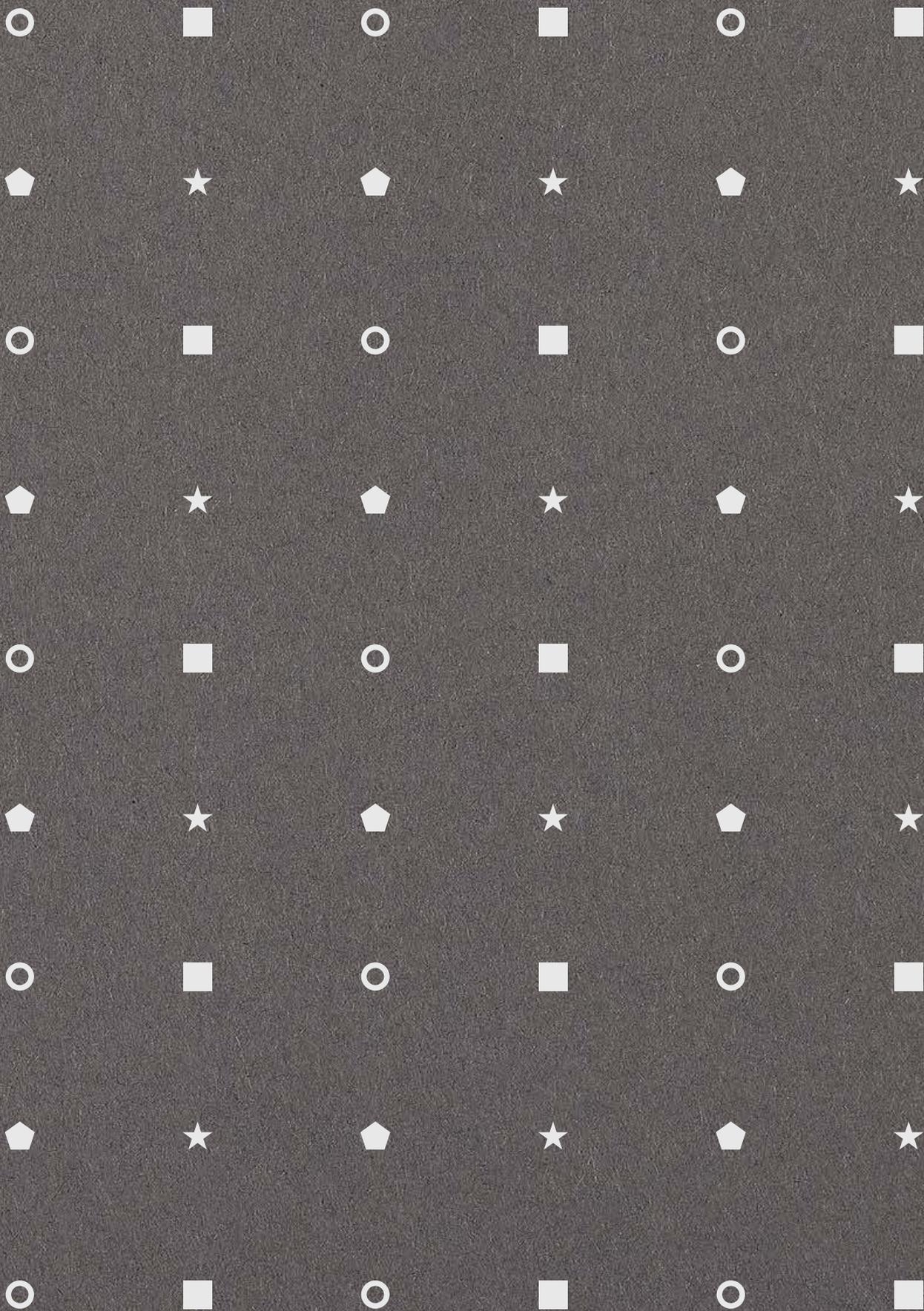
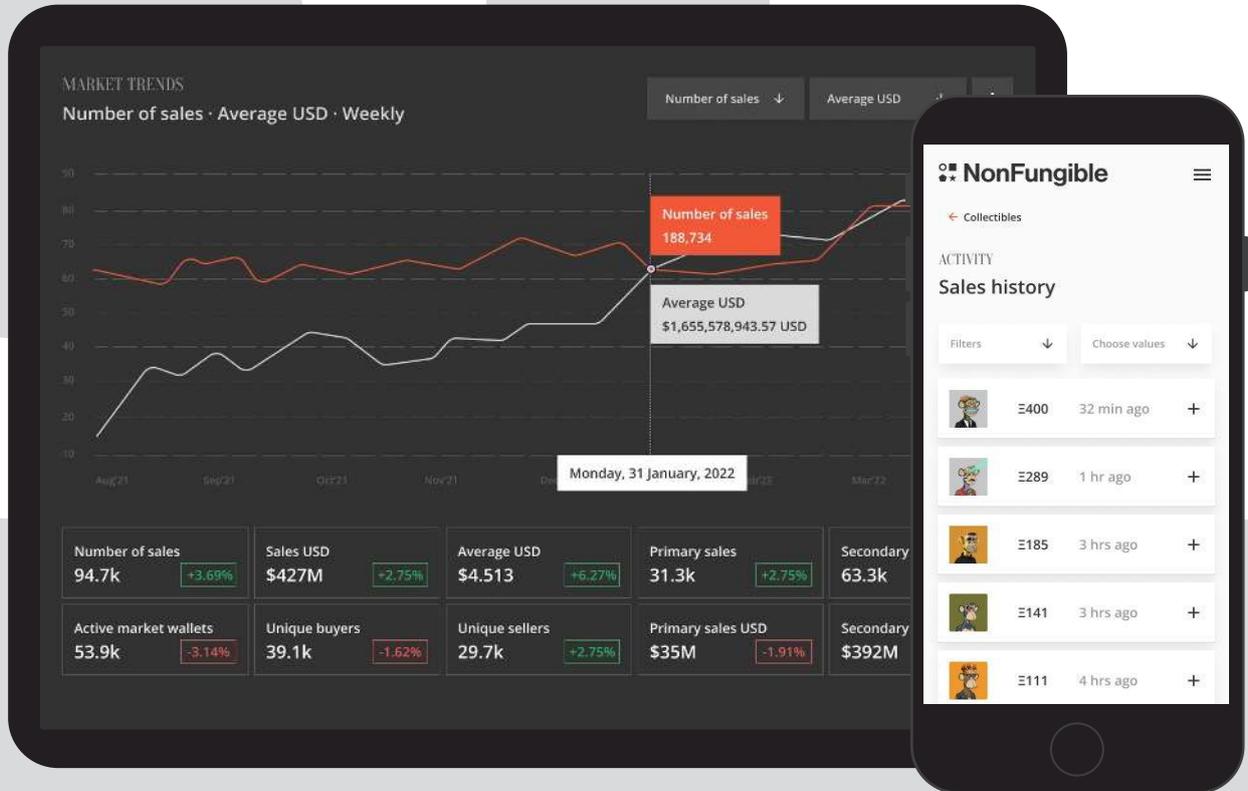




NFT Market Quarterly Report

Q1 · 2022





Helping you navigate the NFT industry smoothly and make the right decisions at the right time has been our mission for the last 4 years

Whether you are an NFT project owner, a digital creator, a major NFT collector or a financial group, or if you just want to get a better understanding of the NFT industry before you start out, we will help and support you in your project.

The NonFungible team have already assisted dozens of companies and investors in their NFT strategy, from due diligence to market analysis via portfolio valuation.

Find out more about all of our services on our website!

Foreword

Has the NFT bubble burst? (Again)

If the press is to be believed, it appears that the NFT bubble has burst once again. This phenomenon reminds of us of what many were already announcing about a year ago.

Following the publication of our annual performance report of the 2021 NFT market, this first Quarterly Report hopes to shed light on the overall NFT market at the start of 2022 with more complex global-political context than ever.

The Q1 Quarterly Report by NonFungible.com will provide answers to the questions anyone involved in the industry is entitled to ask:

- How does the NFT industry react in an uncertain market?
- Is the market managing to maintain itself following the exponential growth it experienced last year?
- Are we still in a market characterized by hyper-growth?
- Which segments of the industry are doing the best? Which ones are declining?

This report is in no way intended to promote the industry, but instead aims to give a clear, objective, and exhaustive view of the reality of the NFT industry.

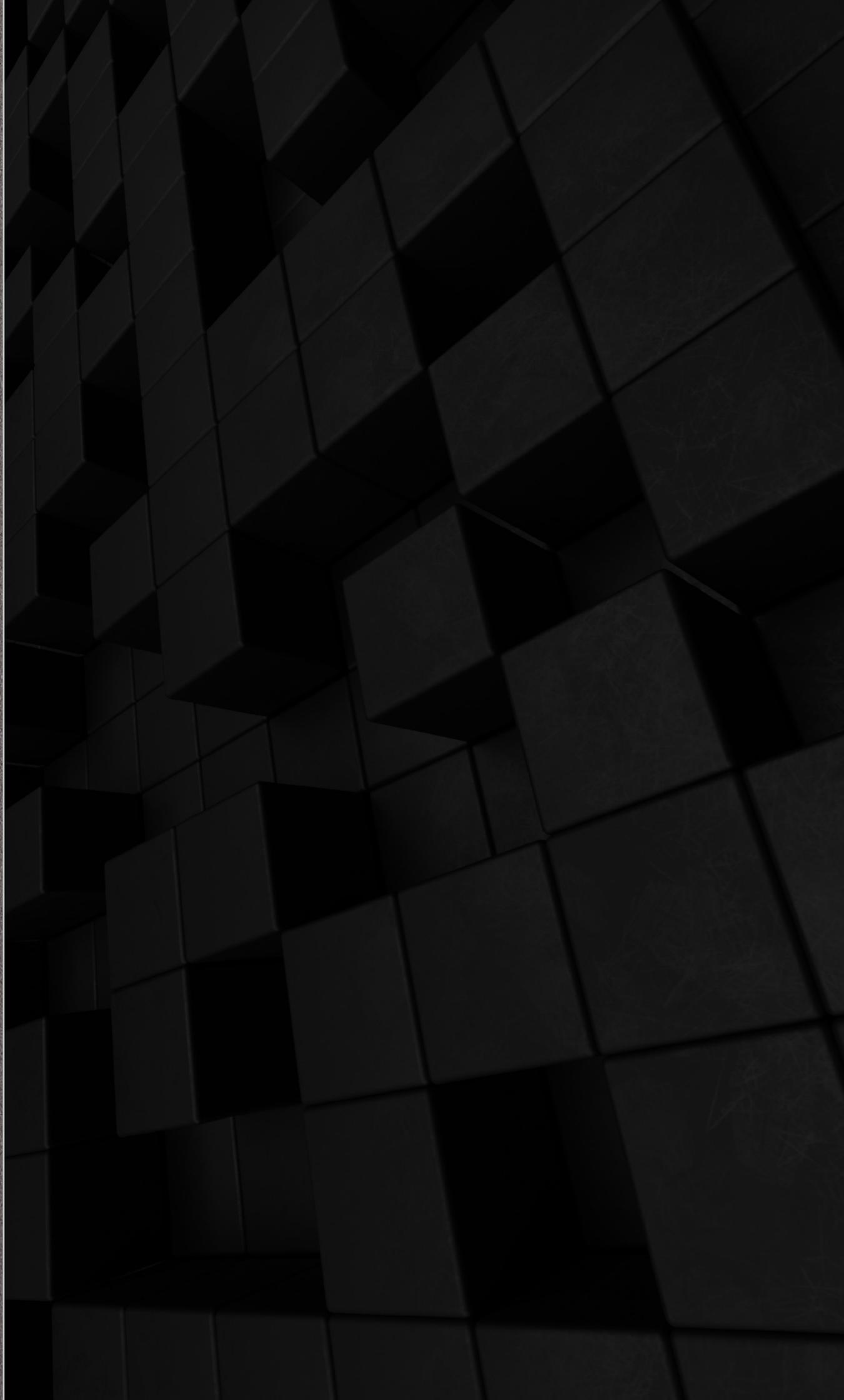
Whether you are an investor, artist, a creator of NFT collections, a representative of a large (non-NFT) corporation, or simply curious about the NFT market:

This report is for you.

