

Sonic Ecosystem Report July 2025



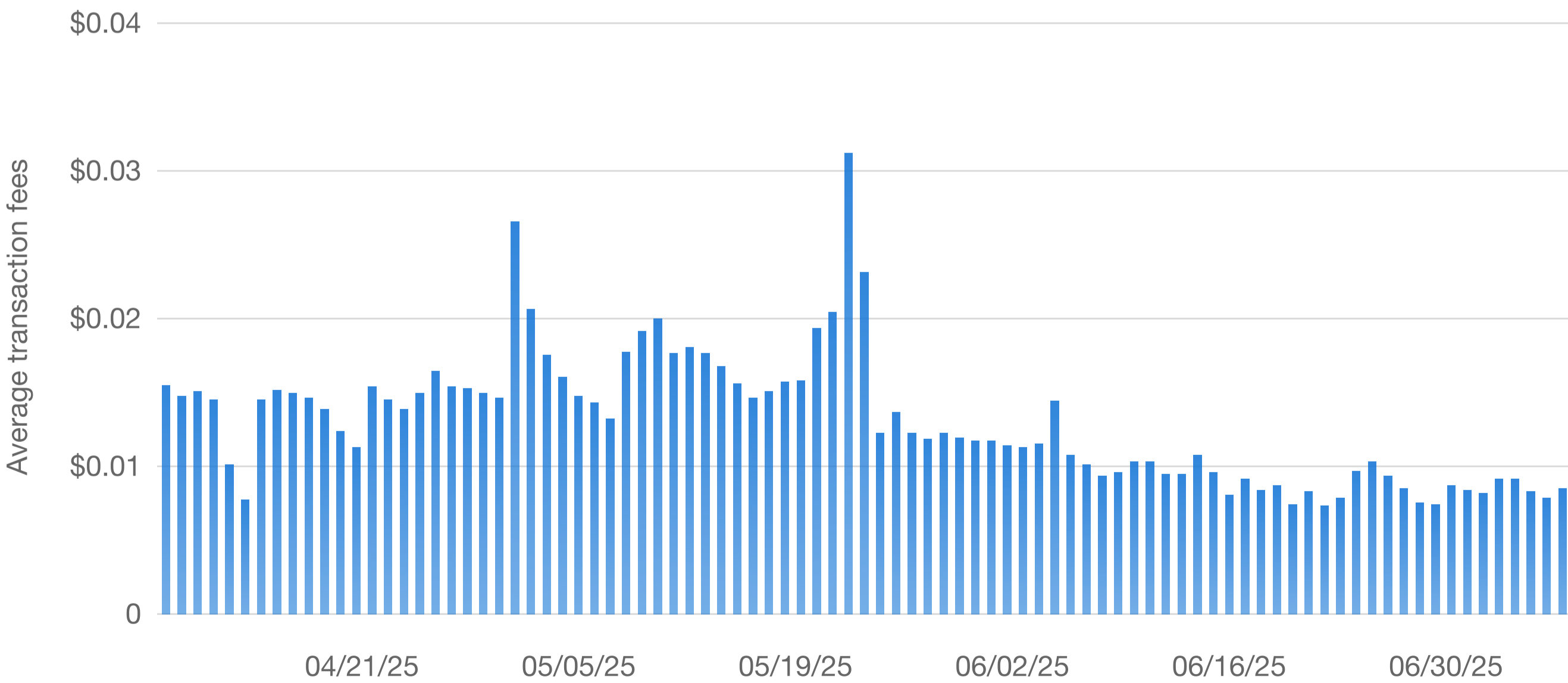
Introduction

Six months since its official launch, Sonic has evolved from a simple reboot project into a vibrant ecosystem with measurable traction. A huge part of this transformation, and a major reason for the ecosystem’s success in 2025, is the realignment of economics to prioritize builders and users.

In just a few months since launch, Sonic’s strategy of combining performance with novel incentives appears to be paying off. The network delivers near-instant, ultra-low-cost transactions (with an average fee of around \$0.008) while introducing unique rewards for those who drive usage. A thriving DeFi ecosystem has quickly taken root on Sonic, emphasizing real usage and liquidity rather than just headline TVL figures.

