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## Blockchain Revenue Capacity Insights: Examining Top Four L1 and L2 Networks

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<https://www.btcc.com/en-US/academy/research-analysis/blockchain-revenue-capacity-insights-examining-top-four-l1-and-l2-networks>



The revenue capacity of a blockchain network plays a pivotal role in evaluating its growth prospects. Drawing from Bankless's insights, Vernacular Blockchain presents a comprehensive analysis highlighting the leading four L1 and L2 networks in terms of revenue.

Our assessment considers revenue as the net amount earned after deducting token issuance, providing a clear picture of each network's financial standing. Discover the top performers and understand their revenue dynamics in this detailed report.

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## What are the top L1 blockchains?

### 1. Ethereum

Ethereum Dominates in Revenue Among L1 and L2 Blockchains, Reaching \$2.22 Billion, Yet Faces a Net Loss of \$15 Million. This loss was primarily driven by the rapid issuance of new tokens exceeding its revenue, leading to negative growth post a robust 2023 second half.

Additionally, the shift of transaction activity to the L2 network has decreased direct fees to Ethereum, further impacting its revenue. Despite the loss, Ethereum maintains its position as the market leader in blockchain revenue, highlighting the complexities and challenges within the cryptocurrency industry.

The future of Ethereum remains uncertain as it navigates through these financial obstacles while maintaining its status as a top blockchain platform.

### 2. Tron

Tron has emerged as a leading blockchain, ranking second in total revenue with an impressive \$1.4 billion earned in the past year. Its success is attributed to the significant stablecoin activity on its network, especially in economies like Argentina, Turkey, and Africa.

Despite criticisms of being a “single-skill player”, Tron’s stablecoin ventures have generated a staggering \$271 million in revenue over the last 12 months, solidifying its position as one of the top profitable blockchains in the market.

With such remarkable financial performance, Tron continues to prove its mettle in the competitive world of cryptocurrencies.

### 3. Solana

Solana stands as a revenue-generating leader among blockchains, earning \$157 million in the past year. Its meme coin hub status, technological advancements, and support for emerging trends like AI have propelled its popularity.

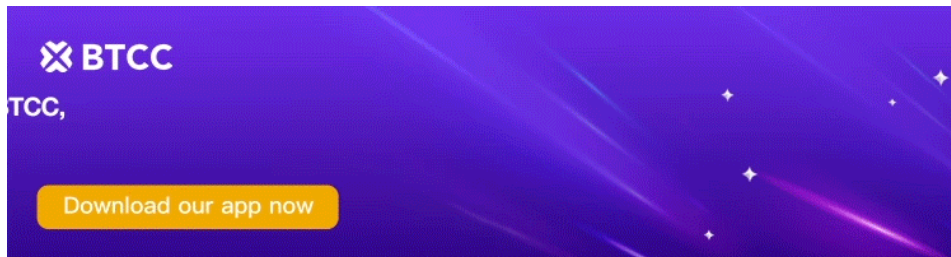
Despite this, Solana has incurred a staggering \$2.53 billion net loss over the past four quarters, revealing significant financial challenges that outweigh its revenue.

As one of the top L1 blockchains, Solana’s situation underscores the risks and rewards inherent in the crypto industry, where even leading protocols face financial instability. Explore the reasons behind Solana’s revenue success and financial struggles in this detailed analysis of one of the top four L1 blockchains.

## 4. Avalanche

Avalanche, renowned for its subnet expansion kit tailored to the gaming industry, has secured a notable position, ranking fourth with a revenue of \$69 million. The upcoming ACP-77 upgrade promises enhanced subnet deployment, streamlined management, and bolstered economics, potentially driving further growth in revenue.

However, the company reported a net loss of \$8.606 million in the past year, primarily attributed to costs associated with token issuance and operational expenses. Despite this setback, Avalanche remains poised for a comeback, with its innovative solutions and strategic upgrades paving the way for a brighter financial future.



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## What Are the Best L2 Blockchains?

### 1. Base

Base, an L2 network launched by Coinbase, has rapidly risen to prominence through its partnership with OPStack. In less than a year, Base has generated an impressive \$66.6 million in revenue, successfully retaining 63% of it, resulting in a remarkable net profit of \$42 million.

This success can be attributed to its revolutionary blob technology, introduced via EIP-4844, which has drastically reduced costs. Unlike other L2 networks, Base has no native tokens, eliminating distribution-related fees.

This unique approach, combined with its cost-effective technology, has positioned Base as a leader in the L2 network space, delivering strong financial performance and attracting a growing user base seeking efficient and cost-effective blockchain solutions.

### 2. Arbitrum

Arbitrum, the L2 network with the highest Total Value Locked (TVL) of \$17.2 billion, has generated a remarkable \$61.14 million in revenue over the past year. This significant earning is attributed to its position as a hub for DeFi, hosting leading protocols like GMX and Pendle.

While its revenue hasn't matched Base's, Arbitrum has still achieved a notable net income of \$21.8 million in the last year, with a particularly strong performance in the second quarter.

Its financial success underscores Arbitrum's growing importance in the blockchain industry, offering scalability and efficiency for decentralized applications. With such impressive figures, Arbitrum continues to solidify its position as a leading player in the L2 network space.

### **3. zkSync Era**

zkSync Era stands out as a top L2 network powered by zero-knowledge (ZK) technology, boasting \$53.3 million in revenue over the past year. Since its June 2023 airdrop, the network has seen a notable surge in locked volume.

Despite a gradual decrease as users sell their airdropped tokens, zkSync Era maintains its profitability, earning \$15.3 million in the last year. This impressive performance places it third among the most profitable L2 networks, even though it holds the eighth spot in overall rankings. zkSync Era's success highlights the potential of ZK technology in the blockchain industry.

### **4. OP Mainnet**

Optimism, a core component of the Superchain, has earned \$44.6 million in the past year through sorter fees and projects within its network, including zora and Base. However, despite reaching record-high network activity in the second quarter of 2024, with notable increases in daily active addresses and transaction volumes,

Optimism incurred a net loss of \$239 million due to retroactive airdrops, incentive schemes, and operational expenses. This financial situation highlights the challenges and opportunities inherent in the top four L2 blockchains, where Optimism holds a prominent position alongside other leading platforms.

Each of these blockchains offers unique features and use cases, shaping the future of decentralized technology and its integration into various industries.

## **Narrative vs Fundamentals: Which Investing Style Wins?**

When exploring the revenue and earnings of leading blockchain networks, it's crucial to understand that profitability alone doesn't paint the full picture.

Just as in traditional finance, the story behind the numbers fuels growth. In the crypto world, investors often rely on narrative-based investing, but they should also dive into the core business and network fundamentals for sustainable returns.

A comprehensive analysis of top L1 and L2 networks' financials reveals their underlying strength and market position. This insight is invaluable for investors seeking to understand the true value and potential of these networks in the broader competitive market.

By delving into the numbers, one can grasp the real health and prospects of these blockchain giants, essential for making informed investment decisions.