THE NONFUNGIBLE TEAM

1	The fundamentals	06
	<ul style="list-style-type: none"> What is an NFT The data used for this report Legal disclaimer 	
2	A look back at Q1	11
3	Overall performance	14
	<ul style="list-style-type: none"> Q1 2022 Performance 	
4	Detailed performance	17
	<ul style="list-style-type: none"> Search volume Performance by segment Market distribution by project Primary and Secondary Market Average NFT Price Evolution Active Wallets Supply & Liquidity 	
5	The interview of the quarter	30
	<ul style="list-style-type: none"> Shaban Shaame from EverDreamSoft 	
6	Profits & losses on the market	35
	<ul style="list-style-type: none"> Global performance of NFT Trading Profit & Loss per segment over time Most profitable projects More profitables sales 	
7	Focus by segment	42
	<ul style="list-style-type: none"> Key metrics about Crypto Art Key metrics about Collectibles Key metrics about Gaming Key metrics about Metaverses Key metrics about Utilities Global Conclusions 	
8	Conclusion	51

The Fundamentals



What are NFTs?

To answer this question, it's important to know the definition of 'fungible' in order to understand its antonym. There are several nuances of fungibility depending on usage.

Fungible Tokens

This is the Larousse definition of 'fungible':

"Refers to things that are consumed by usage and can be replaced by things of the same kind, the same quality and the same quantity"

It is important to remember two points in this definition:

- Things that can be replaced by other things of the same kind. For example, two one euro coins dating from 2015.
- And usage. This is the most important but also the most vague concept.

In the blockchain ecosystem, \$SAND tokens are fungible. They will always have the same value if they are exchanged with each other. They can be spent to purchase \$LANDs which are nonfungible.

Non-fungible Tokens

A Non-Fungible Token is NOT fungible. It is a token that represents a unique asset with characteristics that are particular to it: it cannot be interchanged or replaced by another equivalent token.

NFTs can take the form of a digital work, a virtual land, a domain name or even equipment in a video game.

NFTs are simply a technological medium that allows any digital item to be stored and circulated virtually on a blockchain. To some extent 'NFTs' can be compared with computer files in the sense that their type and usage can be extremely varied.

Semi-fungible Tokens

Semi-Fungible Tokens, on the other hand, will have a completely different use. Intended to be a widespread consumer product, this token must, nevertheless, retain an identity all of its own.

The most popular example to illustrate Semi-Fungible Tokens is that of cinema or concert tickets. Here, for example, each token has information connected to the date, time and type of event. In the case of semifungible assets, it is not the asset but the series that presents unique characteristics.

What data is being utilized for this report?

NonFungible.com collects blockchain data via dedicated 'Blockchain Nodes', owned by NonFungible.com, without using any intermediary or third party.

List of data sources taken into consideration in this report:



ETHEREUM
ERC-721



RONIN



FLOW

It should be noted that NonFungible.com tracks 100% of the ERC-721 token activity on Ethereum, but only activity qualified as coming from genuine transfers has been taken into account. Of all the NFT transfers, a substantial part is not considered to form an integral part of the market (tests, robots, wash-trading, etc.).

Legal disclaimer

General

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A look back at Q1 2022

2



Key Events

Highest Sales

January

02



SuperRare
All Time High in the City
\$6,196,021

02



Bored Ape Chemistry Club
Mega Mutant Serum
\$5 907 542.97

04

Samsung adds non fungible token trading app to its televisions

20

Facebook and Instagram are reportedly exploring plans to make, showcase, and sell NFTs

21

Twitter brings NFTs to the timeline as hexagon-shaped profile pictures

February

03

NFT museum opens its doors in United States

09



CryptoPunks
C 5577
\$7,718,811

12



CryptoPunks
C 5822
\$23,799,920.00

25

Pussy Riot Founder, Trippy Labs, PleasrDAO Members Launch Ukraine DAO

25

Rakuten launches NFT marketplace to capitalize on growing adoption in Japan

25



Bored Ape Yacht Club
1837
\$1,503,759

March

09

LimeWire to relaunch as NFT marketplace

11

Bored Ape Yacht Club creator buys CryptoPunks and Meebits

18



CryptoPunks V1
6965
\$1,149,613

23

Fashion Week Festival in Decentraland brings a lot of Fashion Brands to the metaverse

25



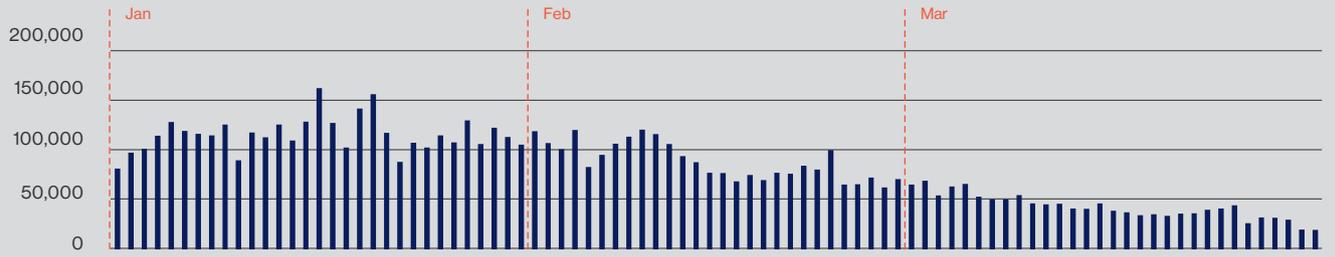
ArtBlocksFidenza #692
by Tyler Hobbs
\$995,021

30

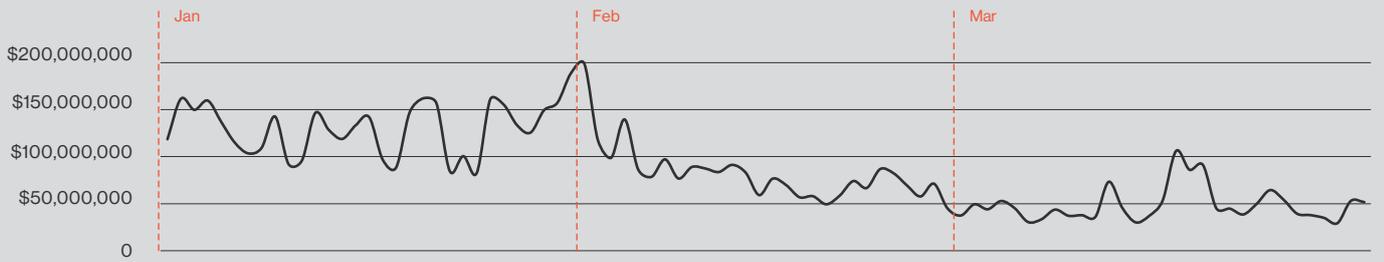


Azuki
9605
\$1,422,605

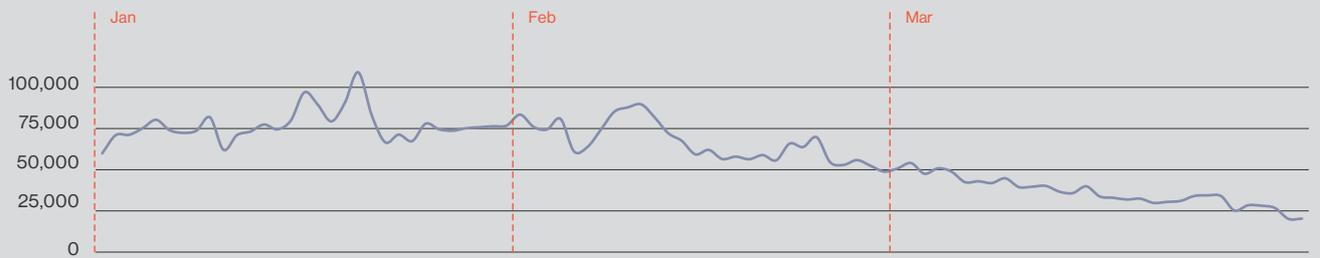
SALES VOLUME



EXCHANGE VOLUME (USD)

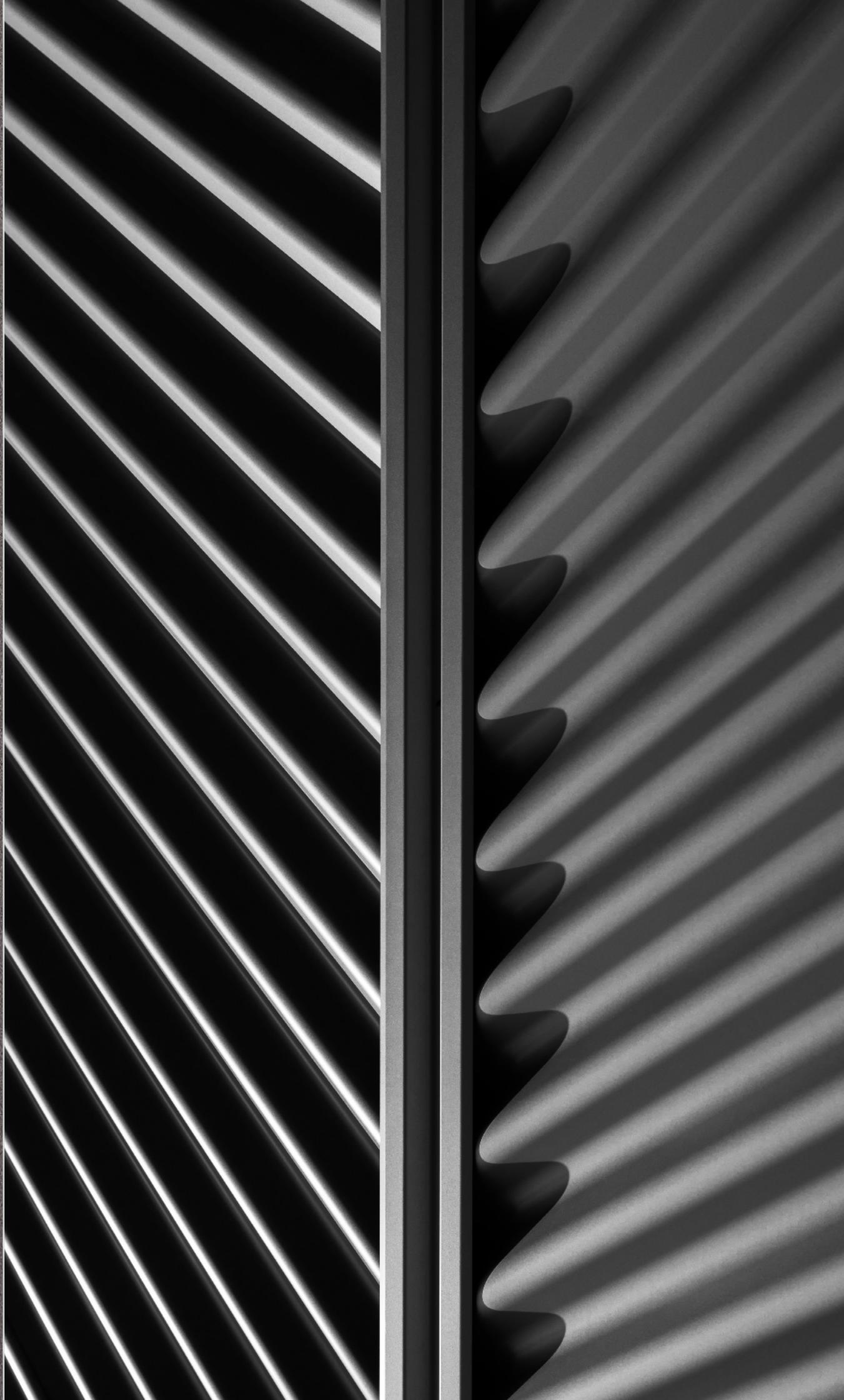


ACTIVE ADDRESSES



Global Performance

3



Q1 2022 Performance

	Q4 2021	Q1 2022
Volume of USD traded (total)	\$14,531,875,047	\$16,456,945,150 +13.25%
Volume of USD traded (qualified*)	\$8,251,323,929	\$7,872,024,436 -4.60%
Number of sales	14,040,708	7,447,473 -46.96%
Buyers	1,696,613	1,172,235 -30.91%
Sellers	967,027	816,027 -15.61%
Active Wallets	1,948,934	1,455,107 -25.34%
Total profit (during resell)	\$3,443,080,881	\$3,326,763,612 -3.38%
Total loss (during resell)	\$826,914,555	1,235,723,313 +49.44%
Average ownership duration (days)	25.6	39.6 +54.69%
Active Smart Contracts	1,271	1,404 +10.46%
Average price	\$587	\$1,057 +80.07%

*Qualified Volume = Volume related to known and legitimate NFT projects. Excluding all DeFi-related volume (UniSwap, MEV Bot,...) Wash trading and suspicious or unknown volume.



