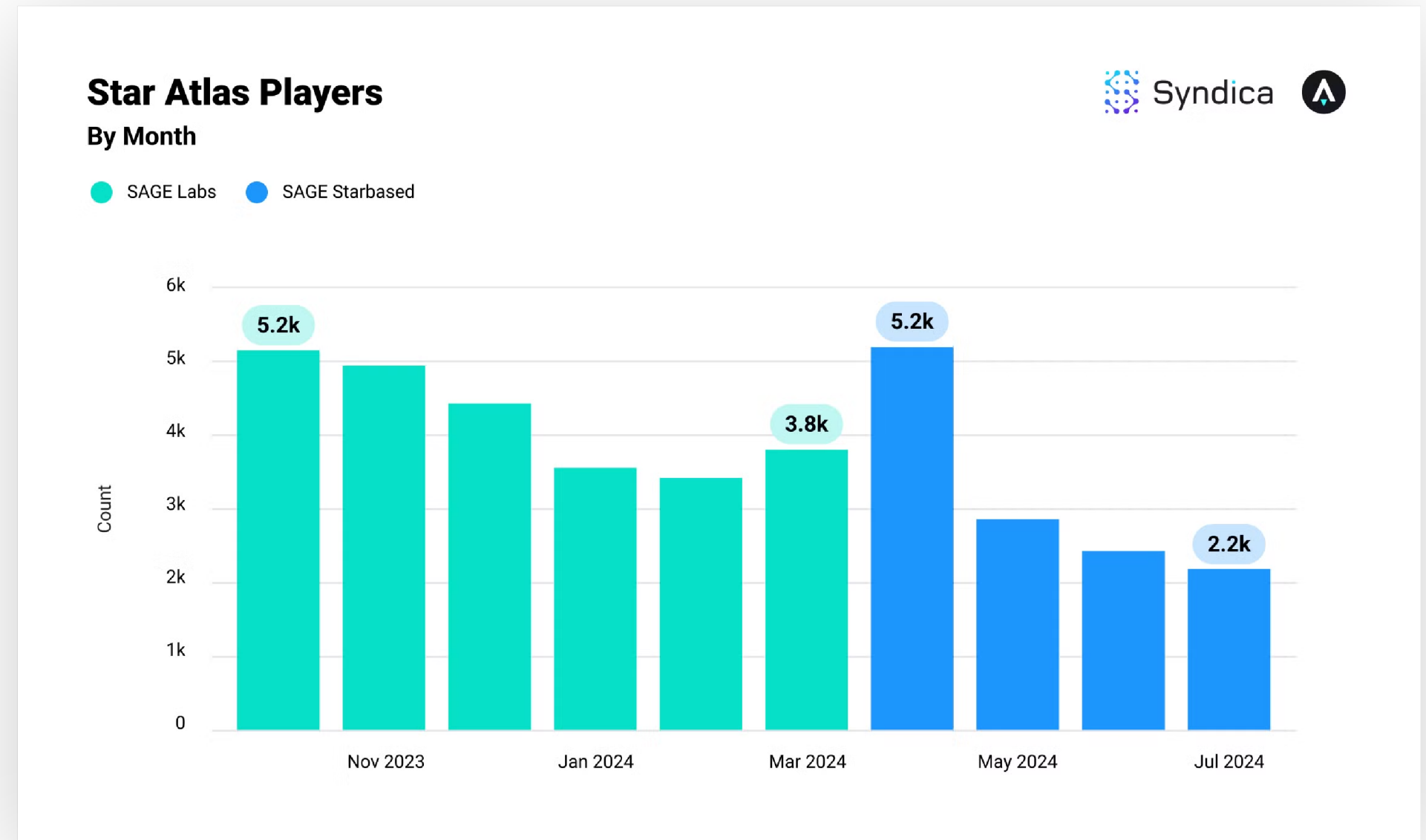


The SAGE Starbased launch was unable to reverse Star Atlas' decline in active players.

SAGE (Star Atlas: Golden Age) is a mini-game of Star Atlas designed to engage the community while the main game continues to develop.

Note: Star Atlas transitioned from legacy SAGE Labs to the new SAGE Starbased on April 2nd 2024.