Average Transaction Fee on Sonic

Source: <https://tokenterminal.com>

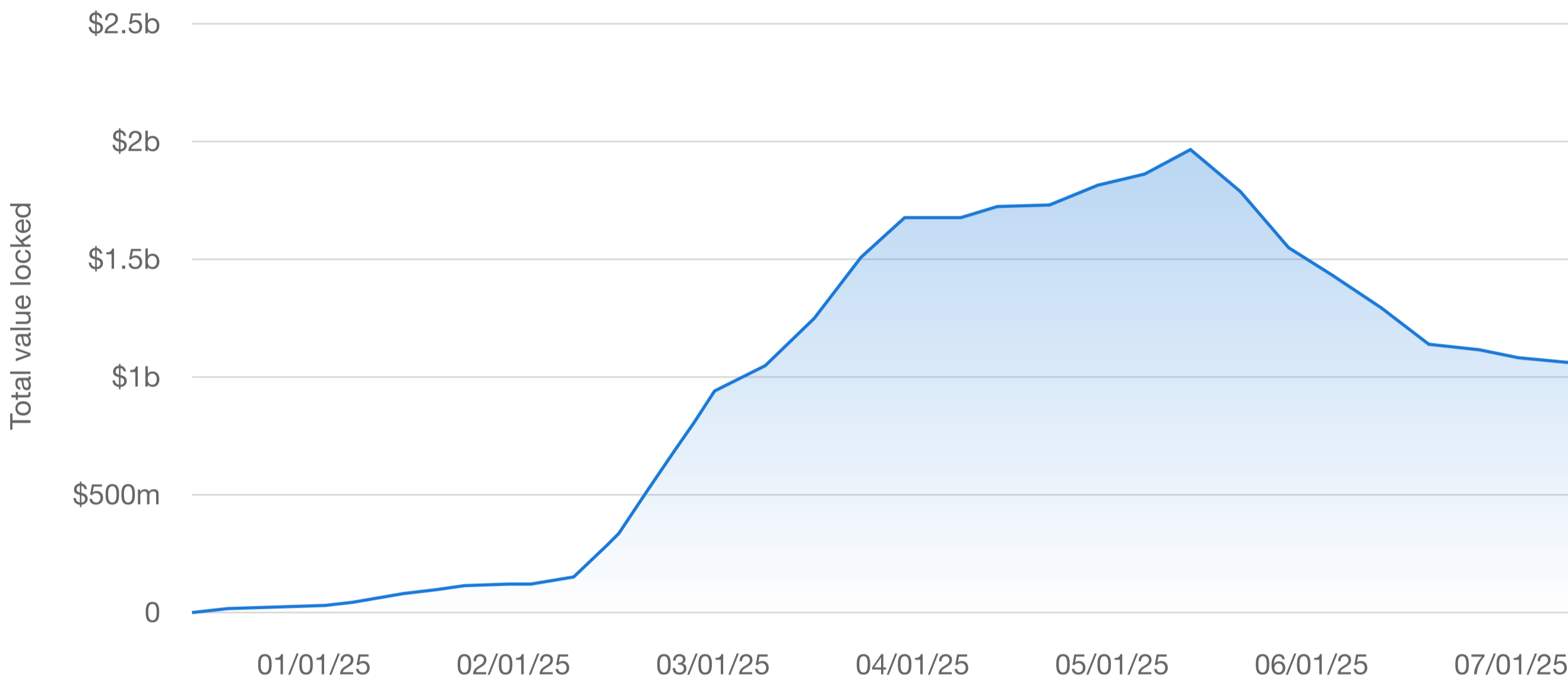


By mid-2025, Sonic’s key metrics underscore its strong start. In the first full quarter post-launch (Q1 2025), the network’s Total Value Locked (TVL) reached approximately \$1 billion, and on-chain activity averaged over 500,000 transactions per day – clear indicators of substantial early traction. The growth came despite a bearish wider crypto market, with Sonic hitting the \$1B TVL milestone in April (a nearly 40× increase since January) before settling around \$800M today, even as broader DeFi TVL declined.