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Metrics Definition

- **Volume of dollars traded** - Total volume traded when buying or reselling NFTs. Includes primary and secondary markets.
- **Volume of sales** - Number of NFT sales during the year. Includes primary and secondary markets.
- **Buyers** - Number of wallets that purchased at least one NFT during the period. A single person can own multiple wallets.
- **Sellers** - Number of wallets that sold at least one NFT during the period. A single person can own multiple wallets.
- **Total active wallets** - Number of wallets that bought or sold at least one NFT during the period.
- **Total losses (when reselling)** – Cumulative volume of dollars lost when reselling assets on the secondary market (difference between the purchase price and the resale price).
- **Total profit (when reselling)** – Cumulative volume of dollars earned when reselling assets on the secondary market (difference between the purchase price and the resale price).
- **Average ownership duration** - Average number of days between two transactions.
- **Number of active Smart Contracts** – Total number of “Smart Contracts” enabling NFT transactions. A single project can use several Smart Contracts.
- **Average price** - Average price in dollars observed on the markets of all NFTs traded during the period. Includes primary and secondary markets.

How do we interpret these results?

The first quarter of 2022 presents a significant decline in NFT market volume, with a drop of almost 50% in sales. Note however, that this drop in sales volume is accompanied by a much smaller drop in the volume of dollars traded (only 5% drop). This is largely driven by an increase of almost 80% in the price of NFTs between Q4 2021 and Q1 2022.

This price difference is explained by the type of assets in circulation:

- 2021 was largely dominated by the circulation of video game assets (notably in Axie Infinity). These assets were relatively accessible: on the order of a hundred dollars. The circulation of these assets declined in 2022, with the Play to Earn model that dominated 2021 losing steam.
- At the same time, speculation has continued in the Collectibles segment. With the emergence and growth of

new collections whose prices have soared (Invisible Friends, CloneX, Azuki, CyberBrokers, etc.)

These two phenomena combined have generated an increase in the price of NFTs over the period.

One trend may surprise at first glance: the increase in the total (unqualified) volume of dollars traded in the face of the decline in the qualified volume. This trend can be illustrated by several factors:

Increase in wash trading on a specific marketplace (volume in the order of several billion)

Other use cases involve NFTs such as DeFi (Decentralized Finance: MEV Bot, UniSwap) and continue to represent large volumes, but which cannot be considered as NFT trading strictly speaking.

Detailed Performance

4



Volume of research

Before going further with specific performance indicators, let's take a moment to look at the overall visibility that the ecosystem has gained during the year.

According to Google Trends, search volumes around the topic of Non Fungible Tokens increased significantly throughout 2021, reaching its peak between January 16 and 24, 2022. Since then, search volume around the topic continues to decline and appears to be stabilizing today around October 2021 search volume.

This downward trend can be explained by two main reasons:

- Decline in interest following the media saturation around the subject at the end of 2021, and decline in speculation following the losses recorded by many buyers of NFTs.
- The start of the conflict in Ukraine drew attention to this complex geopolitical conflict rather than to a new class of digital assets.

The graph below shows the correlation between the start of the conflict in Ukraine and the volume of searches around NFTs.

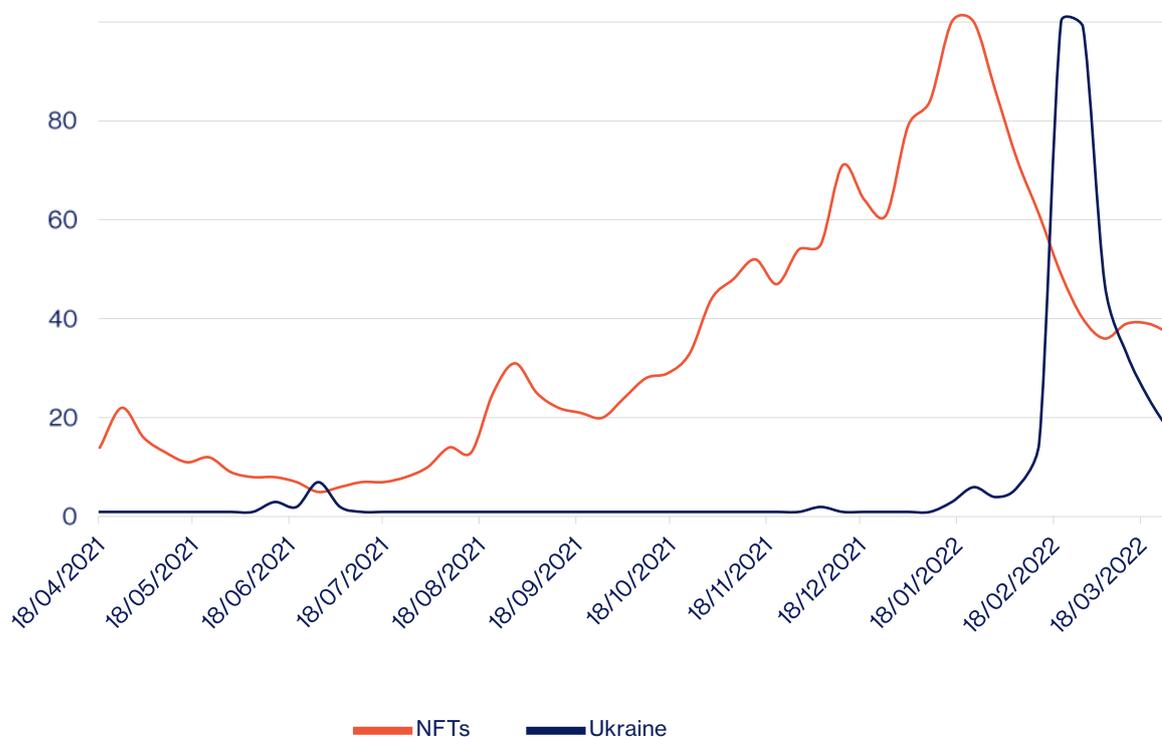


Fig. 01 – Search volume around “Non Fungible Tokens” & “Ukraine” Topics.
Source: Google Trends

Geographically, countries in Southeast Asia centralize the bulk of the interest in NFTs. Singapore, Hong Kong, China, Taiwan and the Philippines occupy the first 5 places in the ranking.

The United States went from 8th to 12th place, while Canada rose to 5th place in the ranking of the countries most interested.

European countries are largely behind with Lebanon in 10th place and The United Kingdom in 15th place directly followed by other European countries: Netherlands, Georgia, Switzerland,...

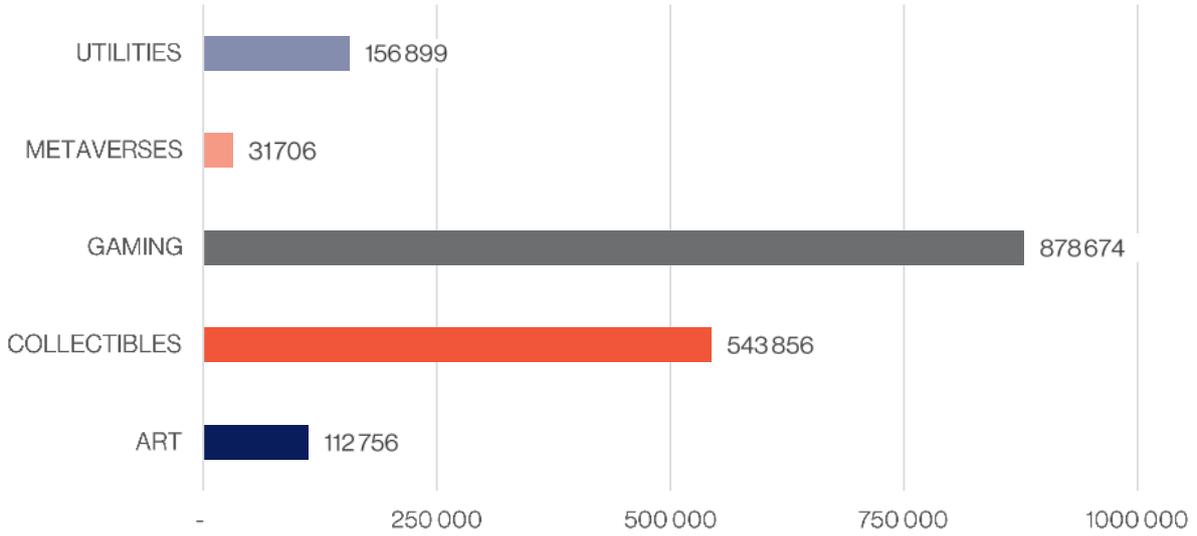
	Country	Interest Score
01	Singapore	100
02	Hong Kong	96
03	China	81
04	Taiwan	56
05	Philippines	55
06	Canada	54
07	United Arab Emirates	54
08	New Zealand	53
09	Australia	53
10	Lebanon	52
11	Venezuela	51
12	United States	49
13	South Korea	48
14	Nigeria	46
15	United Kingdom	40
16	Netherlands	39
17	Georgia	38
18	Switzerland	38
19	Israel	37
20	Portugal	37

Fig. 02 – Ranking of the 20 countries with the most search volume around the theme of “Non-Fungible Tokens” Source: Google Trends

