



DIGITAL
ASSETS
OASIS

Comprehensive report on Web3 gaming revolution:

INSIGHTS, INNOVATIONS & INVESTMENTS

Prepared in collaboration with



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I INTRODUCTION TO WEB3 GAMING

In this fast-evolving landscape of digital economics, the emergence of Web3 gaming substantiates the revolutionary power of decentralized technologies. This report goes deeper into the intricate aspects of Web3 gaming, exploring its origins, milestones, key statistics, challenges, and the compelling potential that has drawn in developers, gamers, and institutional as well as retail investors.

Web3 gaming represents a paradigm shift in the gaming industry, where decentralized technologies, primarily blockchain, seamlessly integrate with virtual experiences. Web3 gaming seamlessly leverages the core blockchain principles of transparency, immutability, and decentralized control. The hallmark of Web3 gaming lies in the incorporation of non-fungible tokens (NFTs) and smart contracts, fundamentally altering the dynamics of ownership and monetization within virtual ecosystems.

The Emergence of Web3 Gaming

The origination of Web3 Gaming can be traced back to the invention of blockchain technology and Bitcoin forging a new path for decentralized payments. However, it was the introduction of Ethereum and its smart contract capabilities that played a catalyst in integrating blockchain and gaming. The creation and popularity of blockchain-based assets (such as NFTs), Play-To-Earn, and GameFi models further propelled the Web3 Gaming Industry and set it on its course to widespread adoption.

Even though the developments so far have been promising, certain challenges accompany this innovation. Scalability concerns, user onboarding friction, the environmental impact of running blockchains, interoperability, regulatory uncertainties, need for robust cybersecurity are some of the prominent obstacles faced by not only the Web3 Gaming sector but also by the entire Web3 ecosystem.

Despite these challenges, the potential of Web3 gaming shines brightly. The Play-To-Earn model, empowered by blockchain, promises unprecedented economic agency to players. NFTs redefine digital ownership, creating verifiable scarcity and value in virtual assets. Moreover, the decentralized nature of Web3 gaming fosters community-driven development, curtailing the influence of centralized entities.

II WEB2 (TRADITIONAL) GAMING IN NUMBERS

Exploring the gaming industry reveals a fascinating journey, from its roots in traditional platforms like PC and mobile to becoming a global multibillion-dollar phenomenon. Technological advancements, particularly in connectivity and engagement, have played a pivotal role in shaping this landscape.

Following the surge in gaming during the pandemic, player engagement declined in 2022 as normalcy resumed. Ongoing supply chain disruptions, leading to delayed launches and hardware shortages, further impacted the industry. **In 2023, the gaming sector underwent a reset.** Key contributors to the positive momentum entering 2024 include eagerly awaited game launches, advancements in mobile gaming, a revival in in-app purchases, and progress in cloud gaming.

A report by Newzoo highlights the uptick in anticipated numbers for the end of this year while also projecting some solid figures till the year 2026:

- **The global player base is projected to reach 3.4 billion in 2023**, resulting in a 6.3% annual increase, with mobile gaming driving the majority of this growth. As gaming becomes more mainstream and younger demographics mature, player numbers are expected to rise across the spectrum.
- **Paying players are forecasted to grow by 7.3% reaching 1.5 billion in 2023**, with a continued upward trajectory, reaching 1.66 billion players by the end of 2026, deriving a Compounded Annual Growth Rate (CAGR) of **4.7% from 2021 to 2026.**
- **Global games market is expected to generate revenues of \$184.0 billion in 2023**, showcasing a 0.6% year-on-year growth.
- Although mobile gaming contributes the largest share of revenues, a challenging privacy landscape is predicted to somewhat constrain growth until 2026.
- In 2023, PC is poised for significant revenue growth at 3.9% year-on-year, rebounding from a lackluster 2022 release schedule.
- Despite recent pandemic-induced fluctuations, the gaming industry is steadying, with **global revenues projected to reach \$205.7 billion annually by 2026.** This period will witness the full impact of the current console generation, augmented by a successor to the Nintendo Switch, and mobile developers adapting to the evolving privacy landscape.

III WEB2 TO WEB3 INTERSECTION

In the ever-evolving gaming industry, the blend of Web2 and Web3 technologies marks a crucial turning point, introducing an era of innovation and increased user control. The merging of Web2 and Web3 represents a significant step in the Internet's evolution, emphasizing progress rather than a scary complete overhaul. In general, moving from Web2 to Web3 is not just a technical upgrade but an imperative shift challenging the traditional norms of centralized authority and ownership. While Web2 platforms like Facebook and Twitter pioneered user-generated content, control over digital assets remained centralized and created several privacy-related issues.

In the Web3 era, driven by decentralized technologies like blockchain and NFTs, there's a drastic transformation in ownership status. Users now enjoy true ownership of virtual assets, in-game currencies, achievements, and items. This shift not only empowers users but also fosters a more equitable and user-centric internet experience.

Transformative Dynamics In The Gaming Sector

Zooming into the gaming sector, the integration of Web2 and Web3 principles becomes crucial. The gaming industry stands on the verge of a transformative journey. Game development models, traditionally centralized, need to adjust to the decentralized nature of Web3. Storing virtual goods and in-game currencies on-chain brings a new aspect, changing how in-game achievements and item ownership work.

As the gaming community looks ahead, the synergy between Web2 and Web3 in the gaming industry becomes pivotal for success. Games that smoothly blend the strengths of both realms are set to reshape user experiences, providing more than just entertainment but rather a feeling of real ownership and empowerment. Striving for a more user-centric and equitable gaming landscape, the collaboration between Web2 and Web3 becomes not only a choice but a strategic necessity.

The gaming industry, leading the way in technological advancement, illustrates the transformative possibilities of Web3, where prioritizing user empowerment is key.

Web 2.5: Bridging the Gap Between Web2 and Web3

Web2.5 gaming plays an important role in attracting a wider audience, specifically targeting "normie" gamers who may find the leap to Web3 intimidating. The focus of Web2.5 games, including notable examples like Deadrop, Illuvium, and The Fabled, is to recreate the familiar gaming experience that Web2 users appreciate, all while seamlessly integrating crypto elements such as NFTs. These games serve as a gateway, introducing traditional gamers to the benefits of blockchain technology without overwhelming them. Here is a quick comparative overview of Web2, Web 2.5 and Web3.

| Aspect | Web2 | Web2.5 | Web3 |
|-------------------------|--|--|---|
| Ownership | Centralized ownership by game developers & publishers. | Transitional ownership, players have limited rights. | Decentralized ownership via blockchain, NFTs. |
| Monetization | Ads, in-app purchases, controlled by developers. | Hybrid models, incorporating traditional and new. | Cryptocurrency, NFTs, player-driven economies. |
| Data Control | Centralized control by game developers. | More user control over personal data. | User-owned data, decentralized storage and control. |
| Interoperability | Limited interoperability between games. | Improved interoperability, some data sharing. | Seamless interoperability, open standards, cross-games. |

| | | | |
|-------------------------|--|--|---|
| Innovation | Incremental improvements in game features. | Some decentralization in-game mechanics. | Radical decentralization, user-driven innovation. |
| Community Impact | Controlled by companies, limited user input. | More community involvement in development. | User-driven ecosystems, community governance. |
| Gaming Assets | Centralized assets, no true ownership. | NFT, Tokenization of some in-game items. | NFTs, true ownership, unique digital assets. |
| UX & UI | Standard interfaces and experiences across Mobile, PC and Console. | Evolving interfaces for better user experience using VR, AR, and AI along with Mobile, PC and Console. | Enhanced user experiences through VR, AR, and AI along with Mobile, PC and Console. |

By blending the accessibility and engaging gameplay of Web2 with the novel features of Web3, Web2.5 acts as a comfortable intermediary, allowing gamers to gradually embrace decentralized concepts like true asset ownership and token-based rewards.

In Web2.5, the blockchain primarily facilitates external transactions, and the internal data resides off-chain, this approach not only caters to a larger user base but also facilitates a smoother transition for existing Web2 projects seeking to explore the untapped potential of the decentralized future. However, the current trend in gaming indicates a shift, with a growing number of Web2.5 games transitioning to Web3, where both external transactions and internal data find a home on the blockchain.

How Web2 Gaming Giants Are Embracing The Evolution Of Web3

The gaming industry is currently undergoing a significant transformation, with about 72.5% of leading gaming companies actively incorporating Web3 technologies. This transition not only introduces a novel platform for their creations but also grants players enhanced control and ownership of their gaming experiences.

Several prominent gaming companies have emerged as champions of the Web3 evolution. Their commitment to incorporating blockchain and decentralized technologies reflects a strategic vision for the future of gaming.

| Company Name | Description | Web3 Initiative |
|----------------|--|---|
| Ubisoft | French video game publisher. Their franchises include Assassin's Creed, Far Cry, For Honor, Just Dance, Prince of Persia | Champions Tactics: Grimoria Chronicles (June 2023) Ultimate Champions football card game |

| | | |
|------------------------------------|---|---|
| Konami Holdings | A Tokyo-based entertainment and gaming company founded in 1974 | Project Zircon (September 2023) |
| Square Enix | Japanese gaming studio behind the iconic Final Fantasy franchise | Symbiogenesis (TBA) |
| Bandai Namco | Video game publisher from Japan, renowned for titles like Pac-Man and Tekken | Ryuzo (August 2023) |
| Nexon | South Korean gaming company established in 1994 | Maplestory Universe (Originally launched in the early 2000s, entering the Web3 space in 2024) |
| Krafton | South Korean Gaming company that fully merged its team into PUBG Studios | Overdare (2023 end) |
| Take-Two Initiative (Zynga) | Take-Two Initiative is based in NYC and is the owner of Rockstar Games, known for developing Grand Theft Auto Zynga are the creators of Farmville and Words With Friends | Zynga, mobile game developer and publishing label owned by Take-Two Interactive Software, is building a Web3 game based on their Sugartown IP |
| Epic Games | Renowned video game company behind Fortnite and Rocket League | Epic Games has announced its plans to introduce nearly 20 NFT games to the Epic Games Store |

The enthusiastic adoption of Web3 technologies by established Web2 players like Konami, Ubisoft and many others like them represents a positive convergence of gaming worlds. This integration promises to enhance player experiences by combining the strengths of both Web2 and Web3, fostering an innovative future for the gaming industry.

As these industry giants bridge the gap, players can anticipate a landscape where traditional excellence meets cutting-edge possibilities, creating a gaming environment that is both familiar and forward-looking.

IV WEB3 GAMING ECOSYSTEM

Evolution of Web3 Gaming: A Concise Historical Overview

The rise of Web3 technology has initiated a revolutionary phase in online gaming, surpassing traditional norms through the infusion of decentralized principles into the gaming landscape.

The origin of Web3 gaming can be traced to the integration of blockchain technology with the gaming landscape. Blockchain's decentralized and tamper-proof ledger introduced a paradigm shift, promoting transparency, security in in-game transactions, and the establishment of player-centric economies. This departure challenged the centralized control of traditional gaming platforms.

- **Tokenization and Virtual Assets:** A key moment in Web3 gaming was the introduction of tokenization. This innovation led to the creation of unique, non-fungible tokens (NFTs) representing in-game assets. Supported by blockchain, NFTs granted genuine ownership of virtual items, disrupting the traditional model of game-tied assets.
- **Era of Play-to-Earn:** Web3 gaming introduced a play-to-earn system, letting players earn cryptocurrency or valuable tokens by doing stuff in the game. This change turned players into active contributors to the virtual economy, as seen in games like Axie Infinity
- **Decentralized Autonomous Organizations (DAOs) in Gaming:** As Web3 gaming matured, DAOs became a notable part of its evolution. These empowered players to have a say in decision-making using governance tokens, challenging the traditional top-down approach in the gaming world.