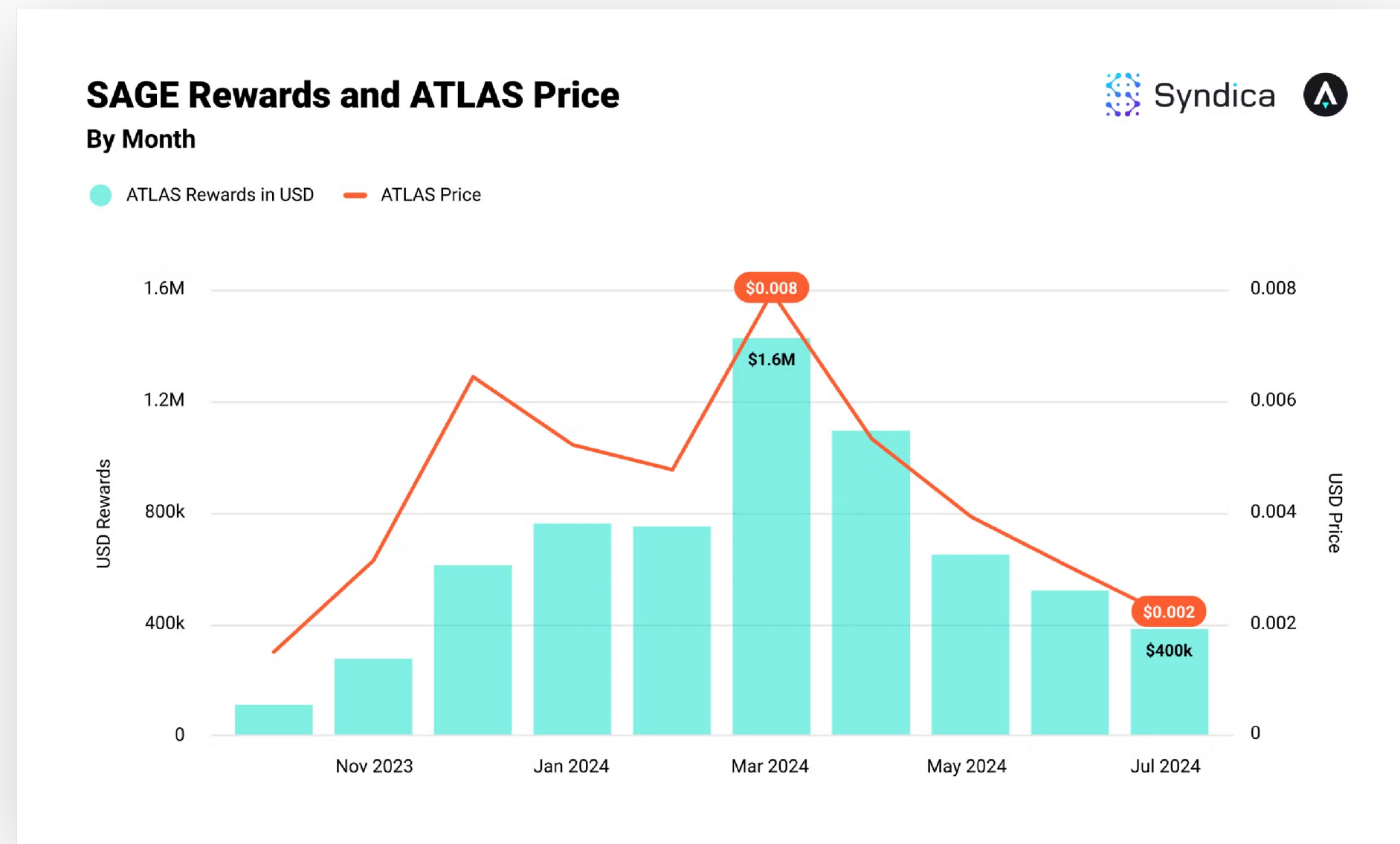
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Star Atlas has seen a decline in SAGE rewards since March 2024.