The following report provides an examination of the Sonic DeFi ecosystem in summer 2025, as well as key drivers that have led to major ecosystem migrations to Sonic over the past few months.

Sonic: Total Value Locked (TVL)

Source: <https://tokenterminal.com>



Performance and Fee Monetization

One of Sonic's biggest differentiators is its developer-first incentive structure. Traditional blockchains direct nearly all transaction fees to miners or validators as protocol revenue, but Sonic turns this model on its head. The network introduced a Fee Monetization program ("FeeM") that redirects up to 90% of gas fees from a dApp back to its developers.

Sonic treats transaction fees like a revenue-share for builders: if a smart contract or application generates on-chain activity, its creators earn the lion's share of the fees. The model (somewhat reminiscent of Web2 platforms, i.e., X's ad revenue share) provides developers with a sustainable income stream tied directly to the usage of their dApp. By aligning developers' success with network usage in this way, Sonic creates a powerful incentive for teams to deploy and stay active on the chain.

The implications for DeFi participation and revenue generation are significant. Projects on Sonic can earn tangible revenue from day one based on user activity, reducing reliance on short-term token incentives or venture funding. Teams can reinvest these fee earnings into further development or user rewards, enabling growth without needing their own token or sidechain.

In fact, Sonic's FeeM effectively eliminates the need for costly app-specific chains, which some developers pursued in the past to capture fees at the expense of fragmenting liquidity and composability. By allowing builders to monetize directly on the main network, Sonic offers the best of both worlds – high-performance shared infrastructure with a built-in revenue mechanism that would previously have required launching a separate "app-chain".

Is It Working?

Early evidence suggests the FeeM model is working. Several major DeFi protocols, including blue-chip projects like Aave and Euler, have expanded their deployments to Sonic, validating the appeal of earning revenue from gas fees. Dozens of projects, from established platforms to homegrown applications,

are leveraging FeeM to fund their growth, creating a virtuous cycle of usage and development.

Perhaps the best endorsement of Sonic's economics is the decision by the ICON Project (a separate L1 founded in 2017) to migrate entirely onto Sonic, citing FeeM and the low overhead of not running its own chain as key motivations. Specifically, in a first-of-its-kind move, ICON decommissioned its L1 chain and rebranded its DeFi platform as SODAX, deploying it on Sonic as a "cross-chain DeFi hub."

The Defiant

Source: <https://thedefiant.io>

ICON Project Rebrands as SODAX, Migrating DeFi Infrastructure to Sonic

SODAX introduces seamless cross-chain swaps, lending, and borrowing across 12+ blockchains — deploying the first chain-agnostic Unified Liquidity Layer on Sonic.

By: [SODAX](#) • May 12, 2025



The rationale for the migration was clear: by moving to Sonic, ICON's developers and community could save on the costs and complexity of maintaining a standalone network while gaining access to Sonic's technical performance and FeeM revenue sharing. Sonic's superior throughput and economics (90% fee rebates to dApp teams) provided a compelling home for ICON's ecosystem, which sought greater sustainability for its dApps.