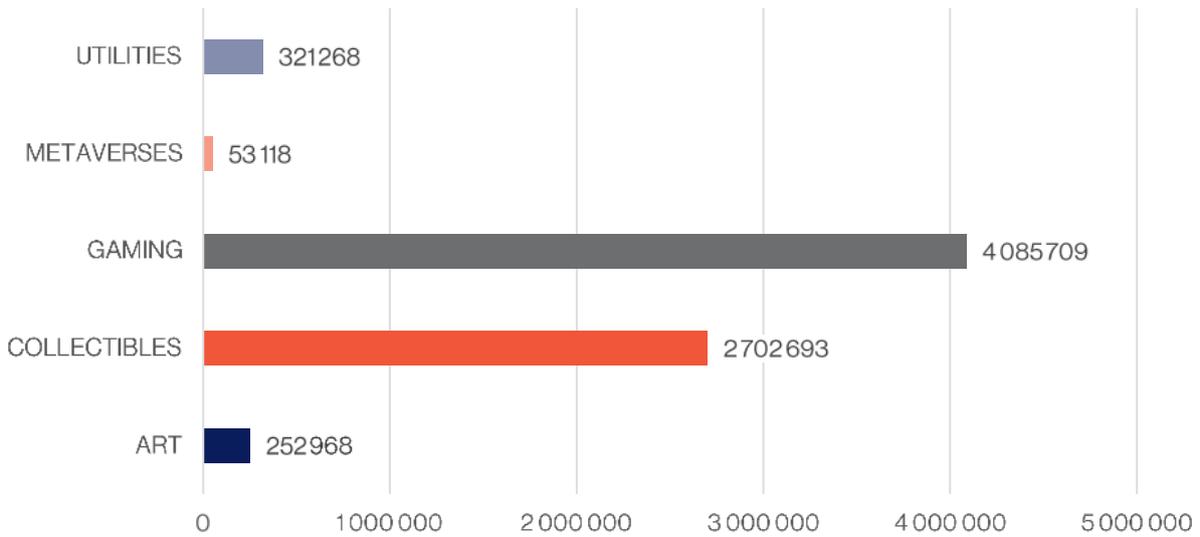
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Performance by segment

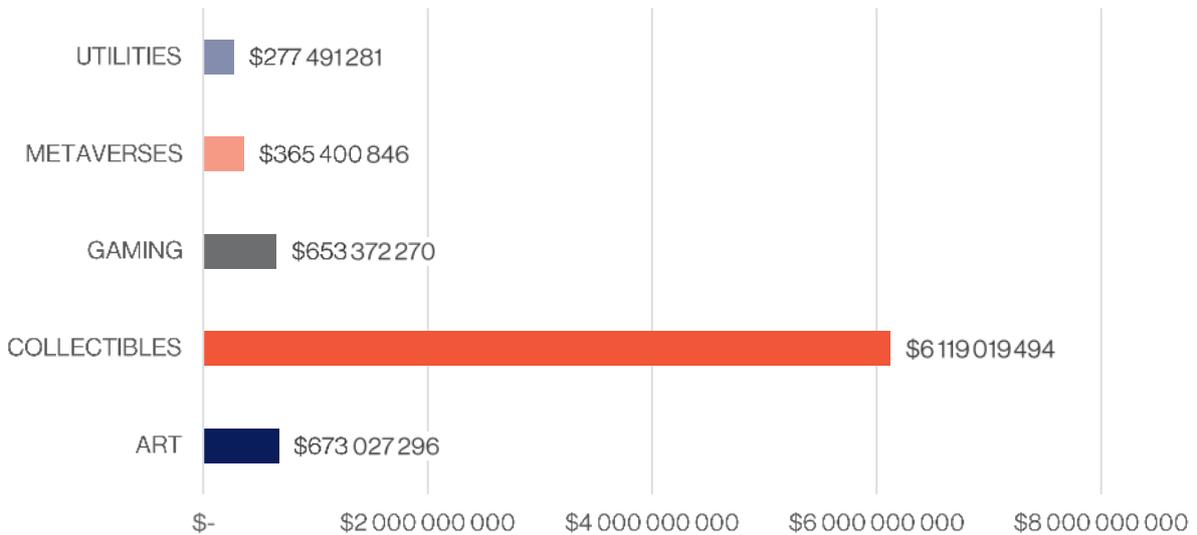
ACTIVE WALLETS



SALES VOLUME



VOLUME OF DOLLARS TRADED



Collectibles

With more than half a million active wallets for 2.7 million sales and a total trading volume of more than \$6 billion, the collectibles segment is undoubtedly still the major segment of the industry in the first quarter of 2022. .

Gaming

The Gaming segment maintained its position as the segment with the highest sales volume. The nature of the assets in circulation have high liquidity. It is also the segment with the largest community (almost one million active wallets). However, the volume in circulation remains almost 10 times lower than that of Collectibles.

Art

The crypto-art segment ranks second in volume of dollars traded with \$673 million. However, the volume of active wallets and sales remains much lower, which suggests that the NFT art segment remains for the moment reserved for an elite, with very expensive assets in circulation.

Metaverses

Despite the hype surrounding the Metaverse, this segment remains relatively small in comparison to the scale of the rest of the NFT industry, with a total of 53,000 sales for \$365 million traded. The price of a plot of Metaverse remains relatively high. The low volume of dollars traded can be explained by a limited supply of plots in each metaverse, the challenge of these virtual worlds now being to build experiences for their users more than to sell new plots and enlarge their maps.

Utilities

Utilities remains the 3rd segment in regards to active wallets, but remains the bottom of the pack in volume of dollars traded with only \$277 million. This segment remains for the moment dominated by domain names and NFTs around the creation of community.

Distribution of the market by project

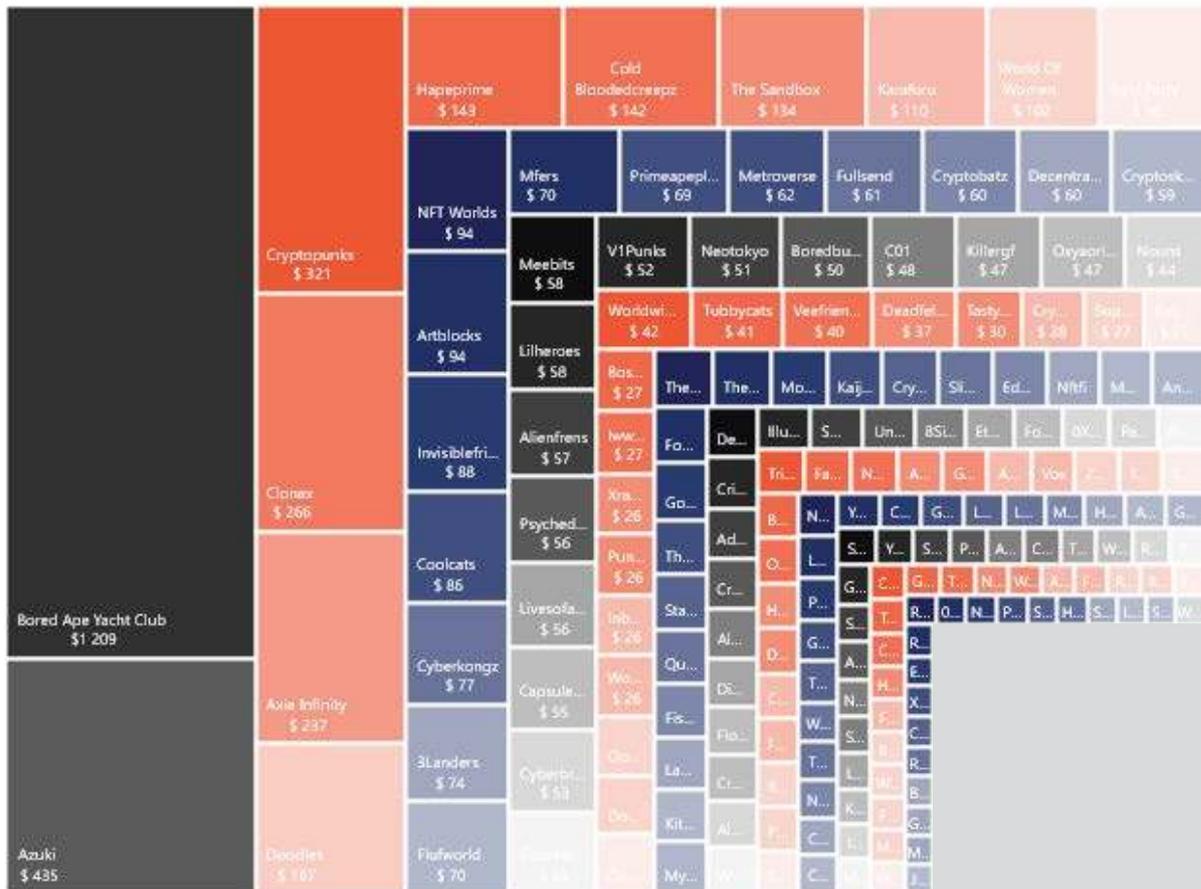


Fig. 03 – Market share per project (in Million of USD) – Q1 2022

The trend suggesting that Bored Ape Yacht Club could dethrone CryptoPunks as the most active project at the end of 2021 has come to pass. Bored Ape Yacht Club now ranks first surpassing CryptoPunks with more than \$1.2 billion traded in the first quarter.

CryptoPunks has been relegated to 3rd place behind Azuki and their \$435 million over the quarter.

The main difference we see compared to previous quarters is that the market is much less polarized around a few flagship projects. A myriad of projects present substantial volumes. However, there are several “layers” in the industry:

- Star projects: Over \$100 million. Industry bluechips
- References / recent rockets: Between \$50 and \$100 million.
- The 2nd league: these can be promising projects or, on the contrary, in a phase of decline. Their volume is between \$20 and \$50 million.

Primary and secondary markets

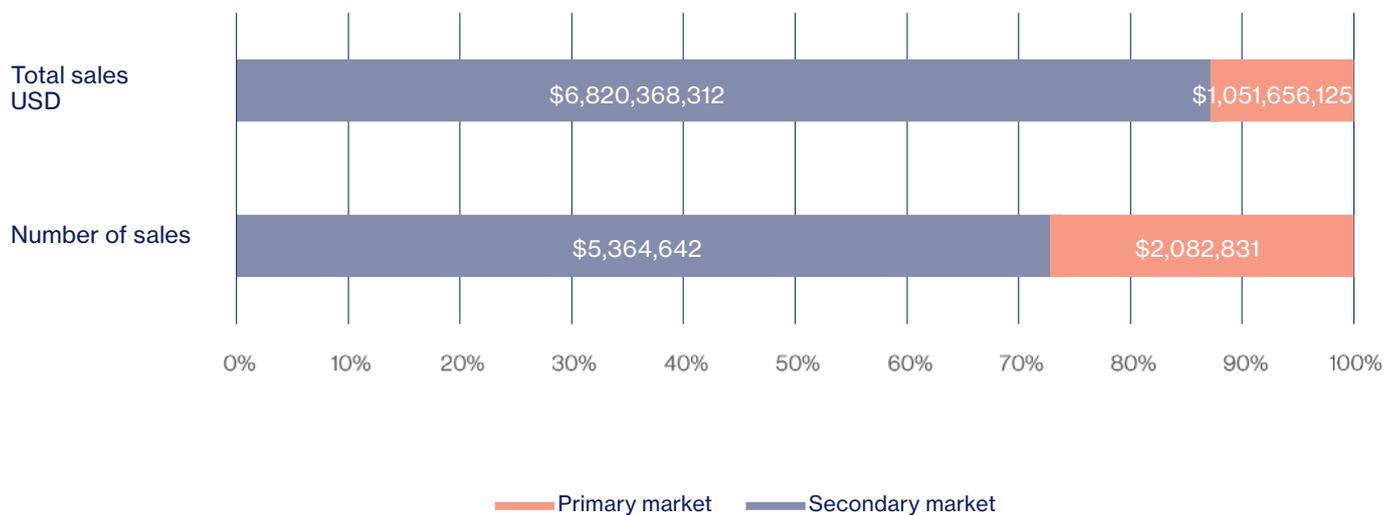


Fig. 04 – Volume of sales and dollars traded. Primary market and. Secondary market (2021)

The secondary market represents almost 90% of the value in circulation for approximately 70% of the sales volume.

As a reminder, the secondary market in 2021 represented:

- 47% of transactions
- 82% of the value traded

We observe here a clear decline in the primary market, which is explained by a (healthy) slowdown in the production of assets on the market. The frenzy of new NFTs seems to have slowed and most of the value remains in the secondary market.

This trend gives the feeling that the secondary market is still trying to “digest” all the NFTs that were issued in the primary market last year. We are in a post-saturation phase of the market, which helps to explain this slowdown.