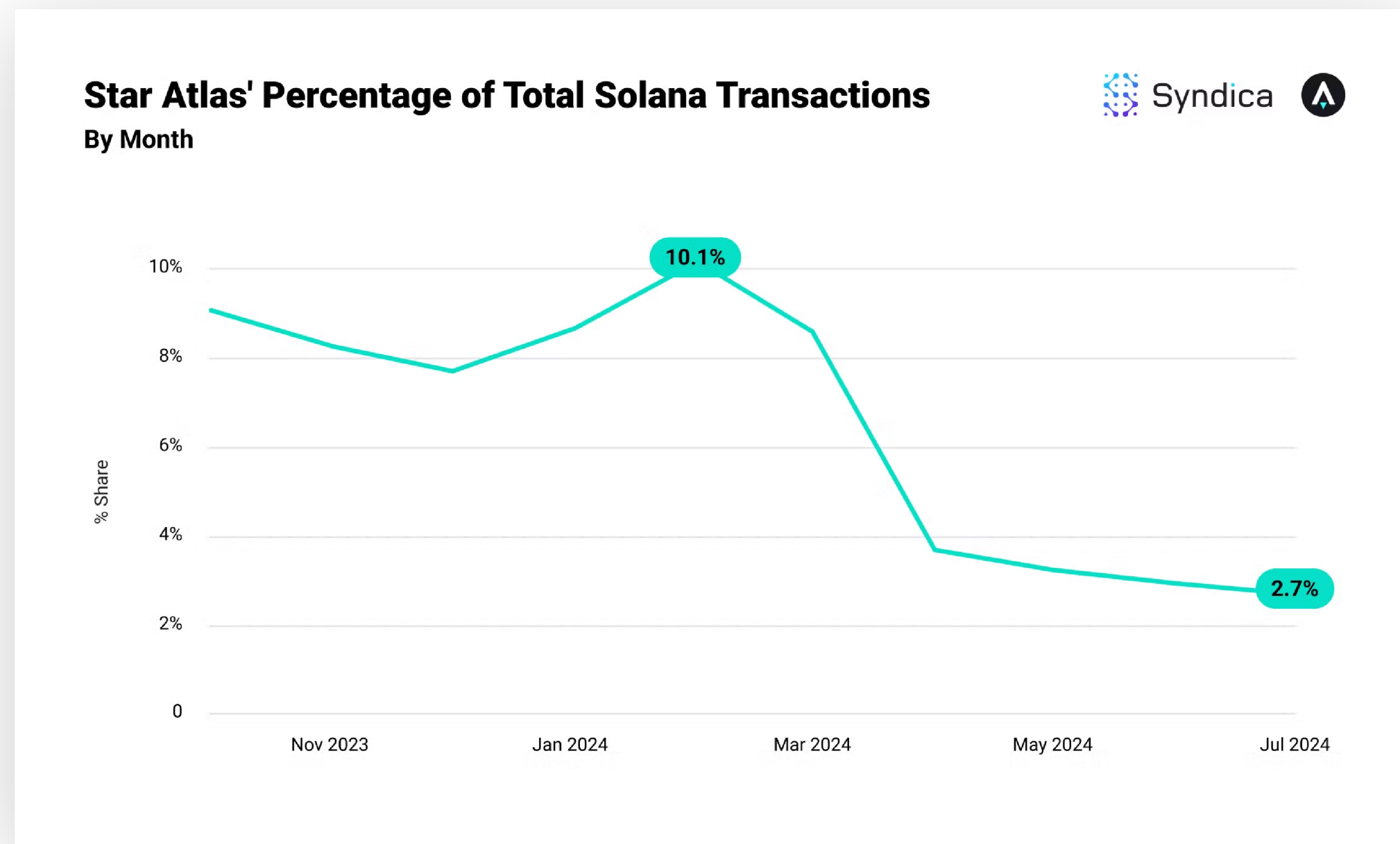
Players earn ATLAS as rewards, and the price drop has led to lower returns.

This reduction in potential earnings, alongside Solana's transaction fees, has particularly affected smaller players, diminishing their net returns from the game.



Despite a decline in player count, Star Atlas still accounts for nearly 3% of Solana's transactions.

With the game fully integrated on-chain, every in-game action, from gameplay to governance participation, is recorded on Solana.



Note: Solana transactions in this analysis are limited to non-vote transaction.



Part III

Photo Finish Live

The World's Most Realistic Virtual Horse Racing Game

Built on Solana, Photo Finish Live offers an authentic and immersive experience where players can own, race, breed, and trade digital race horses.

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Photo Finish Live's monthly players have grown 43x since its launch month.

The game's vibrant social media pages and community have driven significant growth in its player base.

Note: Players are defined as wallets that deposit and withdraw USDC from Photo Finish Live.