Expanding DeFi Ecosystem in 2025

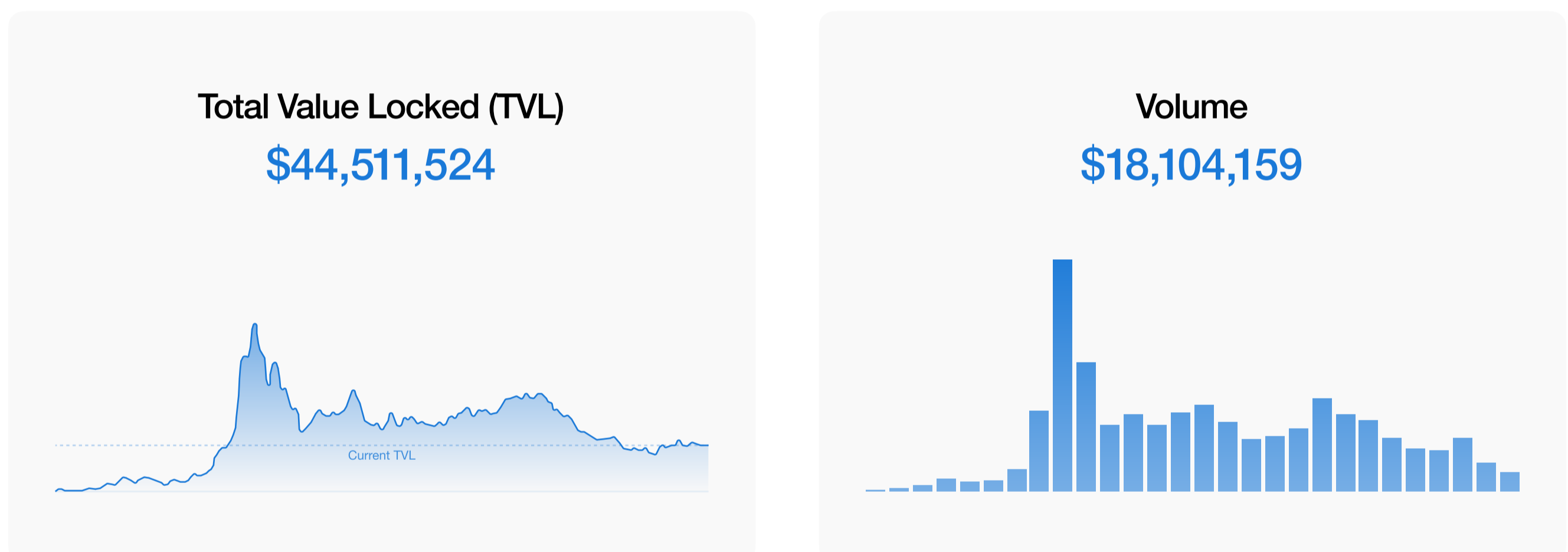
Decentralized Exchanges and Liquidity

A trio of core DEXes dominates trading on Sonic, each contributing unique value to the liquidity landscape. SpookySwap, the veteran AMM from Fantom, deployed its Version 3 on Sonic at launch, continuing its role as a major base-pair DEX with deep liquidity and a familiar UX for traders.

Alongside it is Shadow Exchange, a Sonic-native DEX known for its concentrated liquidity pools and innovative tokenomics. Shadow employs a vote-escrow model (ve(3,3)) inspired by Solidly to incentivize long-term liquidity provision. By allowing LPs to focus capital into active price ranges and rewarding those who lock up tokens to vote on rewards, Shadow has attracted significant volume and liquidity, emerging as a notable contender in Sonic's exchange scene.

Total Value Locked & Volume

Source: <https://www.shadow.so/stats>



A third key player is SwapX, a next-generation DEX aspiring to be the “primary liquidity layer” of Sonic. SwapX integrates a Uniswap v3-style concentrated AMM (using Algebra’s battle-tested engine) with automated liquidity management and layers on ve-token yield farming incentives. The modular approach effectively turns SwapX into both an exchange and a DeFi primitive that others can build upon.

Sonic is also becoming increasingly interconnected with the wider crypto market through cross-chain liquidity integrations. Magpie Protocol, a cross-chain liquidity aggregator, expanded to Sonic to simplify moving assets between blockchains. Magpie provides a unified interface for Sonic users to bridge and swap tokens from other chains, reducing friction for newcomers bringing funds in and enabling arbitrage opportunities that keep prices aligned with external markets.

Likewise, the popular DeFi aggregator 1inch integrated Sonic in mid-2025, signaling that Sonic’s liquidity had grown significant enough for mainstream inclusion. Through 1inch, users can now easily find the best swap rates on Sonic or even execute cross-chain trades involving Sonic assets. For example, an Ethereum user can seamlessly swap into a Sonic-based token via 1inch’s router, immediately improving capital access to Sonic’s ecosystem.

These integrations greatly enhance Sonic’s accessibility and liquidity depth. The net effect is a strong foundation for trading: traders get efficient execution, projects can bootstrap liquidity for new tokens, and assets can flow in and out of Sonic freely – all critical factors for the ecosystem’s long-term viability.