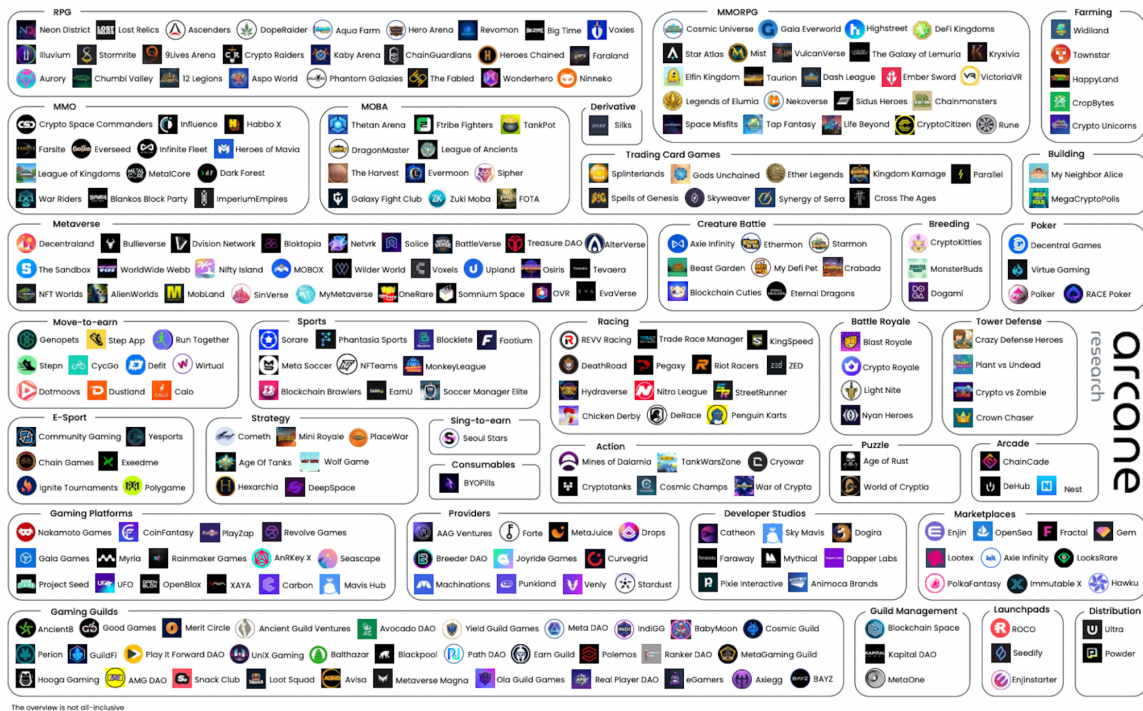
In summary, the history of Web3 gaming tells a tale of tech innovation, decentralization, and a changed relationship between players and virtual worlds. From integrating blockchain to the rise of play-to-earn economies and DAOs, Web3 gaming hasn't just revamped the gaming experience but has also created new opportunities for economic participation and community involvement. Looking ahead, it's clear that the blend of blockchain and gaming will keep shaping the future of digital interactive experiences

The Growth of Web3 Gaming

Recently, the gaming industry has seen a significant change due to the rise of Web3 gaming, a new and innovative way of approaching games. Web3 is changing the way we own things in games, empowering players economically and making games more connected, creative, and inclusive. It's like a guiding light towards a future where gaming goes beyond limits and opens up new possibilities. As the gaming industry keeps evolving, Web3 is expected to make a lasting impact on how we play, create, and enjoy games.

The industry map of blockchain gaming shows a visual representation of the growth of the ecosystem. There are now countless Web3.0 gaming projects out there that are bringing value to players by paying them for time spent on games.

Industry Map of Blockchain Gaming



Source: Arcane Research

To ensure the long-term growth of this space, it's evident that it's not just the games experiencing expansion, infrastructure and service projects, such as developer studios, gaming guilds, and providers, are also growing significantly. This broader growth provides a robust foundation for the continued development of Web3 gaming.

Blockchain gaming has become one of the leading ways for gamers to make money while they indulge in some of their favorite games. As is expected, this accelerated interest has come with money from big investors as we will see in the later sections of this report.

Factors that are drawing the growth of Web3 Gaming

Understanding the advantages of Web3 gaming is crucial to grasp why the gaming landscape is transitioning towards it. The objective of Web3 is to establish a decentralized, open, and user-friendly internet. This revamped web is significantly reshaping the gaming industry and the overall market.

In this new gaming era, players now have the opportunity to earn money while playing. They can use their own money to purchase premium assets and then sell these items to other players, both within and outside the Web3 environment. Alongside this, there are several other appealing benefits of Web3 gaming. *Let's explore the Top Advantages:*

- **Ownership Emphasis:** Blockchain technology has revolutionized gaming by prioritizing ownership. Assets are linked to players, ensuring clear transactions and safeguarding investments. Unlike previous models, players retain ownership even after selling, promoting fairness and preventing misuse.
- **Earning While Playing:** Web3 enables players to earn real money while playing. In-game items purchased with real currency become player-owned, tradable both within and outside the game. This innovative approach disrupts the traditional in-app purchase system, providing economic empowerment to players.
- **Seamless Interoperability:** Web3's interoperability, facilitated by NFTs, facilitates smooth asset transfer across games. Players can effortlessly switch between digital assets, creating a seamless and connected gaming experience.
- **Freedom for Modification:** Blockchain's open-source nature empowers players to freely modify games. This departure from Web2.0's restrictions encourages creativity and personalization, enhancing the overall gaming experience.
- **Democratization of Gaming:** Decentralization in Web3 challenges major studios, offering independent developers opportunities. This democratization of the gaming industry fosters innovation, providing equal chances for independent game makers.
- **Diverse Gaming Experiences:** Web3 gaming extends its reach to underserved nations, creating economic opportunities. The inclusive nature of Web3 encourages diverse participation, resulting in a variety of gaming experiences.
- **Early Influencers' Advantage:** Early adopters of Web3 in gaming gain a significant edge, shaping the future landscape. Pioneers have a lasting impact, leaving a legacy in the evolving technological scene.

Gaming Guilds: Key Elements of Web3 Gaming

A gaming guild is a community initiative where players come together to share knowledge and have access to resources they otherwise would not have access to. Gaming guilds exist in traditional Web2 games as well, however, the Web3 Game Guilds are reaching new commercial heights.

A Few Key Factors About Web3 Gaming Guilds

- Varied goals drive crypto gaming guilds, from **accumulating wealth to fostering vibrant communities and impactful projects.**
- **Guilds tend to invest in NFTs and other resources,** placing early bets on emerging games and availing these assets to the guild's community as scholarships or at discounts.

Crypto guilds **prioritize play-to-earn efficiency,** offering asset lending to diversify gaming experiences.

- **Overall player activity is emphasized along with achievements** while measuring success.
- Beyond gaming, crypto guilds contribute to social good, **providing financial opportunities to underprivileged players** and bridging the economic gap.
- Breaking the monotony, **guilds promote diversity** by preventing players from being confined to a single game.

Axie Infinity - Where It All Began

During Covid-19 the play-to-earn moment started taking shape. **The Philippines was the first country to see an uproar of gamers playing Axie to earn serious profits.** This catapulted the prices of in-game assets to new heights. The price surge was massive creating a barrier to entry for new gamers that could not afford a way in.

This led to the creation and rise of gaming guilds. **Gaming guilds started leasing Axie in-game assets and redistributing profits**, whereby the scholars received 70%, the guilds received 10% and community managers received the balance 20%.

Top 5 Gaming Guilds

| Guild | Market Cap <i>(As of Dec 01, 2023)</i> | Discord Members | Number of Games Partnered |
|-------------------|---|-----------------|---------------------------|
| Merit Circle | \$130 million | 28k | 39 |
| Yield Guild Games | \$115 million | 79k | 44 |
| GuildFi | \$66 million | 60k | 25 |
| Good Games Guild | \$11 million | 45k | 79 |
| PathDao | \$4 million | 34k | 41 |

V DIGITAL ASSETS (NFTS) IN GAMING

The NFT Gaming Market is anticipated to reach a market size of \$410.9 billion in 2023, poised for further expansion to \$820.8 billion by 2028, experiencing a noteworthy CAGR of 14.8% during the period (2023-2028).

NFT Gaming Market Observations & Trends

- NFTs and digital assets, integral to gaming, **leverage blockchain for player ownership**, proving scarcity, interoperability, and immutability.

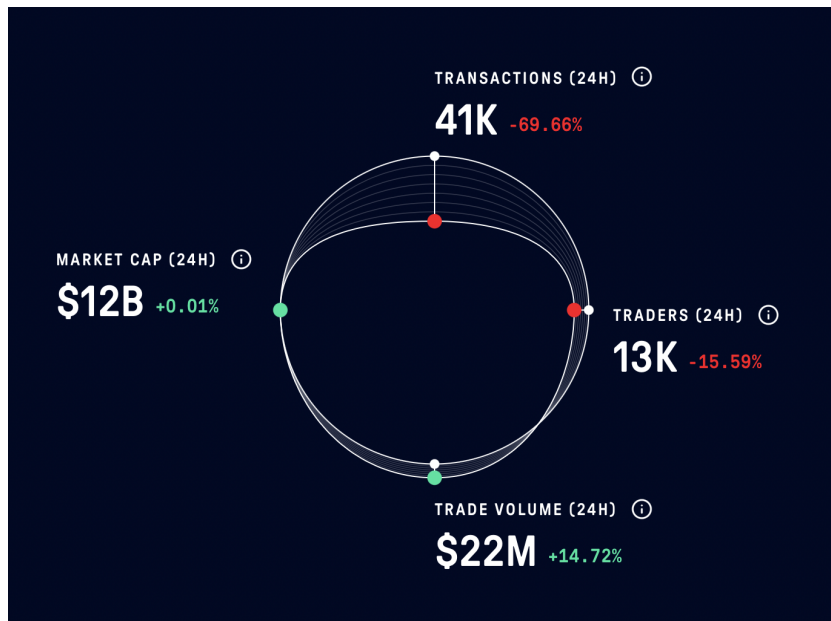
- These unique tokens offer advantages, **transforming in-game purchases into transferable assets** with cross-game benefits or tradable for cash.
- Collectible games **use rarity to boost player engagement** through randomized awards, time-limited goods, and rewards for milestones.
- Blockchain gaming involves both B2C and B2B transactions, but the emphasis on user-friendly interfaces for consumer transactions may hinder market growth.
- **The COVID-19 pandemic positively influenced the NFT gaming sector**, driven by increased online gaming demand and the appeal of blockchain-based games with innovative mechanics and monetization.
- The **fastest growing market is Asia Pacific** and the **largest market is North America**.
- The expanding concept of the "**metaverse**" **has broadened options**, with a shift towards a bottom-up approach where **games emerge within NFT ecosystems**, rather than focusing on NFT interoperability across different games.
- This is exemplified by activities like races among CryptoKitties or platform-hopping Bored Apes.