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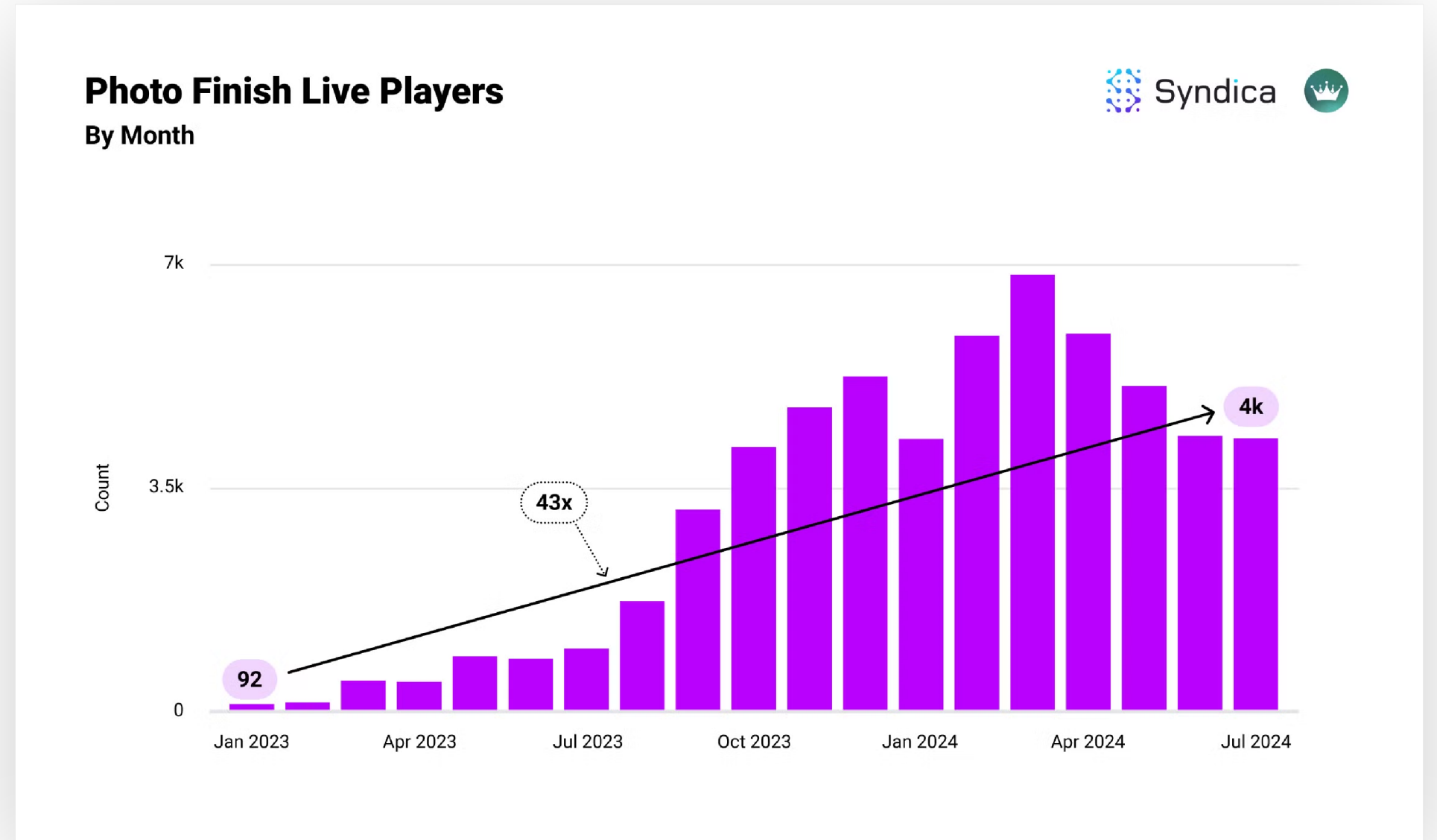