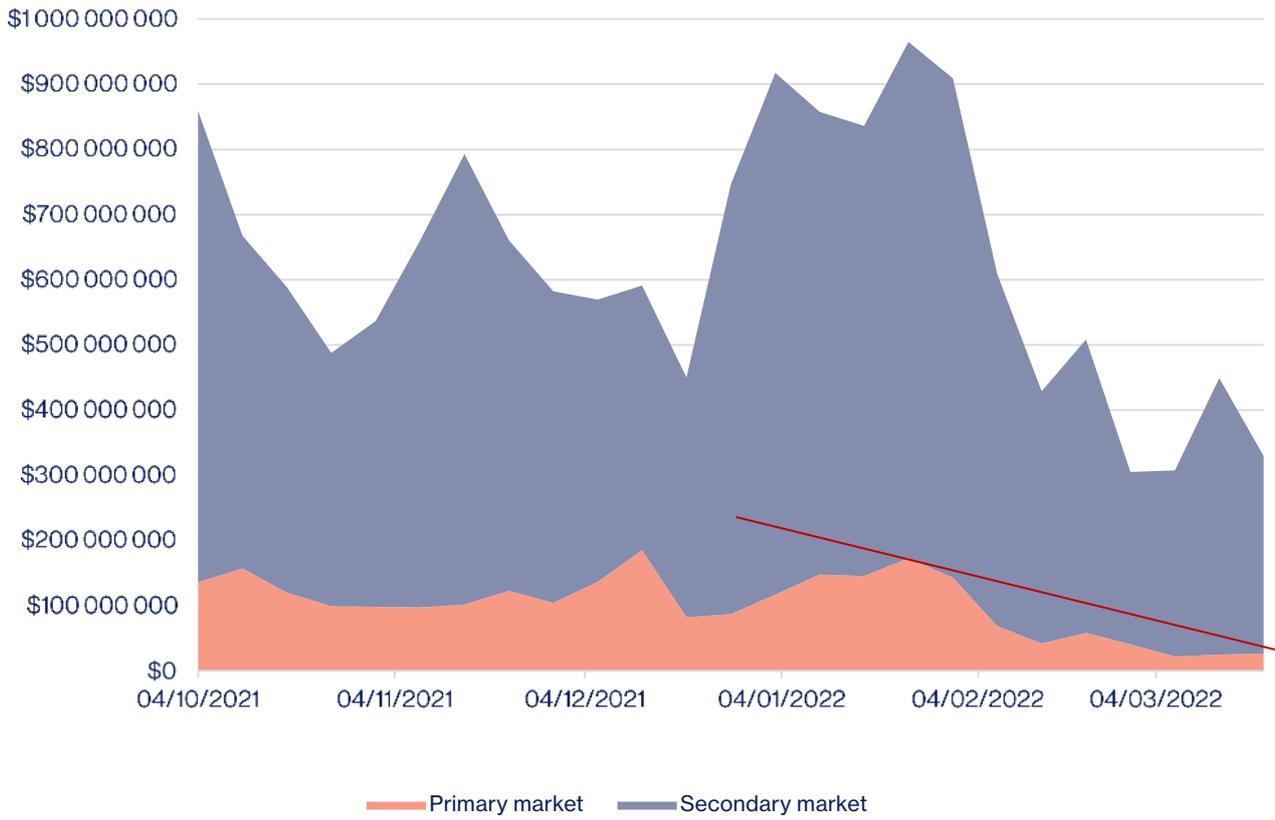


Fig. 05 – Breakdown of the volume of dollars traded between the primary and secondary markets (Q4 2021 & Q1 2022)

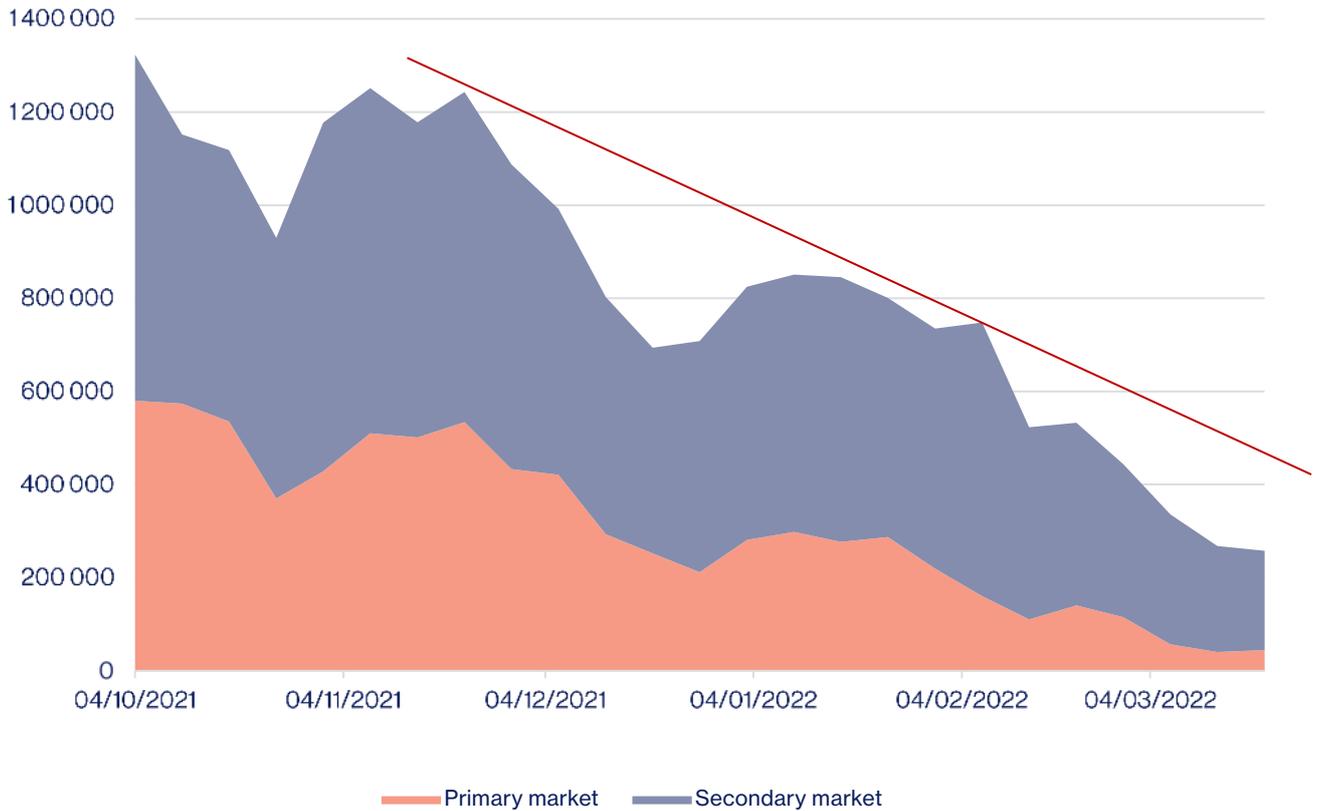


Fig. 06 – Breakdown of sales volume between the primary and secondary markets (Q4 2021 & Q1 2022)

The predominance of the secondary market confirmed throughout the first quarter, to such an extent that the secondary market represented almost 10xs the primary market's volume of dollars traded at the end of March .

As mentioned above, this phenomenon can be explained by a phenomenon of gradual absorption of assets created and put into circulation in 2021. The market seems unable to absorb large quantities of assets issued on the primary market for the moment.

It should be noted, however, that the overall trend, in terms of number of sales, is headed towards a drop in liquidity throughout the first quarter of 2022. While the volume exceeded one million sales in November 2021, it is struggling to exceed 250,000 sales weekly on the end of March.

Average price of NFTs

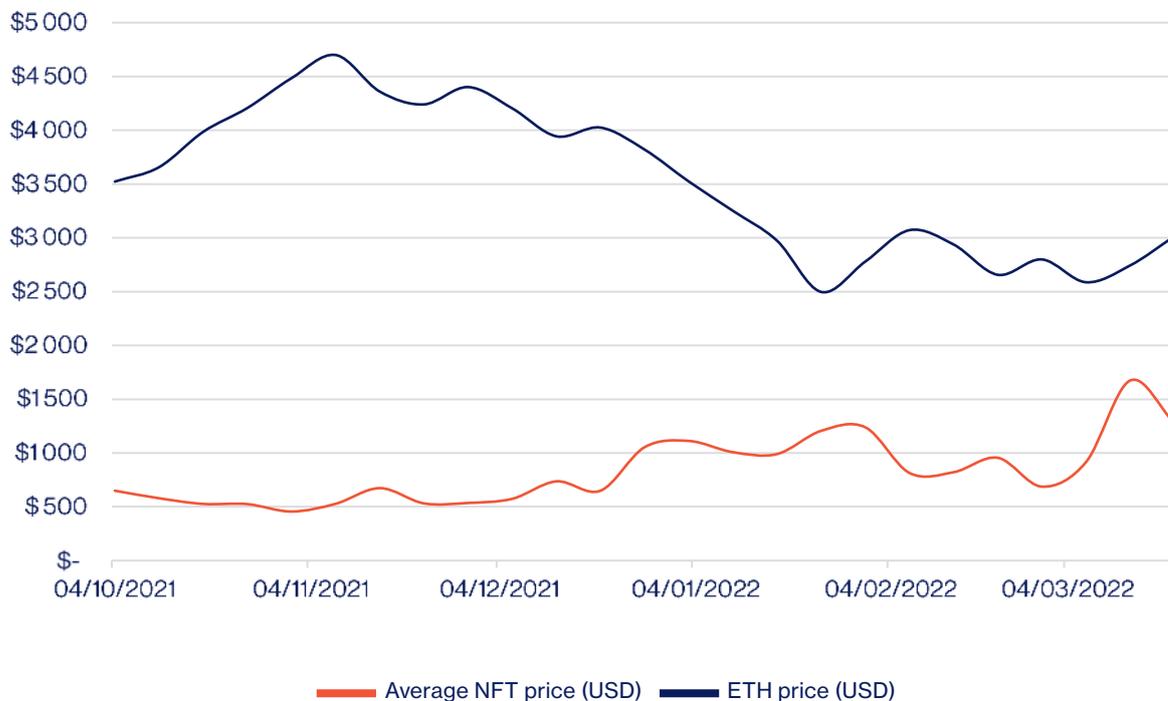


Fig. 07 – Average price of an NFT vs. Average price of Ether
Source for ETH Price: Coingecko.com

The trend during the first quarter of 2022 confirms last year's observations: the price of NFTs is increasingly decorrelated from the price of cryptocurrencies. This phenomenon is extremely interesting insofar as it reflects the maturity of the NFT industry with respect to cryptocurrencies.

NFTs are no longer (and have been since last year) a sub-asset dependent on the health of Bitcoin or Ether. They have reached a critical mass from which they can have their own trends, without directly suffering the volatility of the crypto markets.

On the contrary, we have already observed that when crypto markets are bearish, NFTs are now perceived as a less volatile safe haven by some crypto-investors.

Regarding the evolution of the price, without much surprise, the prices retracted from \$4,500 to a low of \$2,500 in the last week of January. However, there has been a slight rebound since taking the average price of NFTs above the \$3,000 mark.

Active wallets



Fig. 08 – Buyers, sellers & total active wallets volume (Weekly basis)

After a major rebound in early November 2021, the overall volume of active wallets in the NFT industry continues to shrink.

At the end of October, we observed a volume of around 280,000 active wallets per week, the rebound raised this figure to 380,000. Since then, this volume has experienced some fluctuations until it bottomed out at just under 150,000 active wallets per week. It should be noted, however, that these figures are higher than the trends observed 12 months earlier in the industry.