NFT Gaming Market Challenges

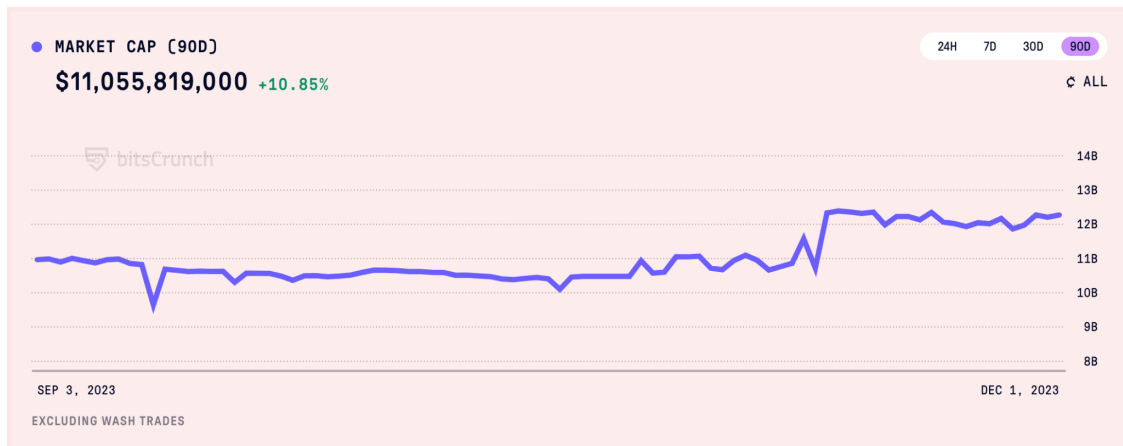
- Despite NFTs' popularity, **challenges like copyright issues, environmental impact, and security risks persist**, raising questions about mainstream acceptance.
- **Cross-platform transferability introduces challenges** for designers, requiring support for player experience and balance, as an NFT's utility for game goods can vary significantly between games.
- **Graphical interface complexities arise from the use of different design programs**, such as Unreal or Unity, with unique data formats and rendering engines that may not seamlessly cooperate.
- **Entrepreneurs are responding to the demand**, making the metaverse more accessible; for instance, MetaverseGo stated in June 2022 that they plan to release an app to simplify access to NFT-based games, addressing challenges like creating a cryptocurrency wallet.

NFT Market Key Statistics

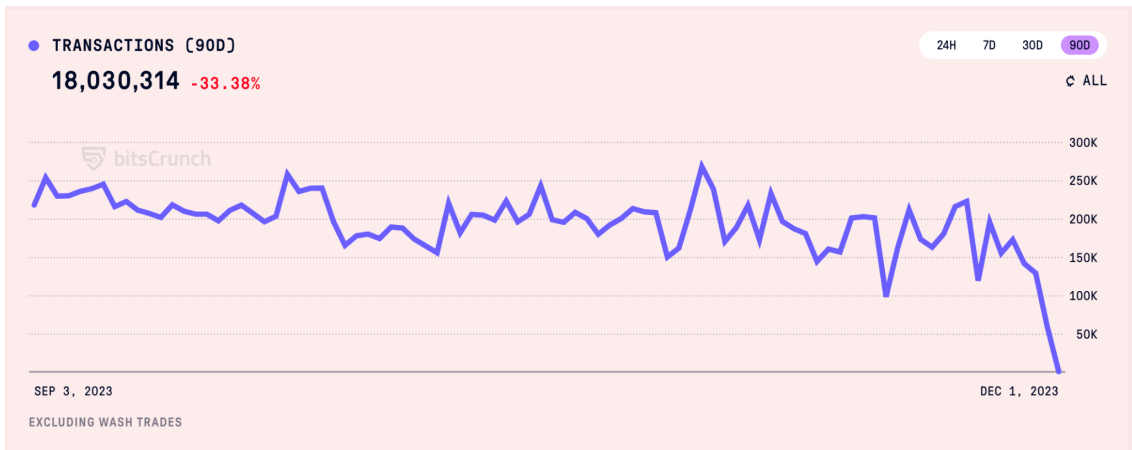
CURRENT NFT MARKET OVERVIEW (As of Dec 01, 2023)



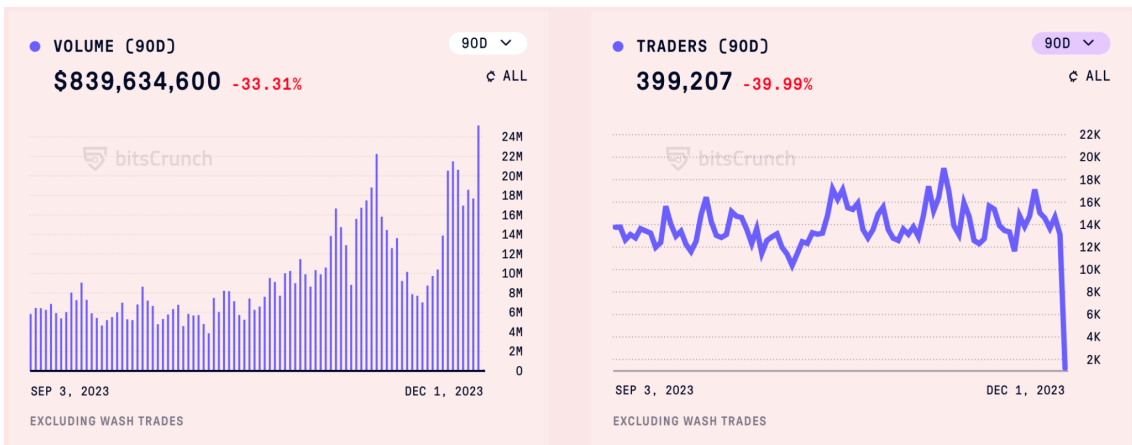
NFT MARKET CAP OVERVIEW (For a period of 90 days)



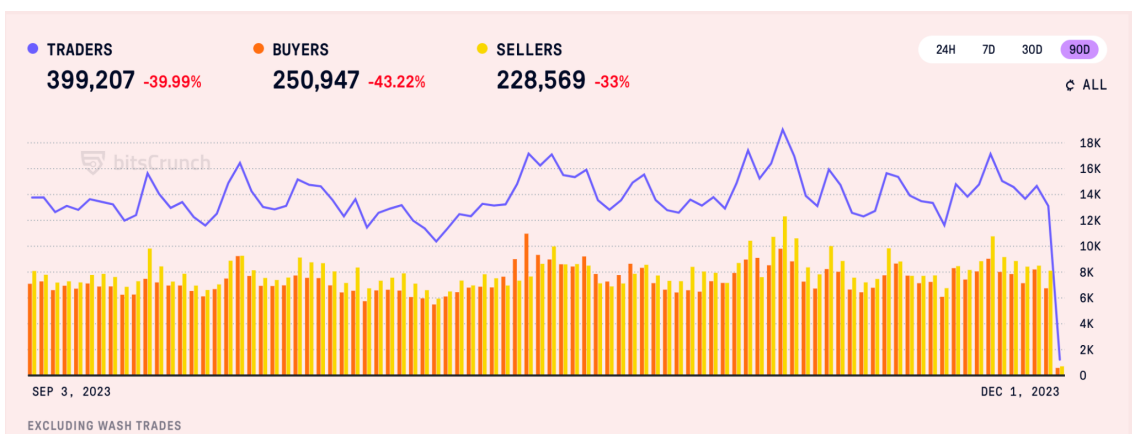
NFT MARKET TRANSACTIONS OVERVIEW (For a period of 90 days)























NFT MARKET VOLUME AND TRADERS OVERVIEW (For a period of 90 days)



NFT TRADERS, BUYERS AND SELLERS ACTIVITY (For a period of 90 days)



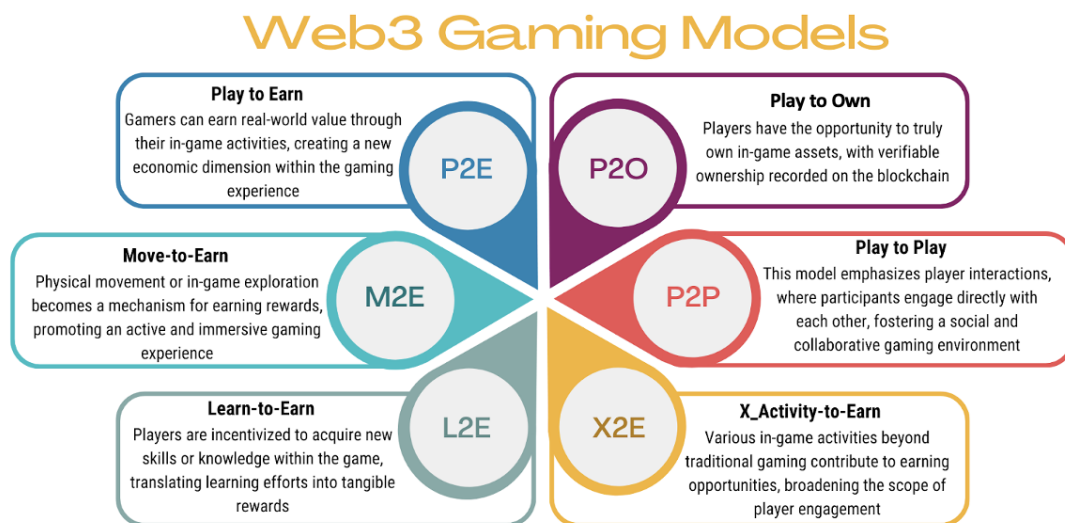
TOP NFT COLLECTIONS OF ALL TIME

| COLLECTION | TRADE VOLUME | SALES | TRADERS | AVERAGE PRICE | MARKET CAP |
|---|---|-----------|---------|---------------|--------------------|
|  BOREDAPEYACHTCLUB | \$2.67B  0% | 102,946 | 17,800 | \$99,533.77 | \$624,751,200.00 |
|  MUTANTAPEYACHTCLUB | \$1.93B  0% | 122,550 | 33,664 | \$23,553.85 | \$239,122,320.00 |
|  AZUKI | \$1.26B  0% | 59,871 | 21,684 | \$22,291.73 | \$131,353,890.00 |
|  OTHERDEED | \$925.34M  0% | 184,448 | 51,759 | \$2,501.48 | \$132,048,600.00 |
|  CRYPTOPUNKS | \$774.32M  0% | 9,466 | 5,000 | \$60,473.39 | \$1,241,537,200.00 |
|  CLONEX | \$669.99M  0% | 52,014 | 21,311 | \$8,418.19 | \$129,643,480.00 |
|  MOONBIRDS | \$597.92M  0% | 35,054 | 16,081 | \$14,829.33 | \$41,888,348.00 |
|  OPENSEA SHARED STOREFRONT | \$579.06M  0% | 2,165,902 | 597,758 | \$236.82 | \$497,389,630.00 |
|  ART BLOCKS | \$565.09M  0% | 202,528 | 54,136 | \$2,141.23 | \$371,308,300.00 |
|  DOODLES | \$509.56M  0% | 42,093 | 16,723 | \$13,145.74 | \$45,561,000.00 |

(NFT Market Key Statistics Source: [UnleashNFTs](#))

VI DYNAMICS OF WEB3 MODELS

In the domain of Web3 gaming, different models have surfaced, creating a new way for players to engage and participate economically. This section looks into these gaming models and explores the variety of Web3 games that have become crucial to the changing landscape.