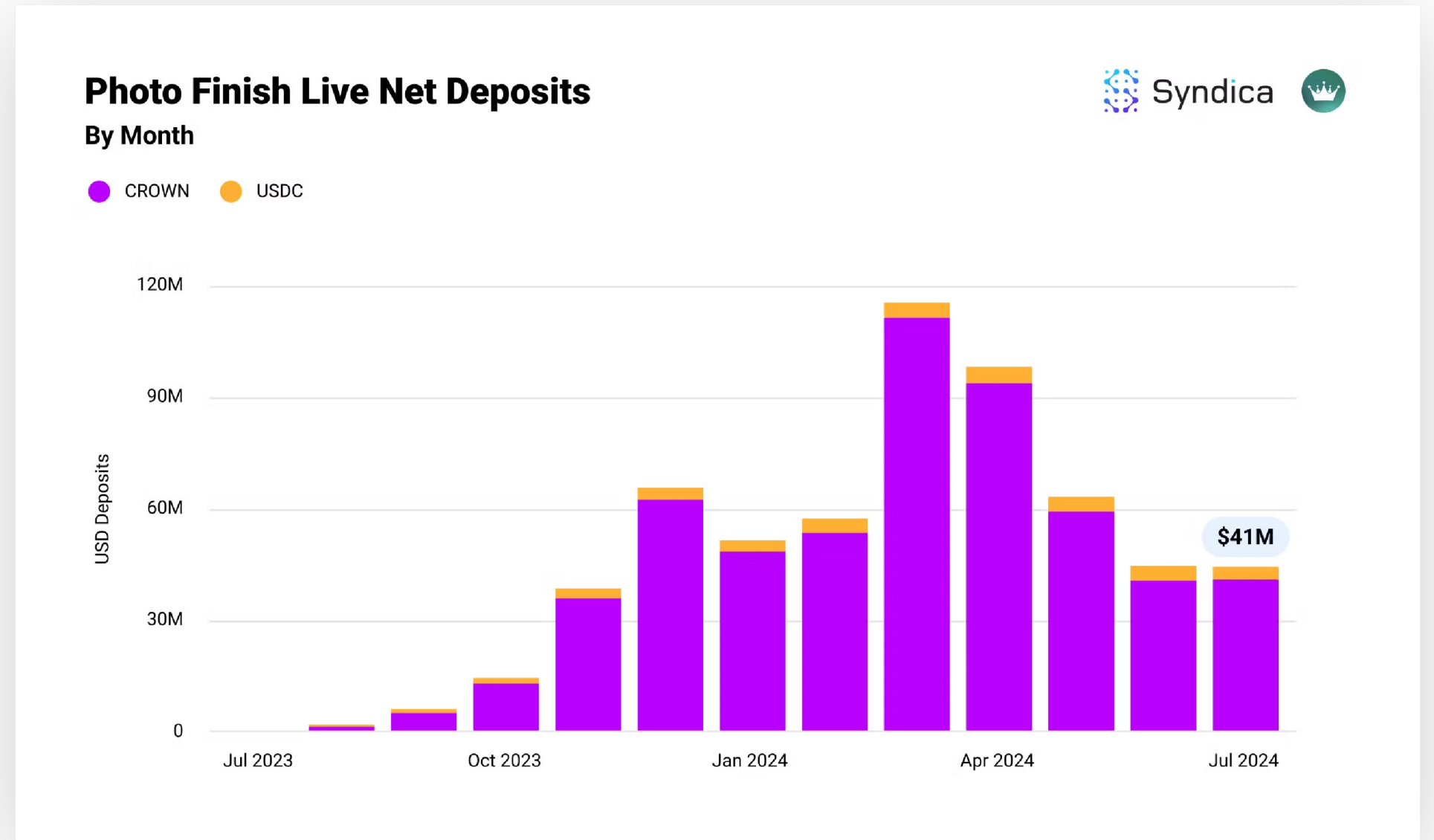


Photo Finish Live deposits have stabilized in the \$40M range.

USDC and CROWN deposits serve different purposes.

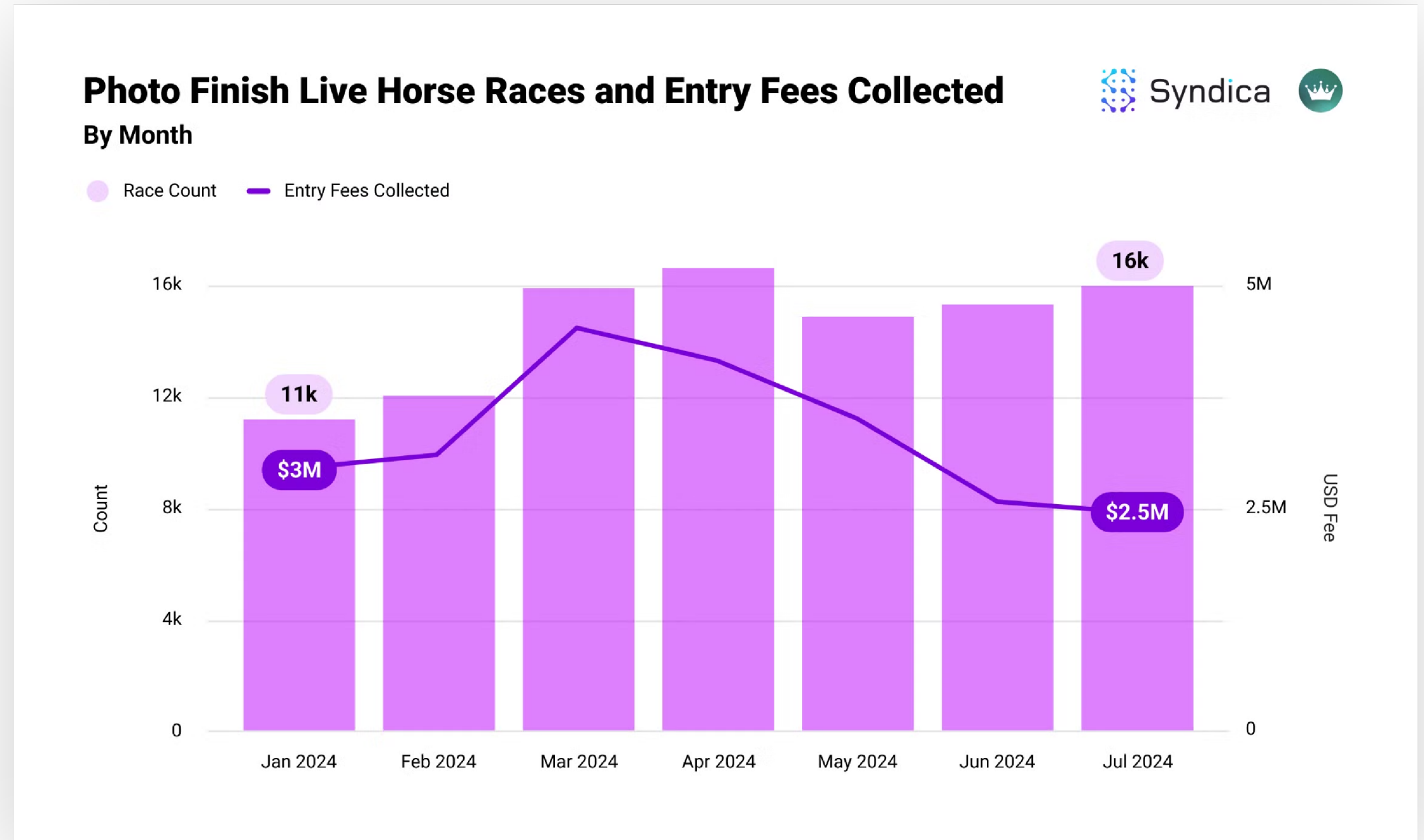
 **USDC deposits** convert to DERBY for paying entry fees, buying, and breeding horses.