Another interesting phenomenon to analyze: the volume of buyers and sellers is closer than ever with a majority of buyers (80K seller wallets for 93K buyer wallets). The gap between these two curves is one of the key signs of ecosystem health. If it turns out that these curves cross one day, and that we observe more sellers than buyers, this will be a sign of major defiance on the part of the community towards the NFT markets.

Supply & liquidity

After a major rebound in early November 2021, the overall volume of active wallets in the NFT industry continues to shrink.

	Volume of assets in circulation (Beginning of Q4 2021 / Beginning of Q1 2022 End of Q1 2022)			Percentage increase in supply over the quarter	
	01/10/2021	01/01/2022	01/04/2022	Q4 2021	Q1 2022
Art	1 433 400	1 725 052	1 853 868	+20.3%	+7.5%
Collectibles	5 047 486	6 858 934	7 885 874	+35.9%	+15.0%
Gaming	17 550 092	21 436 639	22 479 636	+22.1%	+4.9%
Metaverses	461 662	507 036	541 968	+9.8%	+6.9%
Utilities	1 092 489	1 385 956	1 627 688	+26.9%	+17.4%



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Fig. 09 – Total volume of assets identified by segment and evolution of supply by quarter.

NFT supply increased considerably in the last quarter of 2021, up to +35.9% in the Collectibles segment.

In the first quarter of 2022, there is an obvious slowdown, with an increase of around 10% on average, the maximum still being in the Collectibles segment with a 15% growth in supply, to reach 7.8 million assets in circulation.

The segment experiencing the strongest slowdown is Gaming, falling from 22% growth to less than 5%. This trend suggests that the issuance of new assets has been shifted away from the use of existing assets in games.

The Metaverse segment seems to be holding up, with growth dropping from 10% to 7%.

**Methodological point**

The volumes presented here correspond to assets that have been transferred at least once between two wallets over the period analysed. A transfer is not just a purchase or resale, but any form of asset movement. This indicator provides an idea of the overall activity of a segment without being limited solely to sales.

	Q4 2021		Q1 2022	
	Volume of NFTs circulating	% of the supply	Volume of NFTs circulating	% of the supply
Art	389 856	22.6%	284 733	15.4%
Collectibles	2 304 853	33.6%	1 907 241	24.2%
Gaming	7 559 025	35.3%	5 221 908	23.2%
Metaverses	79 799	15.7%	131 900	24.3%
Utilities	350 393	25.3%	321 086	19.7%

Fig. 10 – Weekly evolution of the volume of profit and loss when buying / reselling NFTs

Isolating liquidity, there is a comparable slowdown, with an overall drop in liquidity across all segments except Metaverses.

Indeed, this segment saw its liquidity jump from 15.7% to 24.3% compared to the previous quarter.

Note, however, that liquidity rates remain relatively high with nearly a quarter of all supply circulating for 3 of the main segments: Metaverses, Gaming & Collectibles.

Interview of the quarter

57



Shaban Shaame from EverdreamSoft



Shaban Shaame
EverDreamSoft CEO & founder

Most people who started between 2017 and 2018 in the NFT industry consider themselves pioneers. So what about someone like Shaban Shaame, who started working on a blockchain video game in 2014, on the Bitcoin network, creating some of the very first NFTs in history, 3 years before CryptoPunks were created. .

8 years after his debut in the industry, Shaban, has agreed to share his thoughts and feelings with us on the current situation in the industry.

NonFungible.com: Hello Shaban and thank you for your time! As part of our series on the key players in the ecosystem, I wanted to ask you a few questions. Let's start with the first one, can you introduce yourself?

Shaban: *I am the founder of EverdreamSoft and producer of The Spell of Genesis game. Today, I focus on NFTs on different blockchains. For example, with Spell of Genesis, NFTs exist on Bitcoin, Ethereum, and Klaytn. The idea is to leave it up to the user to choose the blockchain where they want to mint their NFTs.*

NonFungible.com: In 2014, what drove you to get into NFTs?

Shaban: *In 2012, I heard about Bitcoin with the MtGox flaw and a few articles speaking about Bitcoin going from \$50 to \$100, then another that said Bitcoin had gone from \$100 to \$200..I had to get some! Then I really started*

to take an interest in what was behind it all and I still haven't lost interest in it today.

There was some research that caught my attention, it was the Colored Coin. Take a small fraction of Bitcoin and say that it is something else like another currency or an object. The idea of using Blockchain no longer as a currency but rather as an indicator for something else was fascinating!

Then Counterparty came out that solved a problem which existed with Colored Coin. On Colored Coin, if we ever sent an asset to an incompatible address, the data was lost. With Counterparty, this problem was solved. Even with an incompatible one, you didn't lose your metadata. At that time, we had a game at Everdreamsoft called Moonga, a collectible card game like Hearthstone.

Players would exchange off-chain cards and then make a low-cost transaction and then contact support to say they had been scammed.. That's when we said to ourselves "what if we emulated the card game directly on-chain?". In this way the user is the only master on board and he is solely responsible for the exchange of his cards.

NonFungible.com: At that time, were there any technical limitations to using NFTs on Counterparty?

Shaban: *Not really. The idea was to put metadata on a currency. The transaction fees were very low and it was quite positive. It wasn't really a technical limitation, rather an access limitation.*

The players who were already following us have not managed to take the crypto train, find Bitcoins, buy Bitcoins, create a wallet... and the idea of value that the card was going to exist on-chain, ad vitam eternam was not well understood.

NonFungible.com: What do you think of the NFT ecosystem today?

Shaban: *The bet I took in 2015 was that this trend would remain. The strategy I decided to follow was to continue the development of Spell of Genesis. But I also knew that other companies were going to develop their game. So rather than trying to compete with Ubisoft for example, we also started to develop tools for companies.*

This is the natural evolution of this bet, I am happy that it evolves but I did not doubt it, on the other hand I am quite surprised at the speed at which it accelerated. It was quite flat and

then all of a sudden an explosion of interest so it looks a bit like a bubble rise phenomenon. A bit like in 2017 with ICOs, then it corrected a lot, people said "it's dead..." but this is the time when projects and technology are being built in the background.

There is a lot of opportunism but at some point it will correct itself and what will remain are the strong fundamentals. At the moment we are still in a euphoria bubble stage that will correct but we are still at the very beginning.

NonFungible.com: How do you see NFTs in the next 5 years?

Shaban: *At the moment it's a bit of a wild west and I think there will soon be a whistle signaling the end of the playground. Right now there are a lot of scams, copyright infringements, a whole bunch of things that are induced by the link between the asset and the token. The tokens are managed by the smart contract but the problem lies in the underlying asset.*

For example, I can create the same asset on different blockchains. The token will be unique but not the asset. In relation to this issue, we are working on a decentralized certification authority.

NonFungible.com: It's quite ambitious!

Shaban: *It's ambitious, yes! It is a Blockchain to certify NFTs on any Blockchain. We must find a way to form a consensus that can determine whether a particular NFT is a true or a false one. The problem with a centralized platform is that it won't be able to track everything that happens. It has to be decentralized, we can't trust only one entity to say "this is a real one" or "this is a fake".*

NonFungible.com: What is the biggest barrier to mainstream adoption of NFTs?

Shaban: *One of the barriers to mainstream adoption is the number of scams. This is an important issue because it is a matter of trust. An informed user will be able to look at the smart contract and identify if the author is the right one, if the function called is the right one... For an average user, it is beyond his abilities. It is even dangerous for him to come into this ecosystem, for example on Opensea there are a lot of fakes and it can be very easy to lose money by buying one.*

It's better that ordinary users are not yet there in the ecosystem because the more they arrive, the more they get scammed and the more there is a form of negative vision about NFTs. We see it in the world of video games with Ubisoft when they announced their NFT... There has been a huge amount of hate from users.

Why? Because they think it's a dark world full of liars and thieves... But from this outside perspective, when they see their favorite studio enter the NFT, they tell themselves that it has moved to the dark side of the force, only to make more money.

While it's not that at all, it's much bigger than that, they want to be part of the ongoing revolution.

Conclusion

There is little doubt that the world of NFTs will continue to astonish newcomers for some time ahead but having the ability to hear from a true NFT OG puts into perspective the recent hype and shows us how far we have traveled, bringing a vision of the future to come..



Connect & implement, transform your traditional apps to Dapps

What is PlayDapp?

PlayDapp is a dApp service platform that provides C2C Marketplace and Tournament. All PlayDapp users are interoperable thus providing a portfolio of PlayDapp service content that users can enjoy with their non-fungible tokens(NFT). Users can also trade their digital assets in the C2C marketplace in addition to increasing the value of the NFT by gamification such as leveling up, strengthening, and amalgamating feature.



Partners



Exchanges



Interoperable NFTs & PlayDapp SDK

Interoperability is at the heart of PlayDapp's identity. Empowered by the PlayDapp SDK, developers are able to transform apps to dApps and "NFT-fy" items to gain interoperability between different games, metaverses, and even the offline sphere. With a rapidly expanding roster of non-game NFT projects partnering with PlayDapp that range from popular cartoon and sticker characters to geo-domain and F&B, the "NFT-fication" isn't limited to just game-NFTs either. PlayDapp's key technology of NFT Protocol Utilization is realizing true ownership of digital assets for everybody.



Homepage



Marketplace



Along with the Gods

Profits and losses on NFT markets



Global performance of NFT trading

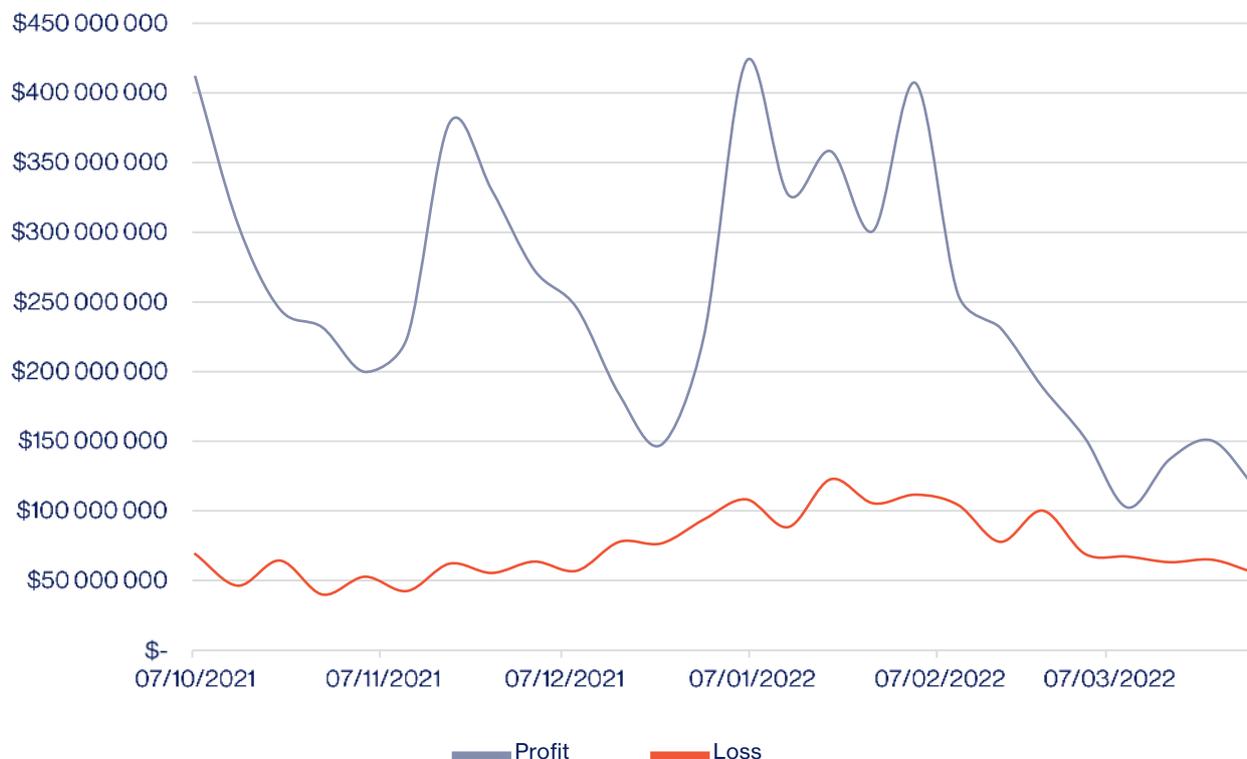


Fig. 11 – Weekly evolution of the volume of profit and loss when reselling NFTs

Weekly profit volume has declined significantly over the past two quarters, going from several successive peaks at \$400 million in weekly profit to just \$100 million in profit.