Additionally, there is also one broader model (that acts as an overarching theme for other models), namely **Free to Play**. This model offers players the opportunity to engage with the core aspects of the game for free, attracting a broader player audience. Meanwhile, committed players have the option to invest in virtual items, cosmetic enhancements, or premium features. This model removes any barrier to entry, making it accessible to all players.

The collaboration among these diverse gaming models showcases the adaptability and creative energy of the Web3 gaming industry. Players have the freedom to choose gaming experiences that suit their preferences, whether it's building community connections, gaining real-world value, or enjoying the game without financial constraints. This smooth blend of models propels Web3 gaming into a phase of unmatched player engagement, where economic rewards and immersive experiences come together to redefine the gaming landscape. As the sector advances, the dynamic interaction of these models promises to foster innovation, inclusivity, and enthusiasm within the gaming community.

Trends In Web3 Gaming Models

The gaming landscape has moved beyond its usual borders, now embracing an economic model that involves cryptocurrencies, blockchain, non-fungible tokens (NFTs), and engaging storytelling.

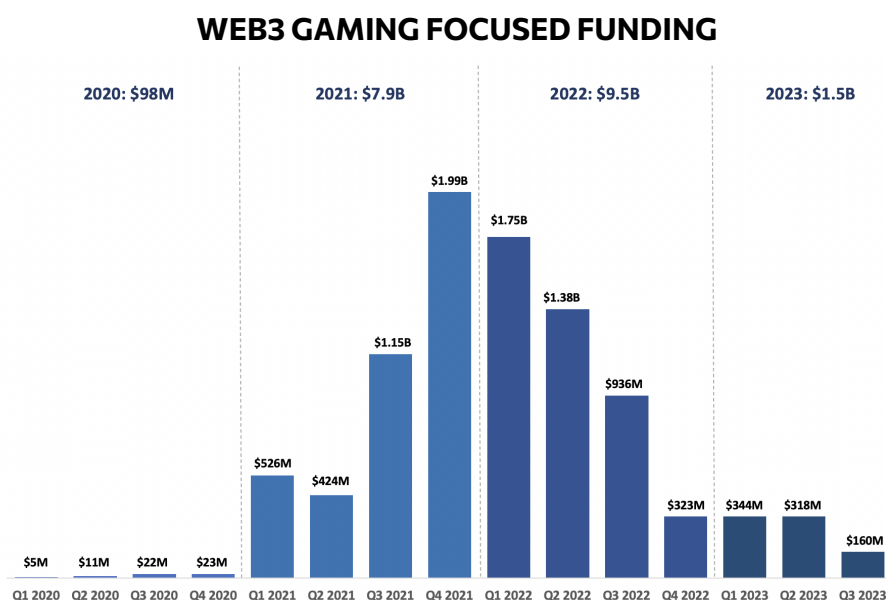
- **The core** of this new gaming economy **lies in non-fungible tokens (NFTs)**, boasting an estimated **market capitalization of \$11 billion** as of 1 December, 2023.
- Projections suggest an impressive compound annual growth rate (CAGR) of 14.8%, **envisioning the NFT industry market size reaching \$820.8 billion by 2028.**
- Blockchain gaming, celebrity influence, and the persistent demand for digital artwork contribute synergistically to this growth.
- Another notable trend within Web3 gaming is the **rise of the metaverse, drawing considerable attention from major corporations like Meta and NVIDIA.**
- Projections indicate that the global metaverse market size was valued at \$234.04 billion in 2022 & is projected to grow from \$416.02 billion in 2023 to \$3,409.29 billion by 2027.
- Addressing earlier challenges, **interoperability has become a key aspect of Web3 gaming.** Advances in blockchain interoperability, along with the rise of Layer2 chains and token bridges will allow seamless transfer of in-game items between different games.

VII FUNDING IN WEB3 GAMING

Web3 Gaming Financial Tapestry

The financial course of Web3 gaming reveals a lively scenario, characterized by significant changes and noteworthy patterns in recent times. The gaming industry experienced a considerable increase in funding in 2021, and this trend persisted into 2022. However, the momentum eased in 2023, stabilizing at levels similar to those seen in early 2021 prior to the bull run.

It's also worth emphasizing that, specifically within the Web3 gaming sector, funding for Web3 gaming content consistently surpassed that for gaming infrastructure. Allocating over \$594 million in 2023 to gaming content, in contrast to \$219 million for infrastructure.

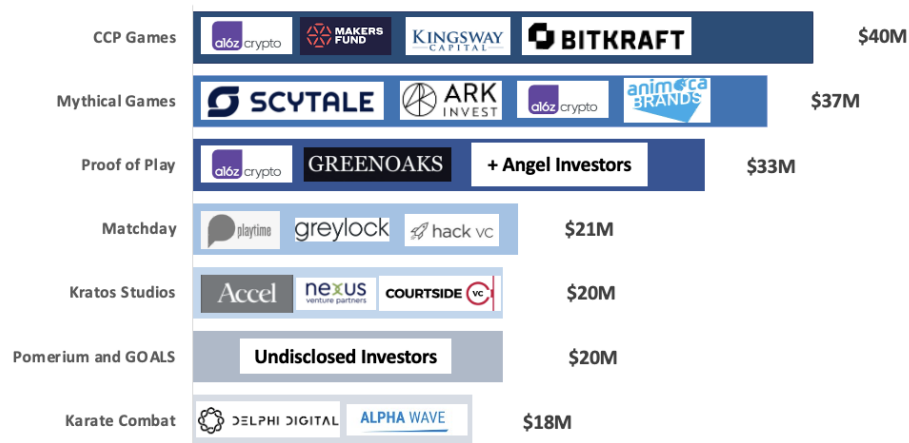


In the final stretch of Q3 2023, the Web3 gaming industry encountered hurdles leading to a notable decline in funding.

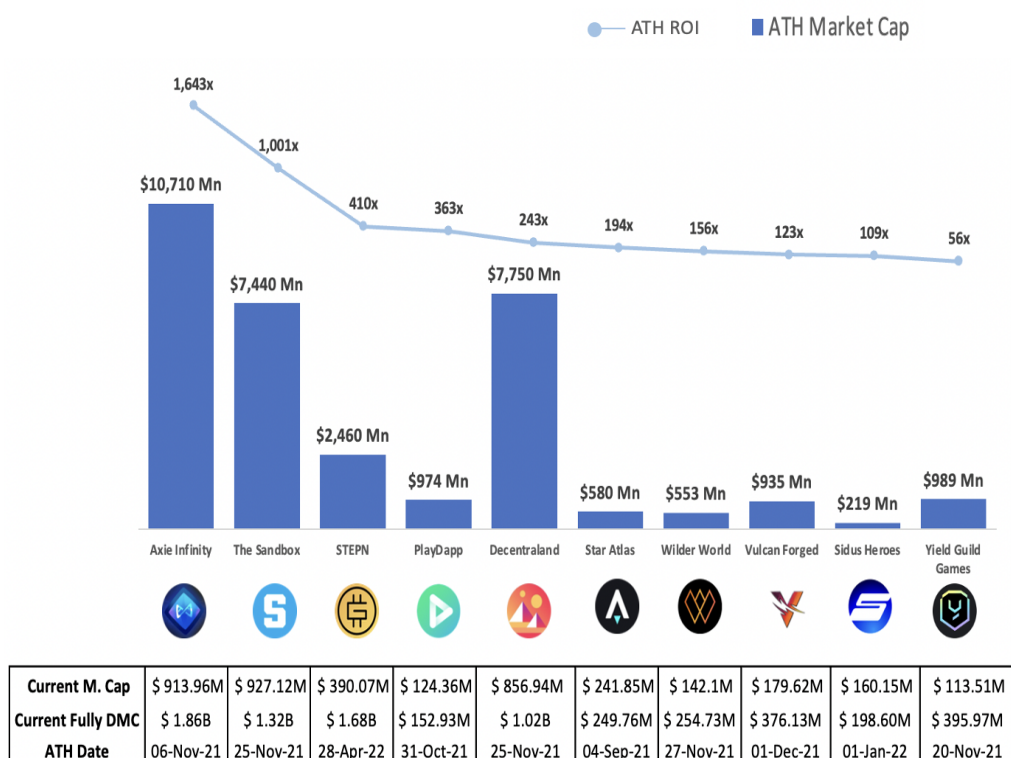
Market challenges, the looming bear market, and regulatory obstacles affecting the broader crypto market played key roles in this downturn. Notably, legal actions initiated by the SEC against major entities like Binance and Coinbase reverberated throughout the Web3 gaming landscape, impacting numerous projects. Despite the funding trajectory experiencing fluctuations, the resilience of Web3 gaming endures, with gaming projects continuing to attract substantial investments from various prominent venture capitalists.

The following highlights the largest fundraising rounds undertaken by gaming projects in the year 2023.

BIGGEST FUNDRAISE BY WEB3 GAMES IN 2023 AND KEY INVESTORS



TOP WEB3 GAMING RELATED PROJECTS WITH HIGHEST RETURNS



Please note:

Current statistics as of Dec 01, 2023

DMC (Diluted Market Cap)

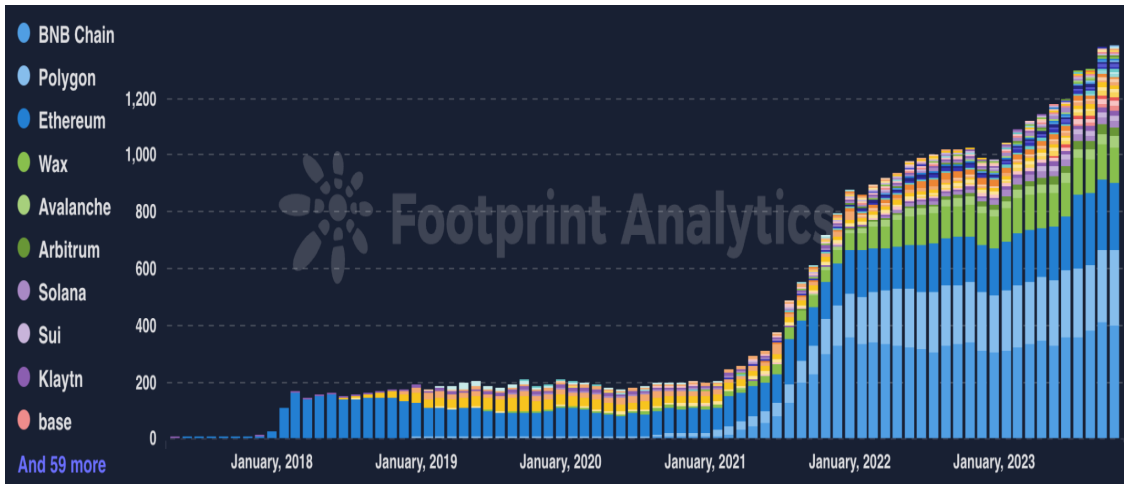
ATH (All Time High)

ROI (Return on Investment)

VIII WEB3 GAMING IN NUMBERS

This segment provides an in-depth view of Web3 in numbers, offering insights into the geographical distribution, adoption rates, and other pertinent metrics shaping the current state of the Web3 gaming industry.