 **CROWN deposits** let users stake CROWN on race tracks, earning 20% of the track's entry fees.



Despite more Photo Finish Live horse races YTD, collected entry fees decreased in Q2.

This suggests that races are not reaching full capacity.



Note: Data provided by Third Time Entertainment.



Part IV

The Backwoods

The Solana Gaming x NFT Latest Hit

This survival game allows players to take on the roles of heroes that can be powered up by owning a NFT.

To win, heroes must navigate through 30 waves of monsters.

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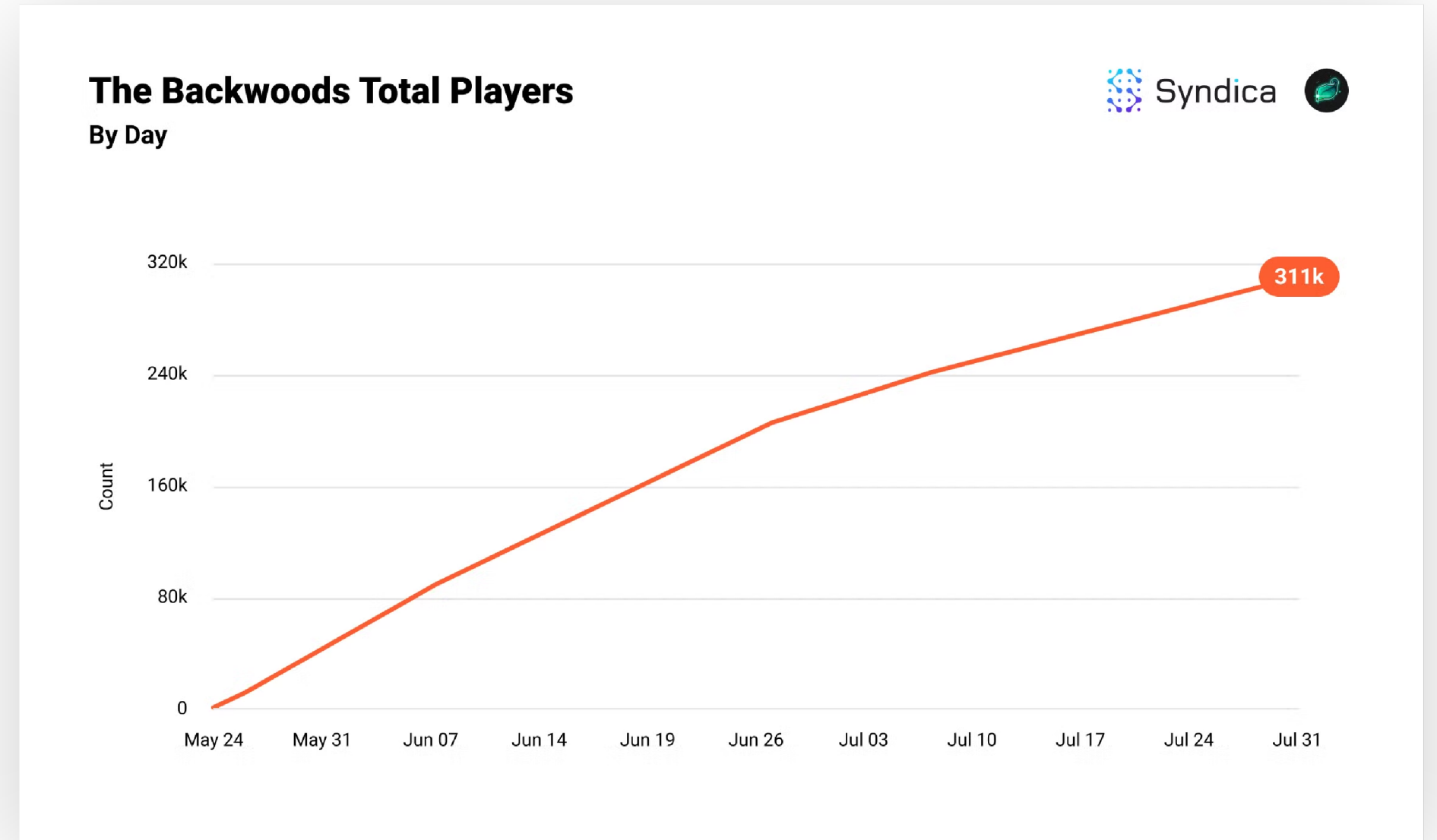


The Backwoods has attracted 311k+ players just 2 months into its Open Alpha.

To ensure a high-quality player base, users are required to connect their Discord and Twitter accounts.

Note: Since gameplay is off-chain, player count is obtained from The Backwoods.