Lending and Yield Markets

Beyond exchanges, Sonic’s DeFi stack has quickly assembled other fundamental building blocks, including lending markets and yield optimizers that add depth to on-chain activity. Silo Finance has become Sonic’s leading money-market protocol, bringing a proven isolated lending model to the network. In Silo’s design, each asset has its own lending pool paired with a base asset, rather than pooling all tokens together. The risk isolation means that a default in one pool does not threaten the others.

\$230M of Silo’s \$377M in TVL is on Sonic

Source: <https://defillama.com/protocol/silo-finance>



Several innovative yield-farming protocols are also gaining traction on Sonic, often blending lending with leveraged yield strategies. [Vicuna Finance](#), for example, is a newer platform that doubles as both a lending protocol and a leveraged yield farming optimizer. It offers standard lending pools but also lets users borrow assets specifically to amplify yield farming positions – effectively combining the roles of a money market and a yield farm under one roof. Meanwhile, [Eggs Finance](#) offers a niche strategy centered on Sonic’s native token, S: it’s a leveraged yield farming platform that enables users to loop their S stakes for amplified staking rewards. In practice, users can deposit S as collateral, borrow more S, and re-stake it (potentially repeating this to multiply exposure to staking yield).

The presence of these advanced platforms shows that yield farming on Sonic is maturing beyond simplistic token incentives into more sophisticated, composable strategies. Instead of just chasing one-time liquidity mining rewards, users on Sonic are beginning to engage in complex leverage and arbitrage plays, highlighting a deeper level of DeFi activity.

Stablecoins and Liquidity Infrastructure

As of July 2025, Sonic is now fostering both bridged asset-stables and new decentralized stablecoins. Major fiat-pegged stablecoins like USDC and USDT are available on Sonic (via cross-chain bridges or a native Sonic gateway), providing the basic unit of account for trading, lending, and yield farming. More interestingly, Sonic has seen the rise of protocol-driven stable assets that leverage cross-chain designs.

Treveen Earn (formerly Rings Protocol) introduced a novel yield-bearing stablecoin system on Sonic: users can mint scUSD (USD-pegged) and scETH (a synthetic staked ETH) on Sonic by depositing collateral on Ethereum mainnet. The twist is that the Ethereum collateral (i.e., USDC or ETH) is put into productive use on mainnet (“boring vaults” strategy), and the yield generated on Ethereum is bridged to Sonic to collateralize new stablecoin supply as interest.

Treveen effectively converts yield from mainnet DeFi into yield-bearing stablecoins on Sonic: holding scUSD or scETH on Sonic inherently accrues yield, as their supply slowly increases with the accumulation of farmed interest. Users on Sonic can further stake these stablecoins back into Treveen for compounding yields or lock them as veNFTs to participate in governance decisions on where to distribute the new stablecoin minting (much like gauge voting).

It’s a complex design, but the upshot is a decentralized stablecoin that strengthens over time via outside yield. By March 2025, Treveen had attracted over \$108 million TVL in its Ethereum vaults, signaling significant demand for its cross-chain yield-backed stablecoins.

Treveen Earn TVL

Source: <https://defillama.com/protocol/treveen-earn>



Airdrop Campaigns (Seasons 1 & 2)

Sonic's rapid early growth has not happened by accident – it was catalyzed by a well-designed incentive campaign targeting both users and developers. Upon mainnet launch, Sonic introduced a seasonal airdrop program for network participants, which quickly became a central pillar of its go-to-market strategy.

The campaign was structured into Season 1 (late 2024 – mid 2025) and Season 2 (launched June 2025). By rewarding users and dApp teams with allocations of the S token based on their activity and contributions, Sonic effectively jump-started its community, liquidity, and on-chain activity at launch.

Season 1 of the airdrop coincided with Sonic's mainnet debut in December 2024 and ran through June 2025. It was intentionally generous; the Sonic team treated Season 1 as a learning phase and bootstrap mechanism, with broad distribution to encourage maximum participation. Users could earn "points" (sometimes informally called Gems) by engaging in various on-chain actions, and those points determined their share of the S token airdrop at season's end.