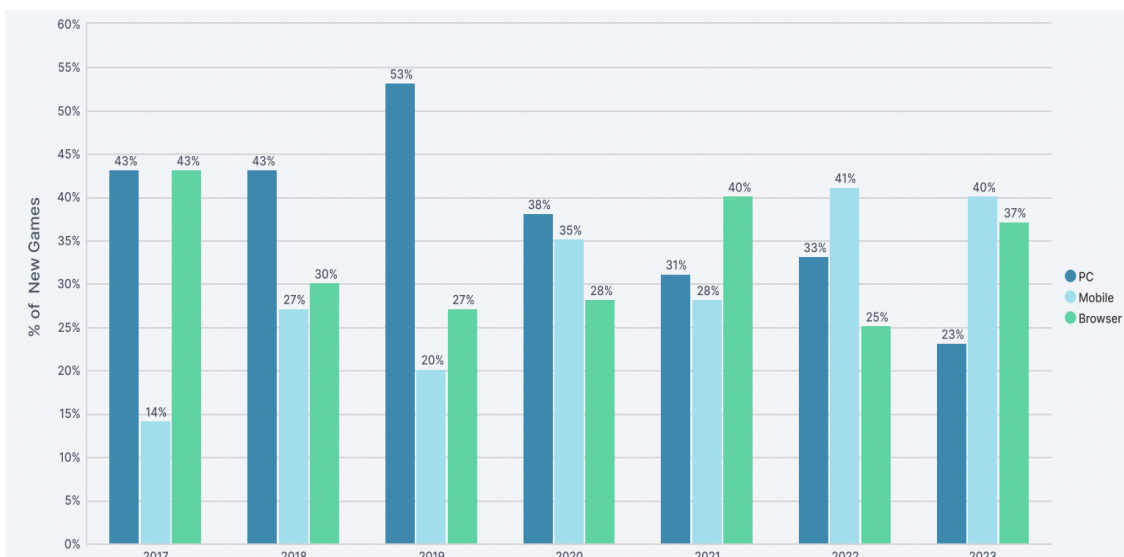
MONTHLY ACTIVE GAMES BY CHAIN



OVERVIEW STATS (As of Dec 01, 2023)

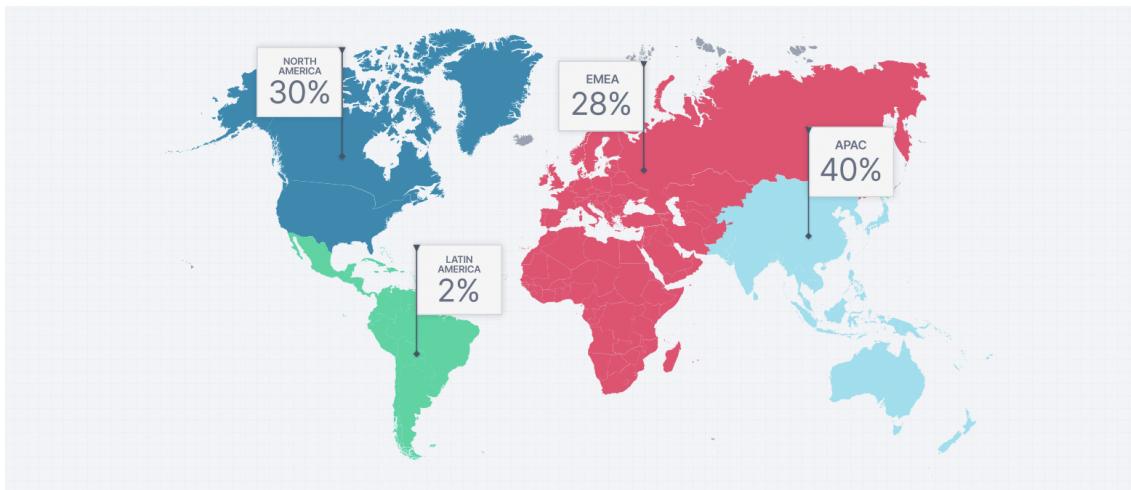
| Number of Blockchains (associated with Gaming) | Daily No. of Users | Daily Volume |
|---|--------------------|---------------|
| 57 | 1.2 million | \$9.9 million |

NEW WEB3 GAMES PER PLATFORM OVER TIME



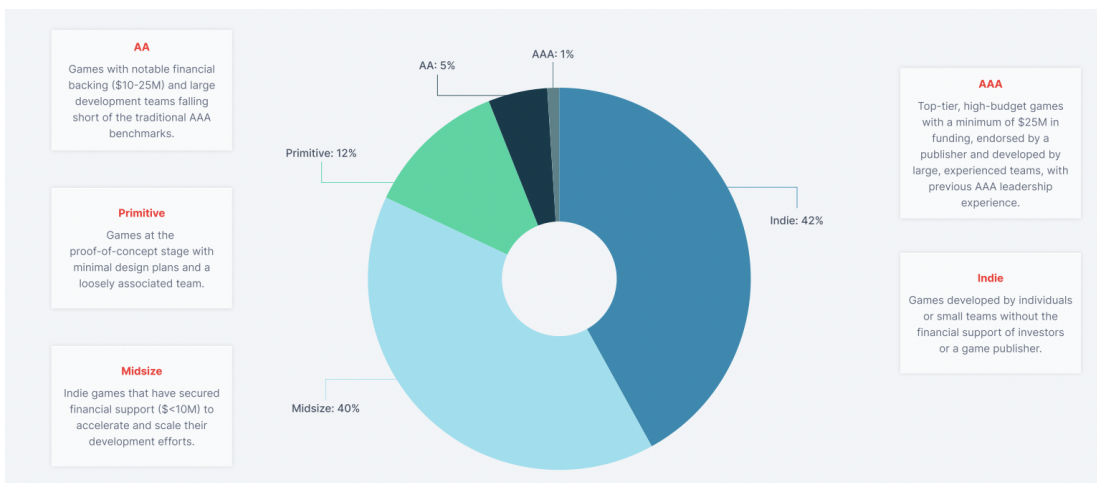
As observed the preference for gaming platforms has consistently leaned towards mobile options.

GLOBAL DISTRIBUTION OF WEB3 GAME DEVELOPERS PER REGION



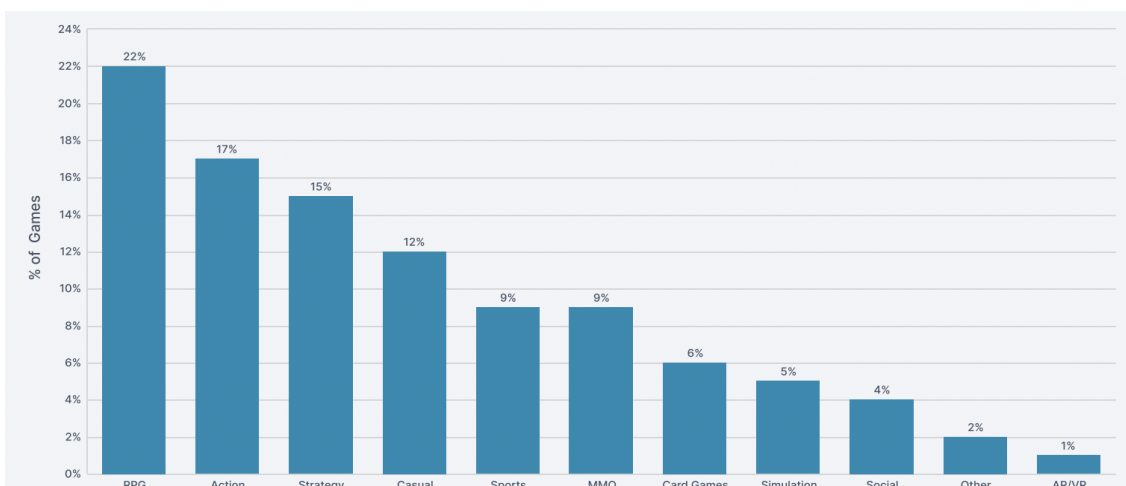
The APAC region boasts the predominant share of Web3 game development teams.

WEB3 GAMES PER PRODUCTION QUALITY LEVEL



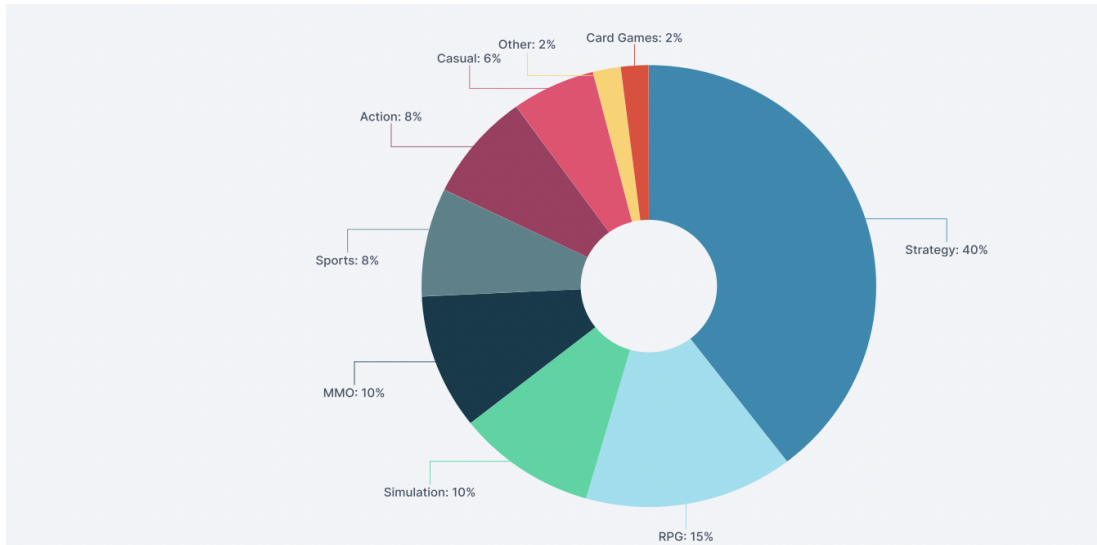
Web3 gaming primarily consists of indie-level and early-stage titles, with a limited presence of AA and AAA games so far.

WEB3 GAMES PER PRIMARY GENRE



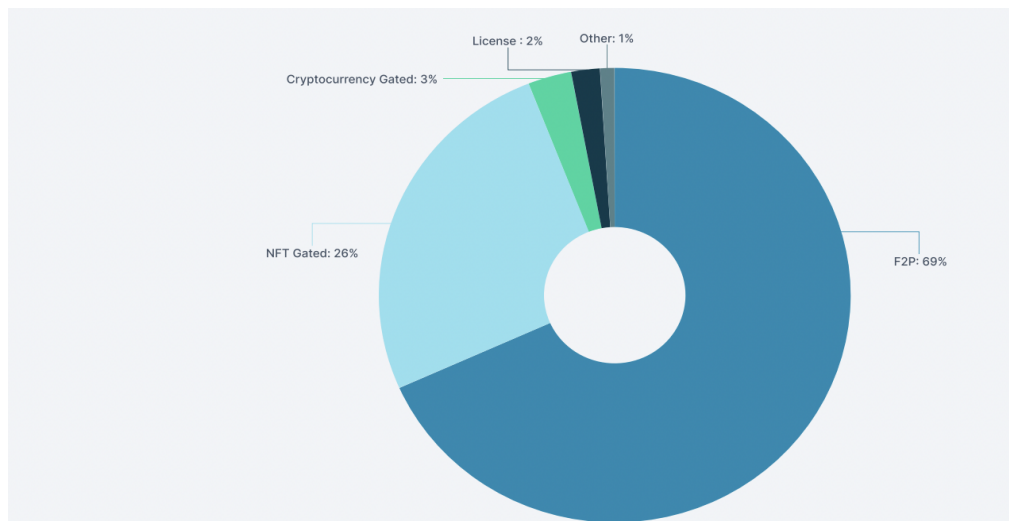
The prevalent genres in Web3 games include RPG, Action, Strategy, and Casual.