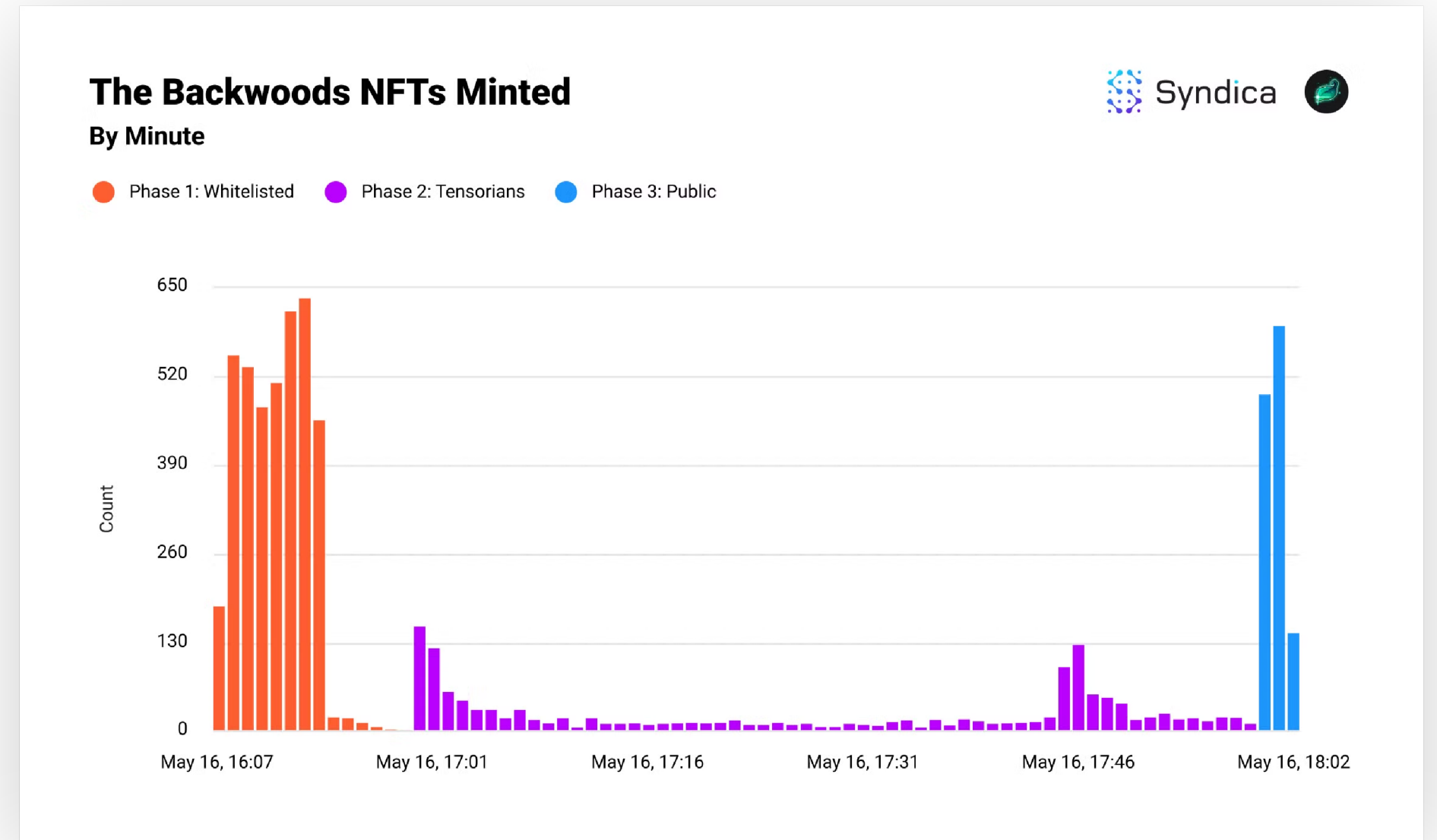
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The Backwoods NFTs sold out within hours on May 16th.

As one of the top Solana collections, all 6,666 NFTs were fully minted by the third hour on Tensor.

The minting process was in three phases: Whitelisted Genesis Users, Tensorians NFT holders, and the General Public.



Spirit Race NFTs are the most coveted and command the highest prices.