At the same time, we observe that the rate of resale at a loss increases gradually, without experiencing any particular peaks over the period. This is more of a gradual trend rather than a dramatic increase of resale at a loss. It should be noted that the volume in question tended to decrease in the 1st quarter of 2022, reaching its peak in the week of January 20 with a total loss of \$122 million recorded on resale.

The trend at the end of the quarter is on a convergence of the curves which suggests that profitability is much more difficult to achieve than before in NFT trading.

In general, we read these coinciding trends as a loss of steam over speculation on digital assets.

Profit and loss per segment over time

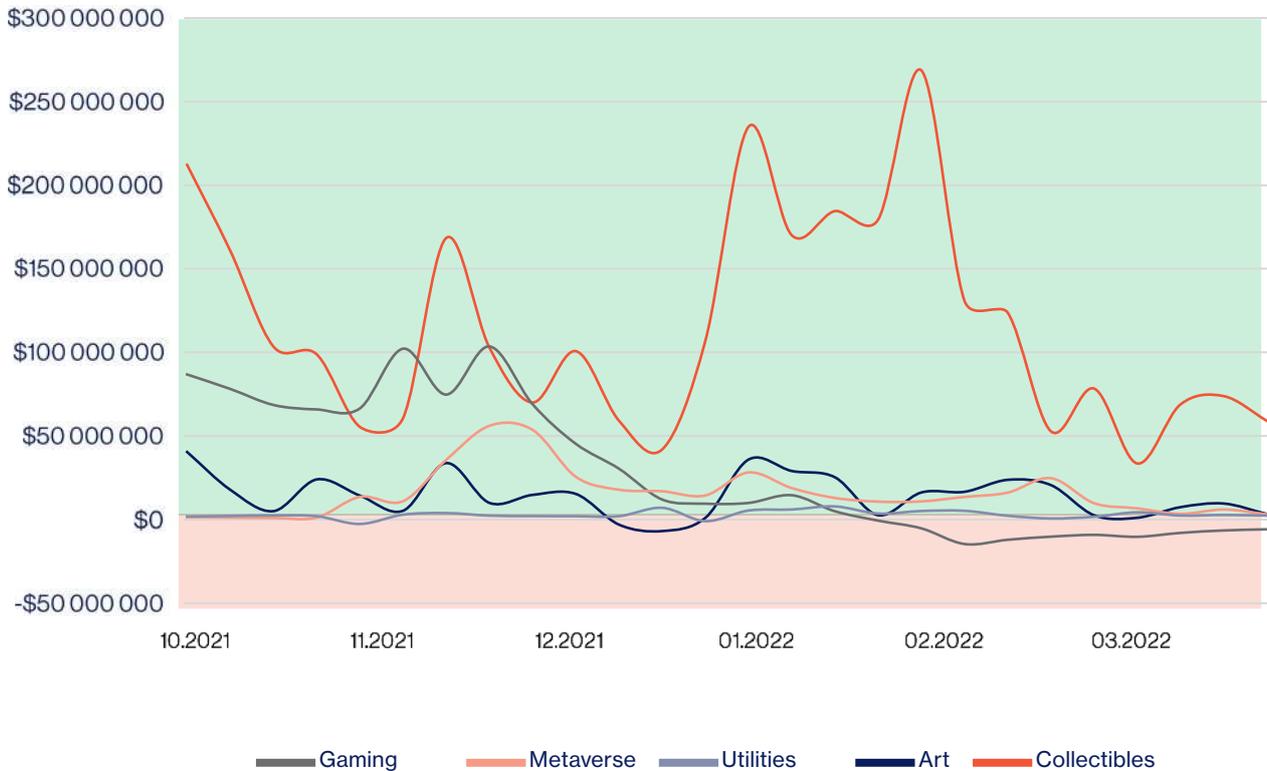


Fig. 12 – Weekly evolution of profit volume by segment when reselling NFTs

The profitability of NFT trading being driven more than ever by speculation around Collectibles and PFPs (Profile Pictures) with a peak of up to \$268 million in the first week of February.

The Gaming segment is experiencing a slow period, with NFT Gaming trading at a loss over the last 3 months, reaching \$14 million in losses per week.

Art managed to stabilize despite a few difficult weeks, we observed a trend that remains profitable in this segment: between \$1 and \$28 million profit per week.

After the excitement around the Metaverses at the end of 2021, the segment maintained a fairly stable profitability between \$5 and \$24 million per week, despite a noticeable slowdown in speculation on this type of asset.

The most profitable projects

Segment	Project	Total Profit/Loss	Total Profit	Total Loss	Average Profit at Resale	Rate of Resale at Profit	Average Ownership Duration
Collectibles	Bored Ape Yacht Club	\$ 460 341 140	\$ 550 381 517	\$ -90 040 376	\$ 53 445	76.4%	75.90
Collectibles	Azuki	\$ 198 920 016	\$ 220 738 105	\$ -21 818 090	\$ 13 994	77.3%	10.45
Art	Doodles	\$ 83 895 360	\$ 95 227 540	\$ -11 332 180	\$ 25 306	81.6%	54.28
Collectibles	Hapeprime	\$ 68 446 210	\$ 90 932 312	\$ -22 486 102	\$ 15 987	71.9%	12.74
Metaverse	The Sandbox	\$ 58 147 473	\$ 65 478 670	\$ -7 331 196	\$ 9 235	75.5%	218.42
Metaverse	NFT Worlds	\$ 55 084 620	\$ 57 595 629	\$ -2 511 009	\$ 18 203	89.8%	60.73
Collectibles	CryptoPunks	\$ 53 802 028	\$ 93 418 809	\$ -39 616 781	\$ 137 179	54.6%	133.03
Collectibles	FlufWorld	\$ 38 162 958	\$ 40 548 330	\$ -2 385 371	\$ 8 713	85.8%	64.74
Art	MFERS	\$ 37 298 407	\$ 41 125 932	\$ -3 827 525	\$ 3 921	78.1%	34.87
Collectibles	Invisible Friends	\$ 37 233 969	\$ 50 724 043	\$ -13 490 074	\$ 18 485	74.1%	5.32

Fig. 13 – Performance of the Top 10 most profitable projects – Q1 2022

The “Star” collections from the beginning of 2022 are, unsurprisingly, in the top 10 of the projects with the highest profitability for NFT traders.

6 of the Top 10 are Collectibles / PFP (Note that some will consider MFERS & Doodles as Collectibles. Given the reputation of the artist and the project around, we have chosen to classify them as Art).

Bored Ape Yacht Club still holds the top spot with nearly \$500 million in profit (losses subtracted). It is also the project with the highest volume of resale at a loss with nearly \$90 million. It seems that a number of traders have taken too much risk in their investments on this collection.

The Sandbox ranks 5th in the rankings with \$58 million in profit and only \$7 million in loss. Interestingly, both Metaverse projects have relatively low loss rates compared to Collectibles projects and stay for longer periods in their owner’s wallets..

The most profitable sales of the quarter

NFT	Project	Days since purchase	Purchase Price (USD)	Resale Price (USD)	Profit (USD)	Profit (%)	
	Punk #5822	CryptoPunks	1678	\$1 684	\$23 799 920	\$23 798 236	1,413,008%
	"All Time High in the City" by Xcopy	SuperRare	99	\$2 937 020	\$6 196 021	\$3 259 001	111%
	Punk #2681	CryptoPunks	321	\$539 574	\$3 081 186	\$2 541 612	471%
	Ape #6694	Bored Ape Yacht Club	255	\$3 223	\$1 425 281	\$1 422 058	44,128%
	Azuki #9605	Azuki	75	\$1 258	\$1 422 605	\$1 421 347	112,985%

Fig. 14 – Top 5 most profitable sales in Q1 2022

NFT markets recorded the most profitable sale in history with more than \$23 million profit on the resale of a single asset (CryptoPunk #5822, resold after more than 4 and a half years after its acquisition) in the first quarter of 2022.

Azuki #9605 shows a record profit with an increase in value of almost 113 times in just.... 75 days.

Finally, note the risky bet (but which turned out to be lucrative), of the buyer of "All Time High in the City" who bought the work for \$2.9 million at the end of 2021 to resell it for more than \$6 million a few months later .

Conclusions

In this first quarter of 2022, speculation has decreased considerably in most segments. The rate of reselling at a loss is increasing, suggesting that speculators hoping for a short-term profit have given up on making money by reselling their assets.

Either the risk was too great, the market turned out to be too volatile for them, or they were hoping to turn a profit in a very short time. Be that as it may, the fact is that an increasing number of players have preferred to sell quickly, for less.

Should we see this drop in profit and this increase in resale at a loss as the collapse of a bubble?

Yes and no. This is a very predictable phenomenon of cleaning up the markets which opens the way to a new era for the NFT markets. Yes, there are disappointed people, and not everyone becomes a millionaire overnight, but maybe this awareness is beneficial for the future stabilization of the market.

Note, however, that some collections continue to perform and offer extremely high rates of return. We are witnessing the gradual emergence of a class of BlueChips whose market trends are increasingly uncorrelated from the rest of the Collectibles, and which are probably aimed at a different type of audience.

SPONSORED CONTENT



The Sandbox is a unique decentralized virtual world where players can build, own, and monetize their gaming experiences using NFT (Non-Fungible Tokens) and \$SAND, the main utility token of the platform.

\$SAND serves as the basis of transactions and interactions, enabling players to play, own, govern, trade, and earn. Players can create NFTs via VoxEdit and upload them to the marketplace and integrate them into games through the #no-code Game Maker.

The Sandbox has become one of the primary metaverse destinations for immersing your avatar, experimenting with new ways of digital expression, playing with your NFTs thanks to interoperability, and creating your own experiences & games. With over 20,00 unique LAND owners, The Sandbox is the top virtual real estate company today and is supported by countless brands, celebrities, and crypto/ NFT communities.

We have partnered with over 200 brands, IPs, and artists including Adidas, Snoop Dogg, Gucci, Warner Music Group, Ubisoft, Rabbids, DeadMau5, Avenged Sevenfold, The Walking Dead, Smurfs, Manchester City, Square Enix, Atari, and others reaching an audience of over 1 billion fans.

Our long-term vision for the next five to ten years is to become one of the leading open metaverses, offering access to thousands of diversified experiences that are expanding over all the real-world activities thanks to technology, from gaming to music, virtual shows & concerts, art galleries, museums, socializing, dating, shopping; playing or working. We reward creators who keep 95% of the revenue they generate on the platform and truly own their digital creations.