GENRE POPULARITY FOR FULLY-ON-CHAIN GAMES



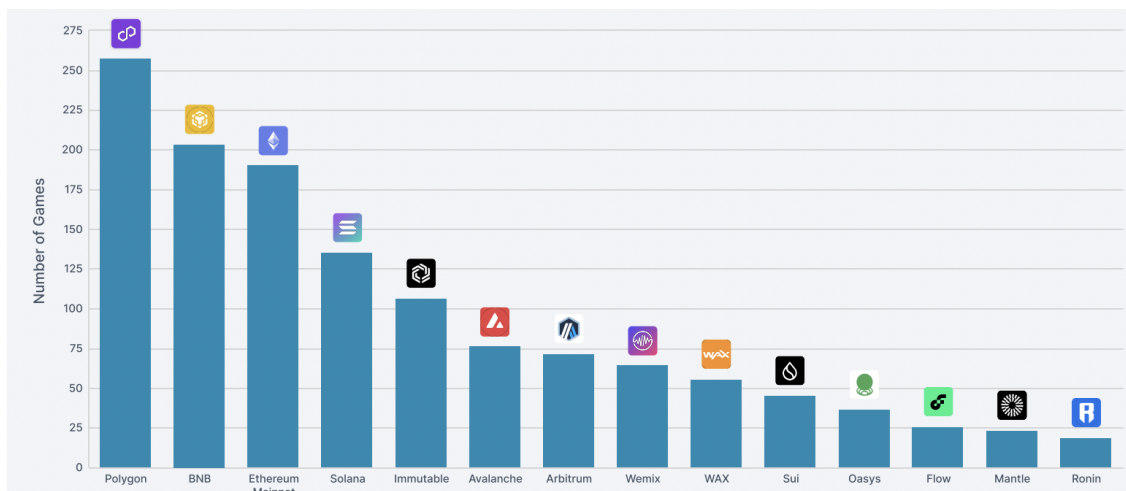
Strategy titles occupy a leading position, representing 40% of the share.

WEB3 GAMES PER BUSINESS MODEL



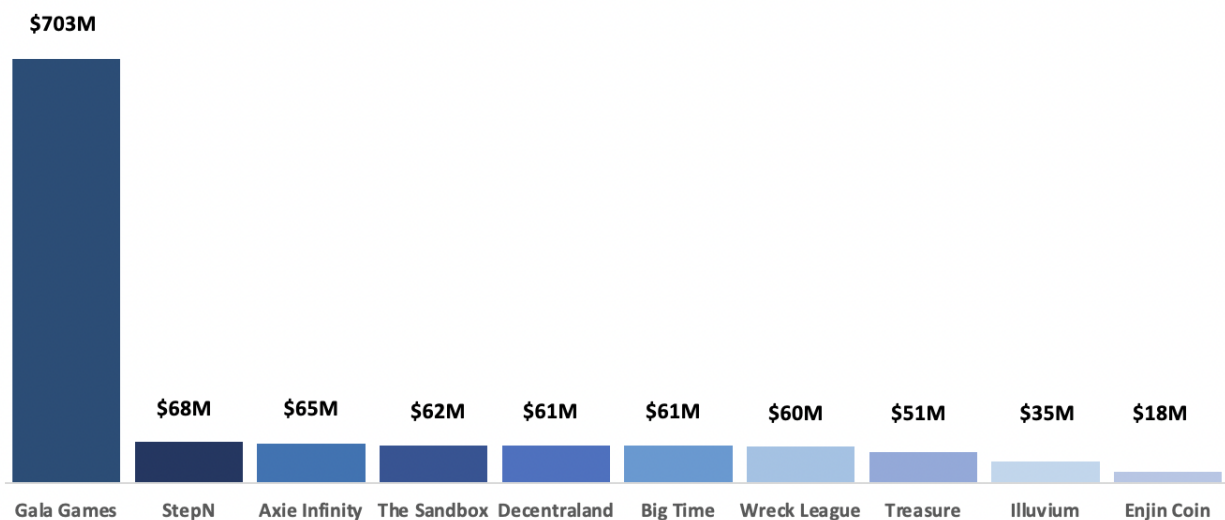
While the majority of games adopt a free-to-play (F2P) model, 26% necessitate the possession of specific NFTs.

WEB3 GAMES PER BLOCKCHAIN ECOSYSTEM



Polygon ecosystem boasts the highest number of Web3 games, followed by BNB and Ethereum Mainnet.

TOP GAMES BY MARKET CAP 2023



(Web3 Gaming in Numbers, all statistics Source: Chainplay, Game7 Report, Footprint Network)

IX BIGGEST INVESTORS IN WEB3 GAMING

Venture capital and investment firms, both with a native focus on Web3 and traditional entities venturing into the Web3 investment landscape, have allocated substantial investments to Web3 Gaming. Some of the prominent investors include:

- **Animoca Brands**

Founded: 2014 **Headquarters:** HongKong SAR **Number of Investments:** 400+

Animoca Brands, a venture capital and gaming software company, has strategically invested in the blockchain, Web3.0, and play-to-earn (P2E) gaming sectors.

Renowned for owning popular games like Sandbox and Projection First Light, they've extended their influence by investing in other gaming firms, such as Eden Games. Animoca Brands stands out as a highly engaged investor in Web3, boasting a comprehensive portfolio of over 400 direct and Animoca Ventures investments. Among these are notable entities like Yuga Labs, Axie Infinity, Polygon, Consensys, Fireblocks, OpenSea, Dapper Labs, Yield Guild Games, Alien Worlds, and numerous others. Animoca Brands focuses on early-stage game investments while actively pursuing outright acquisitions of gaming companies. As a leading investor in the P2E gaming space, Animoca is poised to sustain its robust investment momentum in 2022.

It is important to note that Animoca Brands itself raised \$358 Million in the start of 2022 at a pre-money valuation of \$5 Billion. The round was led by Liberty City Ventures, with other investors including 10T Holdings, C Ventures, Delta Fund, Gemini Frontier Fund, Gobi Partners Greater Bay Area, Kingsway, L2 Capital, Mirae Asset, Pacific Century Group, ParaFi Capital, Provident, Senator Investment Group, Sequoia China, Smile Group, Stable Asset Management, Soros Fund Management, Wildcat Capital Management, Winklevoss Capital, and others. The support garnered by Animoca Brands from these prominent entities and its notably high valuation serve as a testament to the confidence industry leaders place in the potential of the NFT and Web3 gaming sector.

- **Andreessen Horowitz**

Founded: 2009 **Headquarters:** California **Number of Investments:** 250+

No list of Web3 Investors is complete without the mention of Andreessen Horowitz (A16Z). Established in 2009 by Marc Andreessen and Ben Horowitz, Andreessen Horowitz is a private American venture capital firm. Operating in both early-stage start-ups and well-established growth companies, the firm has made notable investments in various play-to-earn games, such as Axie Infinity, where it spearheaded the Series-B round. Other gaming-related portfolio companies include Forte, League of Kingdoms, Proof of Play, Ready Player Me, Yield Guild Games, Yuga Labs, and more.

- **Accel**

Founded: 1983 **Headquarters:** California **Number of Investments:** 80+

Palo Alto-based Accel Partners, a globally renowned venture capital firm, specializes in early-stage investments. Many of their backed companies have successfully transitioned to prominent public status. Focusing on series A to series D funding, Accel has notably invested in leading play-to-earn and crypto gaming platforms, including Axie Infinity, Kratos Studio and more.

- **Galaxy Interactive**

Founded: 2018 **Headquarters:** New York City **Number of Investments:** 60+

Headquartered in New York City, Galaxy Interactive focuses on investing at the nexus of gaming and Web3. Among its gaming investments, Immutable stands out, having launched Gods Unchained, Ethereum's top-grossing trading game. With investments in

60 companies, Galaxy Interactive backs Bad Robot Games, Blockage Games, Lightforge Games, NFTFI, Yield Guild and more.

- **Binance Labs**

Founded: 2017 **Headquarters:** Malta **Number of Investments:** 150+

Binance Labs is the venture capital and incubator arm of Binance that focuses on investing in and supporting early-stage blockchain projects. It aims to foster the growth and development of the Web3 ecosystem through strategic funding, thought leadership, mentorship, and resources for innovative technical teams. The **Metaverse/Gaming/NFT projects in its portfolio include Merit Circle, Community Gaming, Cosmic Guild, Elfin Kingdom, League of Kingdoms, Gala, NFKings and more.**

- **NGC Ventures**

Founded: 2017 **Headquarters:** Singapore **Number of Investments:** 190+

NGC Ventures team comprises of seasoned entrepreneurs and fund managers as well as “degens” of the blockchain space alike. They are globally diverse with team members present in Singapore, San Francisco, California, Texas, London, Shanghai and Taipei. Their Gaming/NFT related portfolio companies include Oasys Games, Chibi Clash, Mines of Dalarnia and more.

- **Sequoia Capital**

Founded: 1972 **Headquarters:** California, US **Number of Investments:** 120+

Sequoia Capital is an American venture capital firm headquartered in Menlo Park, California which specializes in seed stage, early stage, and growth stage investments in private companies across technology sectors. They have a large portfolio of Web3 projects including gaming related projects such as Galaxy Fightclub, IndiGG, Animoca Brands, League of Kingdoms and more.

- **Shima Capital**

Founded: 2021 **Headquarters:** California, US **Number of Investments:** 260+

Shima Capital is an investment fund that focuses on supporting blockchain startups. It has made a name for itself in a short span of time with hundreds of Web3 projects already a part of its portfolio. The gaming portfolio includes names such as Auto Legends, Blocklords, Community Gaming, Engines of Fury, MetaverseGo, Gama, Mystic Games, Snack Clun and many more.

X THE EVER GROWING LANDSCAPE

Diversity in Web3 Games and Players

- **Game Categories**

In the evolving landscape of Web3 gaming, distinct genres have emerged. Early GameFi titles that integrate DeFi principles, X2E games that incentivize users with rewards for daily engagement, and AAA games that prioritize top-tier

graphics and playability are the three major categories. This diversity underscores the dynamic intersections of decentralized finance, user engagement incentives, and high-quality gaming experiences in the Web3 era.

- **Player Dynamics**

Web3 gaming, boasting a daily user base exceeding 650,000, defies easy categorization. While some platforms lean on unique wallet addresses for metrics, such measures overlook the nuanced profiles of active players and their diverse motivations. The Web3 gaming community encompasses genuine gamers seeking entertainment, investors eyeing financial gains, algorithmic bots trying to manipulate systems, and more. To gauge the vitality and potential of GameFi protocols, a comprehensive grasp of user motivations and behaviors across sectors is imperative.

Moreover, Web3 gamers, on average, skew younger, possess higher educational backgrounds, and exhibit greater technological acumen compared to their traditional gaming counterparts. While the average age of a regular gamer hovers around 35, the typical Web3 gamer falls within the 25 to 30 age bracket. Understanding these demographic nuances is integral to deciphering the intricate landscape of Web3 gaming and its multifaceted participant base.

Evolution and Growth

- **Early GameFi Genesis**

Attributes: Emerged from DeFi, integrating asset allocation principles with gaming elements. Initial focus on using DeFi as a framework rather than deeply integrating into gameplay.