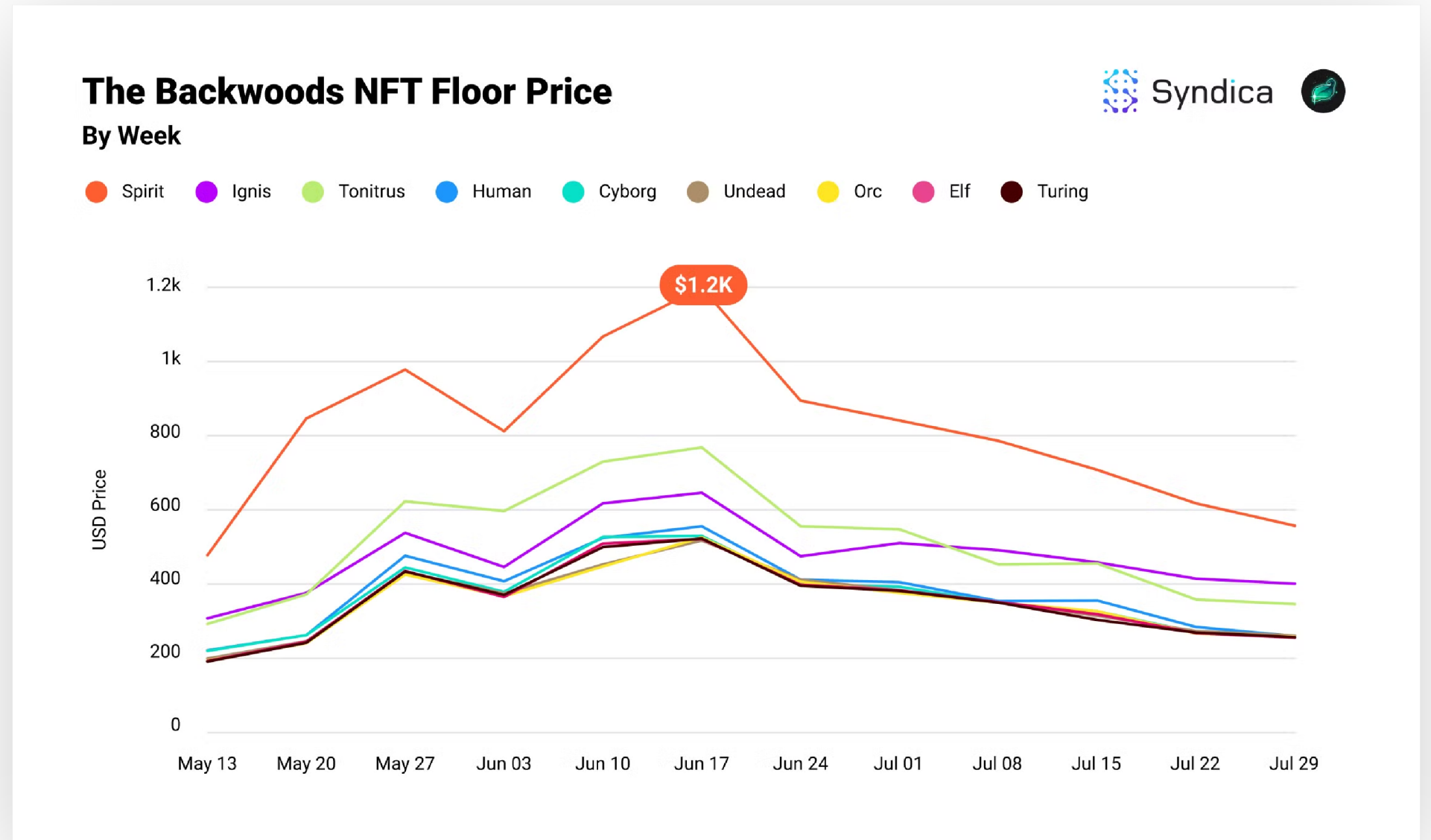
Backwoods NFTs feature nine unique hero races, each offering exclusive in-game abilities.

In mid-June, Spirit NFTs hit a floor price of **\$1.2k** due to their rarity and unmatched in-game superpowers.



Note: The most expensive Backwoods NFT, belonging to the Spirit race, sold for 17.04 SOL (or \$2.3k).

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Part V

Projects to Watch & Notable Developments

// July 2024

Projects to Watch



MagicBlock

Build Unstoppable Games

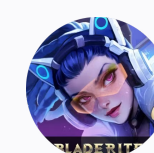
High-performance engine that empowers Solana developers to build persistent and composable fully on-chain games



Nyan Heroes

Battle-Ready Cats in Mechs

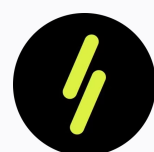
A fast-paced shooter experience with cats piloting mechs, navigating through competitive battlegrounds with a variety of weapons



Bladerite

World's First Web3 Melee Battle Royale Game

A battle royale game where players master swords, knives, and bows to be the last one standing



Colony

AI-Driven Game by Parallel Studios

A survival simulation game where players engage with autonomous agents that independently evolve and make decisions



LOWLIFE FORMS™

Epic Crime Meets Sci-Fi RPG Shooter

A Web3 shooter game designed to be evolvable and modular, changing over time with new episodes, game modes and animations

Notable July Developments

Fleet Command

Star Atlas' anticipated 3D SAGE update, Fleet Command, is now available for private access.

Players can now fly high-fidelity ships, participate in time trials, and practice third-person shooting against bots.

STEPN GO

FindSatoshi Lab (FSL), the creator of the original STEPAN app, is launching a new game.

Currently in alpha testing, this game builds on the foundation of the original STEPAN, adding new features and enhancements.