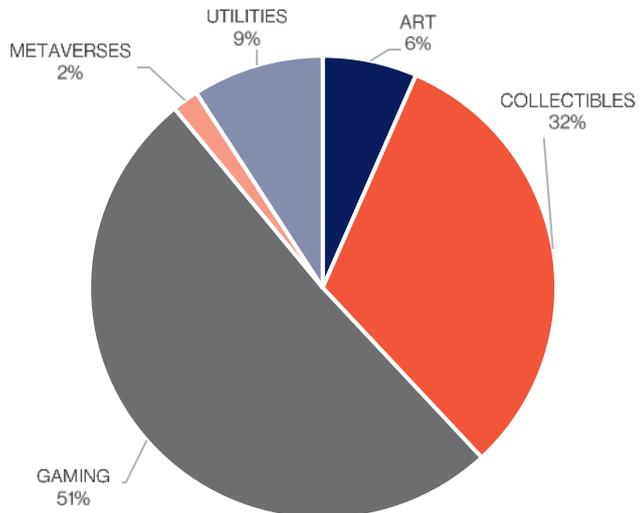
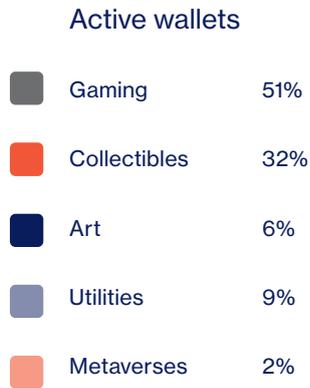
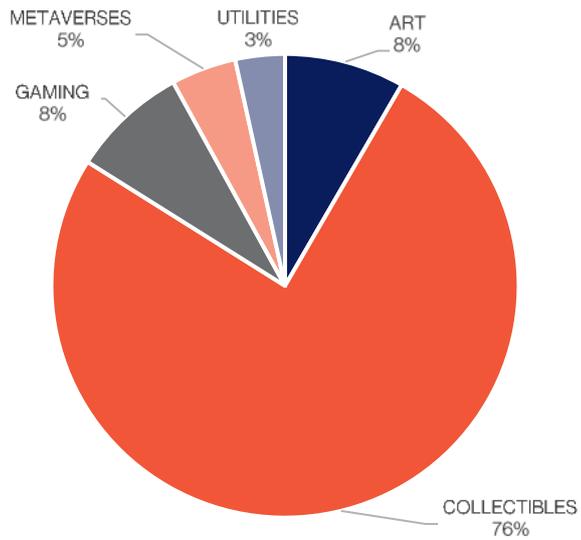
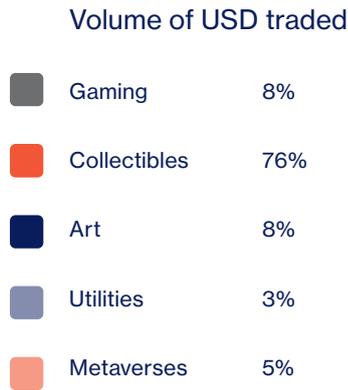
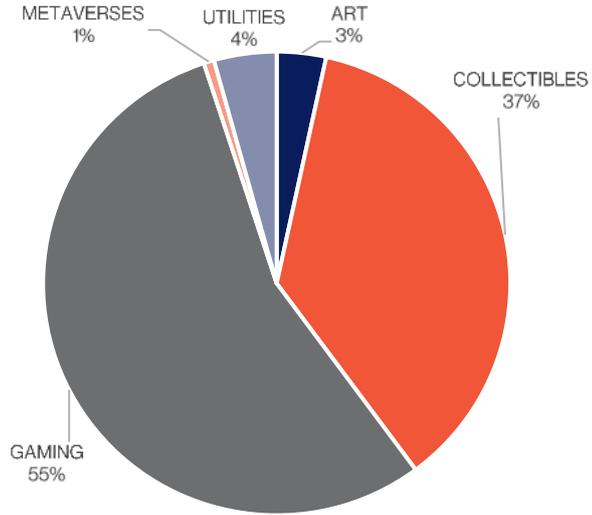
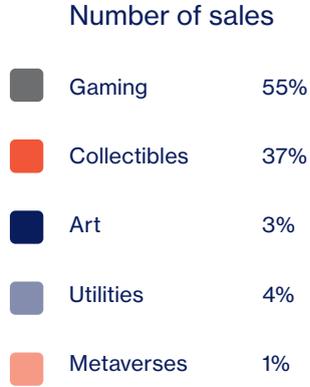
Join over 2,500,000 members in The Sandbox community, create your avatar now at www.sandbox.game and enter the Metaverse!

Focus per segment



Any question? Custom needs?
Reach out to our market analysts
for tailored reporting

Breakdown of activity by segment



Key metrics about Crypto-Art in Q1 2021

Market

\$673,027,296
Total volume (USD)

-24.2%

252,968
Number of sales

-29.9%

Assets and profitability

\$2,661
Average price (USD)

+8.2%

\$283,424,439
Total profit

-6%

63%
% of profitable sales

+2%

\$92,419,657
Total loss

-28%

Community

47.1
Average ownership period (days)

+103%

112,756
Active wallets

+1.1%

Volume of NFTs and circulation

128,816
New assets created

1,853,868
Total number of assets identified

+7.5%

284,733
Volume of circulating assets

Key metrics about Collectibles in Q1 2021

Market

\$6,119,019,494

Total volume (USD)

+29.7%

2,702,693

Number of sales

-8.4%

Assets and profitability

\$2,264

Average price (USD)

+41.6%

\$2,359,012,937

Total profit

+33%

55.4%

% of profitable sales

-5%

\$712,764,890

Total loss

+70%

Community

36.8

Average ownership period (days)

+46%

543,856

Active wallets

+13.7%

Volume of NFTs and circulation

1,026,940

New assets created

-24.2%

7,885,874

Total number of assets identified

+15%

1,907,241

Volume of circulating assets

Key metrics about Blockchain Gaming in Q1 2021

Market

\$653,372,270
Total volume (USD)

-24.2%

4,085,709
Number of sales

-29.9%

Assets and profitability

\$160
Average price (USD)

-22.1%

\$212,659,720
Total profit

-80%

47%
% of profitable sales

-34%

\$266,995,894
Total loss

+14%

Community

47.9
Average ownership period (days)

+99%

1,398,328
Active wallets

-37.2%

Volume of NFTs and circulation

1,042,997
New assets created

22,479,636
Total number of assets identified

+4.9%

5,221,908
Volume of circulating assets

Key metrics about Metaverses in Q1 2021

Market

\$365,400,846
Total volume (USD)

-13.5%

53,118
Number of sales

-42.3%

Assets and profitability

\$4,589
Average price (USD)

+49.9%

\$178,899,064
Total profit

-31%

75%
% of profitable sales

-6%

\$16,924,856
Total loss

+80%

Community

132.2
Average ownership period (days)

-22%

38,436
Active wallets

-17.5%

Volume of NFTs and circulation

34,932
New assets created

541,968
Total number of assets identified

+6.9%

131,900
Volume of circulating assets

Key metrics about Utilities in Q1 2021

Market

\$277,491,281
Total volume (USD)

-6.4%

321,268
Number of sales

-2.9%

Assets and profitability

\$897
Average price (USD)

-3.7%

\$75,695,903
Total profit

+29%

69%
% of profitable sales

-0.5%

\$24,670,419
Total loss

-24%

Community

84.4
Average ownership period (days)

-16%

158,994
Active wallets

-1.3%

Volume of NFTs and circulation

241,732
New assets created

1,627,688
Total number of assets identified

+17.4%

321,086
Volume of circulating assets

The situation by segment

Collectibles represent a larger share than ever in the NFTs markets with almost 80% of the total volume traded. Blockchain Gaming, a good second, remains the major segment in terms of the number of sales and active wallets.

The other segments share between 8 and 25% remaining of the industry.

The Metaverses, although over-hyped, currently represent only a minor part of the overall NFT industry.

However, keep in mind that this market data should only be interpreted by taking into account the very nature of the assets in circulation:

- There will never be as many metaverse plots in circulation as there are video game assets
- Art is not intended to present the same liquidity as segments like Collectibles or video games
- The volume observed in the Collectibles segment is still largely explained by speculation, a direct consequence of the success of the “Bored Ape Yacht Club” collection last year.

From the point of view of assets in circulation, both the Utilities and Collectibles segments, continue to issue large quantities of assets (around 15% increase in volume). It is the volume of Collectibles that shows the most high liquidity, which is a direct reflection of speculation and trading in this asset class.

The Gaming segment is the only one that recorded a loss in trading over the quarter (around \$55 million loss with a plummeting profit resale rate), while Collectibles continued to show a volume of \$1.6 billion in profit over the first quarter of 2022. Finally, it seems that we have reached a ceiling in terms of Metaverse plot prices, with an exploding resale loss volume (+80%) and a declining profit volume by 30%.

UPLAND

PLAY. EARN. CONNECT.



Upland is the leading blockchain metaverse based on the real world that brings together the thrill of earning NFTs and digital property holding fiat value with the enjoyment of game exploration and meeting fellow players.

Backed by the highly-sustainable EOS blockchain, Upland has been recognized as one of Fast Company's Next Big Things in Tech due to the platform's community-based commerce where players and businesses define gaming, earning, and connecting.

Recent updates include the launch of Metaventures, player owned and operated shops within the Upland Metaverse. Supported by a robust economic model, they allow metaverse entrepreneurs to shape a new economy. Each Metaventure owner will build their own unique brand to create, manufacture, and sell NFTs, act as a broker on behalf

of other players, lend in-game assets, and more!

Cars are also coming to Upland soon with the launch of M Motors, Upland's very own car brand that will be introduced with our flagship showroom in Santa Clara, CA. It will soon be time to gear up for a massive new transportation system that will introduce vehicle NFTs, real-time travel, racing, and a wealth of new metaventure opportunities.

With over 250,000 property owners and nearly 3,000,000 properties minted, Upland is quickly becoming the largest and most dynamic blockchain-based economy in existence.

A CLOSER LOOK AT UPLAND BY THE NUMBERS

- Number of property owners: 252,594
- How much players earned in USD: \$2,818,940
- How much UPX has been purchased: 35,819,364,000 UPX
- Number of minted NFT assets besides properties (explorers, NFLPA legits, Spirit legits, structure ornament NFTs): 905,831 total, 20,077 unique NFTS
- Number of properties minted in-game: 2,883,723
- Avg daily transaction volume in UPX: 107,316,000
- Total Daily Transactions: 2,635,225
- Average Daily Transactions: 5,962 mints per day
- Total Secondary Market Transactions: 1,983,560
- Average Daily Secondary Market Transactions: 6,701 trades

Global conclusions



Conclusion

« Get ready for a brand new NFT Chapter! »

Good then? That bubble finally burst?

Well, not exactly. Of course, following the boom in the markets in 2021, this slowdown was predictable, and to a certain extent we can even consider that this stabilization of the markets is beneficial for the industry.

The year 2022 is therefore off to a mixed start, especially for those who expected the hyper-growth of 2021 to continue at the same pace.

Collectibles are taking center stage more than ever, led by Bored Ape Yacht Club, which reigns supreme in the segment with a super massive \$1.2 billion traded over the quarter.

If we had to sum up this quarter in 3 key points:

- By any measure, the industry is taking a breather
- Fewer active portfolios: speculators seem to be jumping ship
- The number of sales, the volume of dollars traded decrease, the liquidity decreases

Volumes are down, but prices are up. In other words, the NFTs that remain in circulation are recognized as being truly valuable.

These various signs which seem to delight the media which can again announce “the explosion of the NFT bubble and the announced end of the Metaverses” in reality only embody the end of the Speculation chapter of the market, and consequently, the opening of a new chapter: what will it be? Presumably around the construction of bigger, more ambitious projects and new experiments.

NonFungible.com is the world's first and largest NFT market analysis platform.

Every year since 2018, NonFungible.com has published an annual report covering the different dimensions of the NFT industry.

This 2021 edition, published with the invaluable help of L'Atelier BNP Paribas, provides the most comprehensive overview of the NFT industry to date. It analyses macro market trends and each segment's performance, and gives a voice to individuals, enthusiasts, investors and all those who are building this ecosystem day after day.

This report has been designed to support you in your discovery of NFTs, regardless of your knowledge of the industry: from the basics to the most advanced metrics, via ecological, social and technological issues.

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