Profit-Centric Approach: Early GameFi aimed at attracting users seeking quick profits rather than immersive gaming. Resulted in shallow game design and graphics, compromising user experience.

Axie Infinity Case: It is a classic example of early GameFi, notable for profit-centric user base. Experienced a peak with millions of users but currently faces stagnation with 18,000 daily users.

User Retention Challenges: Axie Infinity's "play-to-earn" dynamic led to a lower retention rate of approximately 10%. Users focused on profit rather than the game itself, impacting overall engagement.

Key Insights for GameFi Ecosystem Development: Beyond basic DeFi principles, success requires creative integration into gameplay. Emphasis on in-game economies, blockchain-based monetization, and prioritizing user experience.

Innovative Gameplay Mechanics: Early GameFi introduced novel features like breeding and battling, hinting at potential success with engaging gameplay. These mechanics, while basic compared to traditional games, showcased GameFi's possibilities.

- **The X2E Phase**

Attributes: X2E involves earning through human behaviors, like gaming or physical activities. Encompasses genres like Move-to-Earn and Play-to-Earn, linking benefits to daily actions.

Community-Centric X2E: Emphasizes real-life activities and creative behaviors as core gameplay. Values community culture and societal impact, distinguishing from profit-centric models.

STEPN's Case: Gamifies real-life sports activities, promoting healthy behavior. The game rewards users for their efforts, motivating them to continue the habit of healthy activity. Encourages users to set and achieve physical goals, validating through the STEPN app.

STEPN's active phase saw a peak monthly retention rate of 30% in March 2022. Attributes success to fostering a community culture, attracting socially engaged users.

Improvement Imperative for Penetration: To expand, STEPN needs refined game mechanics and an enhanced user interface. Aiming for a more engaging and interactive experience to ensure continued user loyalty.

Challenges and Risks: The surge in shoe prices poses sales pressure for STEPN. Risk of financial strain if new users don't join the ecosystem, necessitating strategic measures.

- **AAA Game Stage**

Attributes: AAA games prioritize high-quality graphics, rich content, and superior player experience. The involvement of AAA studios brings valuable resources, driving Web3 gaming popularity.

Illuvium's Case (Strengths and Challenges): Illuvium stands out with stunning 3D environments, top-notch controls, and diverse gameplay. Despite better bear market performance, faces low daily active users due to a smaller, highly involved user base. To address low retention, needs to optimize player recall and enhance user engagement measures.

Metaverse's Growth Potential: Global metaverse gaming market expected to reach \$447.8 billion by 2027, with a CAGR of 15.3%. Driven by factors like increased internet penetration, mobile gaming prevalence, and rising interest in virtual reality.

Metaverse Challenges and Future: Metaverse and virtual world development integral to blockchain and GameFi evolution. Early products like Decentraland and Sandbox exist, but improvements needed in openness, community activity, and commercialization. Ongoing optimization and content enrichment crucial for attracting more users and capital.

Upcoming Games: 2023 Edition

In Web3 gaming, initial successes saw million-dollar valuations and millions of daily users. A surge of new games across genres signals untapped potential. Examining upcoming titles is crucial for understanding evolving dynamics and economic implications.

| Name | Blockchain | Genre | Observations |
|---------------------|-------------------------|---------------------------|---|
| Wreck League | Ethereum | Action / Fighting | Developed by nWay in collaboration with Animoca Brands and Yuga Labs |
| Parallel | Ethereum and Base | Card Game | Investors include Paradigm, YouTube co-founder Chad Hurley, Focus Labs, OSS Capital and Yunt Capital, among others |
| Affyn | Polygon | Other | Investors include names like Dutch Crypto Investors, BrotherHood Ventures, Kommunitas, Red Hat Capital, Thinksmart Brother, BullishBlock Capital, Three Lions Capital |
| Nifty League | Ethereum | Other | Investors include RSE Ventures, Lerer Hippeau, Spartan Group, Avocado Guild, y2zVentures |
| SugarTown | Ethereum | Minigame | Developed by Zynga (famous for FarmVille game), a subsidiary of Take-Two (famous for Grand Theft Auto) |
| Spider Tanks | Ethereum and Gala Games | MOBA / Brawler | Developed by Game Media and associated with Gala Games |
| Space Nation | Ethereum | MMORPG / Space / Survival | Investors include Hashkey Capital, Chain Hill Capital, Foresight Ventures, Lighthouse and more |
| Sorare | Ethereum | Card / Sports / Fantasy | Investors include SoftBank, D1 Capital, Benchmark, Accel, Partech, Football Players like Gerard Piqué, Rio Ferdinand, Antoine Griezmann and César Azpilicueta |
| Shardbound | Immutable-X | Strategy / Collectible | Investors include Foresight Ventures, Bitkraft, RW3 Ventures |

XI COMPLIMENTARY TECH PROVIDERS IN WEB3

While game developers remain pivotal in crafting immersive virtual worlds, a plethora of tech providers from various domains are actively entering the gaming ecosystem, contributing services that redefine the gaming experience. This infusion of diverse expertise highlights a significant shift in the industry, where companies not directly associated with game development are recognizing the potential of Web3 gaming and eagerly participating in its evolution.

Here, we explore key categories of tech providers that contribute significantly to the Web3 gaming experience:

- **NFT Marketplaces:**

OpenSea, Rarible, Binance and Magic Eden are among the leading NFT marketplaces that have extended their services into the gaming sector. These platforms enable gamers to buy, sell, and trade in-game assets seamlessly as non-fungible tokens (NFTs). The integration of NFT marketplaces enhances asset ownership and liquidity within gaming ecosystems.

- **NFT Minting Platforms:**

Platforms like Mintbase and Mintable provide tools for game developers and individual gamers to mint their own NFTs. This democratizes the creation of unique and rare in-game assets, fostering a dynamic environment where creativity and individual contributions are valued.

- **Token Minting Platforms:**

Tech providers such as Rarible and Mintbase also extend their services to token minting, allowing gaming projects to create their native tokens. These tokens can serve various purposes within the game economy, including governance, rewards, and participation in decentralized autonomous organizations (DAOs).

- **Gaming Launchpads:**

Launchpads like GameFi, Gamestarter, Enjin Starter and Polkastarter have recognized the potential of the gaming sector and actively support gaming projects in their initial stages. These platforms provide a launchpad for gaming-related token sales, facilitating fundraising and community engagement for innovative gaming ventures.

- **Account Abstraction Providers:**

Companies like MetaMask Snaps and Torus (Web3 Auth) have become integral to Web3 gaming by offering account abstraction solutions. These providers simplify user interactions with blockchain networks, allowing gamers to manage their assets and engage with decentralized applications without the need for extensive technical expertise.

- **Decentralized Identity Providers:**

Companies like uPort and Civic contribute to the gaming ecosystem by offering decentralized identity solutions. These technologies enhance user privacy and security, ensuring that gamers can participate in Web3 experiences with confidence.

- **Oracle Services:**

Oracle providers such as Chainlink and Band Protocol are essential for Web3 gaming environments that require real-world data. These services enable the integration of external information, ensuring that in-game events and assets accurately reflect real-world conditions.

XII WEB3 GAMING IN UAE

In recent years, the gaming landscape has seen a profound transformation, entering a new era defined by unprecedented innovation and decentralization. At the forefront of this revolution is the rapid global traction of Web3 gaming, a groundbreaking paradigm. Nowhere is this transformation more apparent than in the United Arab Emirates (UAE), where Web3 gaming has become the forefront of digital entertainment, experiencing explosive growth. Web3 gaming is reshaping the UAE's gaming scene, making it a global leader with blockchain technology. Expected to hit a billion-dollar market by 2025, this shift brings ownership of in-game assets, player-focused experiences, and new revenue streams.

The UAE, recognized for its tech-forward approach, enthusiastically adopts Web3 gaming as a driver for economic diversification and cultural enrichment. With thriving tech hubs, visionary government initiatives, and an active gaming community, the UAE stands as a global leader in this transformative movement. The nation's commitment to fostering a robust blockchain ecosystem is attracting top-tier developers, investors, and gamers, creating an environment ripe for Web3 gaming's exponential growth.

Gaming Numbers In UAE/MENA Region

- MENA region's domestic market: **Fastest growing globally, with over 377 million players.**
- MENA games market is estimated to **surpass \$5 billion by 2025.**
- **UAE gaming statistics: 90% of adults play video games.**
- Global Consumer Survey: **90% of respondents in the UAE identify as gamers, 23% as frequent players (11+ hours/week).**
- **UAE's gaming market is projected to reach \$306 million in 2023, with an annual growth rate exceeding 5%.**
- By 2027, the projected market volume to exceed \$372 million.
- **Mobile gaming, a major contributor, is expected to reach \$176 million in 2023.**

Recent Developments in the Evolving Web3 Gaming Landscape of the UAE

- **Wemade has entered a partnership with Dubai Chambers**, marking the first collaboration of its kind between a major gaming company and Dubai Chambers. The collaboration aims to leverage Wemade's technology and expertise to support Dubai's gaming initiatives, including the ambitious Dubai Program for Gaming 2033, which aspires to position the city among the top 10 global gaming hubs and generate 30,000 new jobs in the sector while contributing significantly to Dubai's digital economy
- **Animoca Brands strategically invested in UAE-based gaming startup Farcana**, known for its innovative integration of blockchain technology with traditional game development. This investment, aimed at advancing Farcana's beta launch and development within the Bitcoin ecosystem, reflects Animoca Brands' commitment to supporting Web3 initiatives in the MENA region, with Farcana set to launch its token and the full game in early 2024
- **GAM3S.GG, an Abu Dhabi-based Web3 gaming company** co-founded by entrepreneur Omar Ghanem, **recently secured a \$2 million seed funding round** to advance its platform. The company focuses on simplifying the Web3 gaming experience, offering a comprehensive hub of 215 games listed across 15 chains, and over 80,000 registered gamers.
- **UAE tech venture company Scalo Technologies is championing the integration of blockchain technology into mobile gaming** through its portfolio company, Hexacore. Having led a \$3.5 million investment round for Hexacore earlier this year, Scalo envisions blockchain transforming the gaming experience, granting players ownership of in-game assets, with Hexacore's 'Pocket Space' scheduled for a global release in 2025.

Local Support For Gaming & Game-tech Industry

- For fresh graduates and new entrepreneurs wanting to create a buzz in the Game-tech industry, UAE has several local players supporting them. One prominent example of this is the **SHFT Game-tech program by Shorooq Partners**. This initiative **welcomes projects at the idea or seed stage**, providing selected participants with invaluable insights from industry leaders, over 100 hours of coaching, community engagement, investment pitching opportunities, \$100k in Amazon Web Services credits, and a lot more. The initiative highlights the UAE's position as a conducive environment for the organic growth of the gaming industry.
- The **Games for Change Middle East Summit**, in collaboration with AD Gaming and the U.S. Mission to the UAE, aims at cross-cultural collaboration. **Connecting talent from the UAE's vibrant games sector with U.S. expertise and the global Games for Change movement**, the Summit, featuring talks, discussions, and hands-on workshops, emphasizes the transformative potential

of games and immersive media. The G4C Middle East Summit (to be held on Dec 14-15) precedes esports workshops at the BLAST Premier World Final (to be held on Dec 16-17) in Abu Dhabi.