This led to an explosion of activity, but also some predictable gaming: certain users and even projects simply parked capital in Sonic to farm points or TVL without genuinely using the ecosystem, aiming only to claim free tokens. The Sonic team anticipated these behaviors and designed Season 2 with stricter rules to promote genuine usage.

Season 1 concluded in June 2025 with a successful distribution (millions of S tokens) that dramatically raised awareness of Sonic. However, its real value was as a trial run that informed a more refined Season 2. Launched on June 18, 2025, Season 2 introduced several improvements to align incentives with long-term participation better:

- **Usage-Based Rewards:**

In Season 2, points are earned only through real usage of Sonic dApps – users must trade, lend, stake, or otherwise interact meaningfully to accumulate rewards. Simply parking idle funds to inflate TVL no longer yields benefits. This change immediately discouraged mercenary capital that was just camping for an airdrop without engaging in the ecosystem.

- **Weekly Loyalty Multiplier:**

Season 2 implemented a weekly activity streak mechanism. Users who remain active every week receive a multiplier on their points (up to 3x), whereas those who stop using the apps forfeit this bonus.

The multiplier creates a continuous incentive to stick around, effectively turning the airdrop into an ongoing "loyalty program" rather than a one-time event. It breaks the cycle of users farming and leaving; instead, they are enticed to keep coming back to maintain their rewards boost.

- **Developer & Project Accountability:**

Sonic refined how project teams themselves are rewarded. If a protocol received an allocation in Season 1 but failed to pass on those rewards to its community (or didn't launch its promised token), then its Season 2 rewards are proportionally slashed.

The penalty effectively punishes teams who treated the airdrop as a cash grab for the developers. Conversely, projects that shared their Season 1 tokens with users (i.e., via community incentives or fair launches) get a full or even boosted allocation in Season 2. Sonic also explicitly banned the tokenization of airdrop points ("gems") after some creative exploits in Season 1 – no more pre-selling or trading claim tickets for the airdrop.

- **Vesting and Anti-Dump Measures:**

To mitigate sell pressure, Season 1 rewards were 75% locked. The claim process for Season 1 delivered only 25% of tokens liquid upfront, with the remaining 75% vested linearly over 9 months via a special NFT mechanism. The lock ensured early recipients couldn't immediately dump all tokens, keeping them invested in Sonic's success over time.

Overall, the evolution from Season 1 to Season 2 highlights Sonic's willingness to learn and iterate in its incentive design. The Season 1 airdrop undeniably succeeded in rapidly onboarding a community. It provided the initial spark of liquidity and activity that a new L1 network typically struggles to achieve. By Q2 2025, Sonic's on-chain activity statistics (partly boosted by airdrop tasks) reflected a chain alive with usage, and even the tiny gas fees (fractions of a penny each) began to accumulate into meaningful revenue streams for developers thanks to the sheer volume of transactions.

Daily Fees on Sonic

Source: <https://tokenterminal.com>



By allocating roughly 6% of the total S supply to these airdrop seasons (with careful controls on distribution), Sonic aims to convert a large portion of token recipients into active users and advocates for the network. This alignment between the network's incentives and the community's behavior – users earn more by actually using the chain, and developers earn more by retaining users – is an encouraging sign for Sonic's future.

Outlook: Toward a Sticky, Sustainable Ecosystem

The combination of high-performance infrastructure and inventive incentive mechanisms has fueled an ecosystem that is growing in both breadth (many types of dApps) and depth (real usage and TVL). Going forward, the key question is whether Sonic can convert this early momentum into long-term ecosystem stickiness. The early signs are promising: the fact that an entire established ecosystem (ICON) chose Sonic, and that top-tier DeFi apps (from lending markets to aggregators like 1inch) are integrating, shows that confidence in Sonic is strong and spreading.

Developer interest is likely to tick upward as success stories emerge of teams earning substantial revenue via FeeM or achieving user traction on Sonic that rivals bigger chains. If Sonic continues to strike the right balance of rewarding genuine usage while enforcing sustainability, it could turn its initial growth spurt into a loyal base of users and developers invested in the chain's success.



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