XIII CURRENT MILESTONES AND DEVELOPMENTS

The Web3 Gaming and NFT ecosystem has experienced several noteworthy developments and statistics over the course of the year.

The October 2023 Rush

- October 2023 witnessed a surge in **blockchain gaming, reaching 1 million daily unique active wallets (dUAW)** and commanding 33.0% of industry activity.
- **WAX** maintained its position as the **leading blockchain ecosystem with 406,030 dUAW**, while Celo blockchain experienced a 538.0% increase in gaming activity.
- Alien Worlds led with 133,000 dUAW, and the month saw a **19.0% rise in virtual world dapp trading volume to \$3.8 million**.
- **Web3 gaming investments totaled \$154.0 million in October**, with a focus on infrastructure and studios.
- Notable partnerships included **Animoca Brands' \$50.0 million collaboration with NEOM and WEMIX's \$30.0 million fund for Chinese game developers**.
- Pixels' move to Ronin prompted a surge in Unique Active Wallets, emphasizing the impact of strategic network choices. **Top-performing games included Alien Worlds, Sweat Economy, Splinterlands, and Nine Chronicles**, showcasing UAW growth, strategic expansions, and continuous updates.

The month witnessed a positive trend in virtual world markets, breaking the previous month's downward trajectory with increased trading volume and land sales. The gaming sector displayed resilience and investor confidence amidst economic challenges, pointing toward a future where high-caliber blockchain games become the norm.

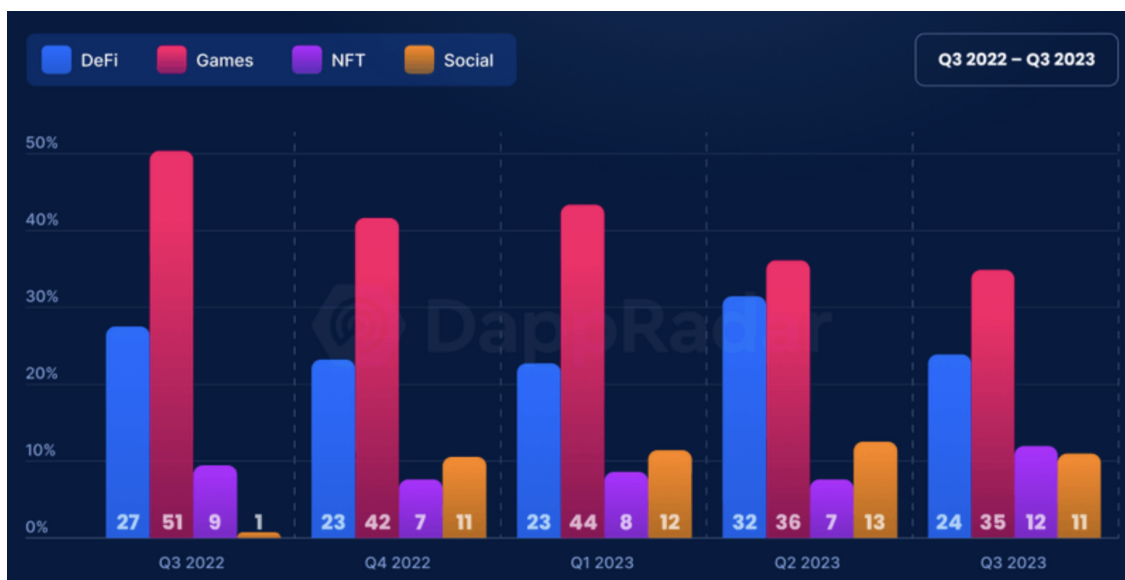
Investments in Web3 Gaming

Blockchain gaming projects have witnessed **substantial investments, totaling \$2.3 billion in 2023**, with the third quarter alone receiving \$600 million despite overall bearish sentiments in the crypto market throughout the year. DappRadar's report indicates that the first quarter secured \$739 million, followed by \$973 million in the second quarter, highlighting sustained financial interest in the blockchain gaming sector. Notably, \$213 million of the third-quarter investments were allocated to metaverse-related games and technology, emphasizing continued enthusiasm for this segment, while the remaining funds supported Web3 gaming infrastructure and investment firms.

INVESTMENTS IN WEB3 GAMING PROJECTS



INDUSTRY DOMINANCE BY UAW IN THE DAPP ECOSYSTEM



Source: DappRadar

XIV FUTURE FORECAST FOR WEB3 GAMING INDUSTRY

The future of Web3 gaming holds the promise of widespread adoption, fueled by the growing accessibility and user-friendly nature of blockchain technology. With barriers to entry decreasing, developers are gearing up to find creative ways to smoothly incorporate blockchain, non-fungible tokens (NFTs), and play-to-earn features into a variety of gaming experiences. This evolution is not merely a technological shift; it's a strategic move towards appealing to a broader audience, marking a pivotal moment where the immersive world of Web3 gaming becomes more inclusive and engaging for

all. As the Web3 industry revolves, it is very important to keep an eye on the futuristic trends that will further redefine the gaming landscape in the coming future.

- **Exploring the Metaverse: Building Virtual Worlds**

The metaverse, a digital universe where users seamlessly interact with virtual environments, is gaining popularity. Web3 gaming shapes this by connecting virtual worlds, enabling smooth asset transfers, and creating immersive social experiences.

- **Games on the Go: Cross-Platform Compatibility**

As Web3 gaming grows, cross-platform compatibility becomes crucial. Players expect in-game items to move across games, allowing exploration of different gaming worlds without losing progress.

- **Finance Meets Gaming: Integrating DeFi and Yield Farming**

The rise in DeFi's popularity merges seamlessly with Web3 gaming. Players can use in-game assets as collateral, engage in yield farming, and unlock extra rewards through DeFi protocols, adding a new layer of financial sophistication.

- **Tokens, Ownership, and Community: Empowering Players**

Web3 gaming introduces social tokens, symbolizing shared ownership and community involvement. Earned through gameplay, these tokens grant access to premium content, voting rights on game improvements, and influence over the in-game economy, reshaping the player-developer relationship.

- **AI-Crafted Adventures: Creating Limitless Worlds**

Advanced AI algorithms take the spotlight in shaping dynamic gaming environments. From unique quests to responsive game mechanics, AI-driven experiences can elevate the gameplay for players.

- **Seamless Cross-Platform Integration**

Cross-platform integration is vital for NFT game developers. Players want to transition between platforms, including PC, console, and mobile, while maintaining progress and in-game assets. Blockchain facilitates this by allowing players to store assets on the blockchain for access from any device.

- **Interoperable NFT's**

The trend towards interoperable NFTs allows players to use assets across multiple games, increasing their value and utility. Other side metaverse by Yuga Labs aims for true interoperability, allowing players to use any NFT character across different games.

- **Blockchain Scalability Solutions**

While blockchain tech has advanced, scalability remains a challenge. High gas fees and slow transaction times hinder Web3 gaming growth. Emerging solutions like Layer 2s (e.g., Polygon, Immutable zkEVM) and side chains are trying to resolve these issues.

Growth of Gambling and Casino

The decentralized nature of Web3.0 coupled with the challenges posed by COVID-19 lockdowns has enhanced the online gambling experience, offering users transparency, security, and immersion. Recent market analysis indicates a notable 40% increase in the establishment of decentralized casinos compared to the previous year, showcasing the industry's acknowledgment of the potential presented by Web3.0.

Non-fungible tokens (NFTs) and digital assets have instigated a transformative change in the casino sector. The upsurge in NFT transactions and market cap signifies a growing trend where virtual assets are not merely fleeting elements but tangible items with real-world value. The below points delve into the significant impact of NFTs on the casino ecosystem, emphasizing the shift in ownership dynamics and the creation of new opportunities for player engagement.

- **NFTs and Ownership Revolution**
The casino landscape is evolving with NFTs, shifting ownership dynamics. NFTs go beyond collectibles, allowing players to own in-game items, fulfilling their desire for tangible virtual exploits.
- **Expanding Horizons with NFTs**
NFTs are anticipated to play a central role in 2024 casino experiences, from rare weapons in virtual slots to coveted avatar skins in poker rooms. Players' growing interest challenges traditional gaming reward boundaries.
- **Virtual Casino Ownership**
NFTs offer a unique opportunity for players to own virtual casino properties, projecting a rising interest in this novel form of virtual real estate. Ownership extends beyond the screen to shape the architecture of the virtual world.
- **Exciting Opportunities for Ownership and Trade**
NFT integration adds excitement and opens new opportunities for players to own and trade digital assets. Market trends show a surge in NFT transactions, emphasizing their recognition as valuable commodities in gaming secondary markets.

Are Cryptocurrencies Becoming a Preferred Choice Among Gamblers?

At present, **25% of all online gambling transactions are conducted using cryptocurrency.** Moreover, 48.6% of cryptocurrency owners actively utilize their digital assets for online gambling, emphasizing the natural alignment between cryptocurrency and the preferences of online gamblers.

Cryptocurrencies offer anonymity, speed, and security, addressing common issues associated with fiat money. Using crypto in gambling eliminates obstacles tied to personal information risks on the internet. Each transaction generates a new address, making tracking nearly impossible and allowing gamblers to overcome geographical restrictions on accessing certain online casinos.

Cryptocurrencies facilitate faster transactions, enabling users to make and receive payments instantly without banking fees and regulations, providing a sense of security for gamblers.

Blockchain technology ensures a high level of security for payments, protects keys, and prevents the illicit trade of digital assets. The potential for crypto value growth over time means that winnings from online gambling could increase beyond the initial sum.

Emergence of Gamefi

As more and more gamblers move towards cryptocurrencies the concept of GameFi is also gaining more and more traction. **GambleFi aims to establish a financial ecosystem that allows users to participate in online gambling activities while simultaneously leveraging the advantages offered by decentralized finance.**

By merging the two high-stakes, high-reward sectors of Gambling and DeFi, GambleFi has the potential to access a wide user base interested in both gambling and cryptocurrency trading. This collaboration may pave the way for innovative financial products and services tailored to a diverse and adventurous audience.

XV CONCLUSION

The Web3 gaming industry embarked on an exhilarating journey in 2021, reaching unprecedented heights during the bullish surge. However, as swiftly as it rose, the industry experienced a correction, prompting a reflective pause. This downturn, rather than signaling a setback, became a catalyst for growth and maturity.

In the aftermath of the rapid ascent and subsequent correction, a palpable sense of maturity now permeates the Web3 gaming ecosystem. Developers, once riding the wave of exuberance, have honed their strategies, emphasizing sustainability and innovation. Investors, initially caught in the fervor, have adopted a more discerning approach, valuing long-term potential over speculative gains.

Gamers, the lifeblood of the industry, have become more discerning, seeking immersive experiences and sustainable ecosystems. This collective maturation, born from both successes and challenges, has fortified the foundations of the Web3 gaming community.

While the investment frenzy may have tempered compared to the exuberance of the previous year, a significant and steady inflow of capital persists. What's more promising is the entry of institutional investors, bringing not just financial backing but also a stamp of credibility to the industry. Developers, guided by the lessons of volatility, are focusing on quality and longevity, leading to a more robust and diverse gaming landscape.

In essence, the Web3 gaming industry's resilience and adaptability have shone through the market fluctuations. As we move forward, the industry stands on a more solid footing, poised for sustainable growth. The journey from exuberance to maturity marks a pivotal chapter, where the wisdom gained ensures that the next wave of innovation and investment will be built on a foundation of experience, fostering a vibrant and enduring Web3 gaming ecosystem.