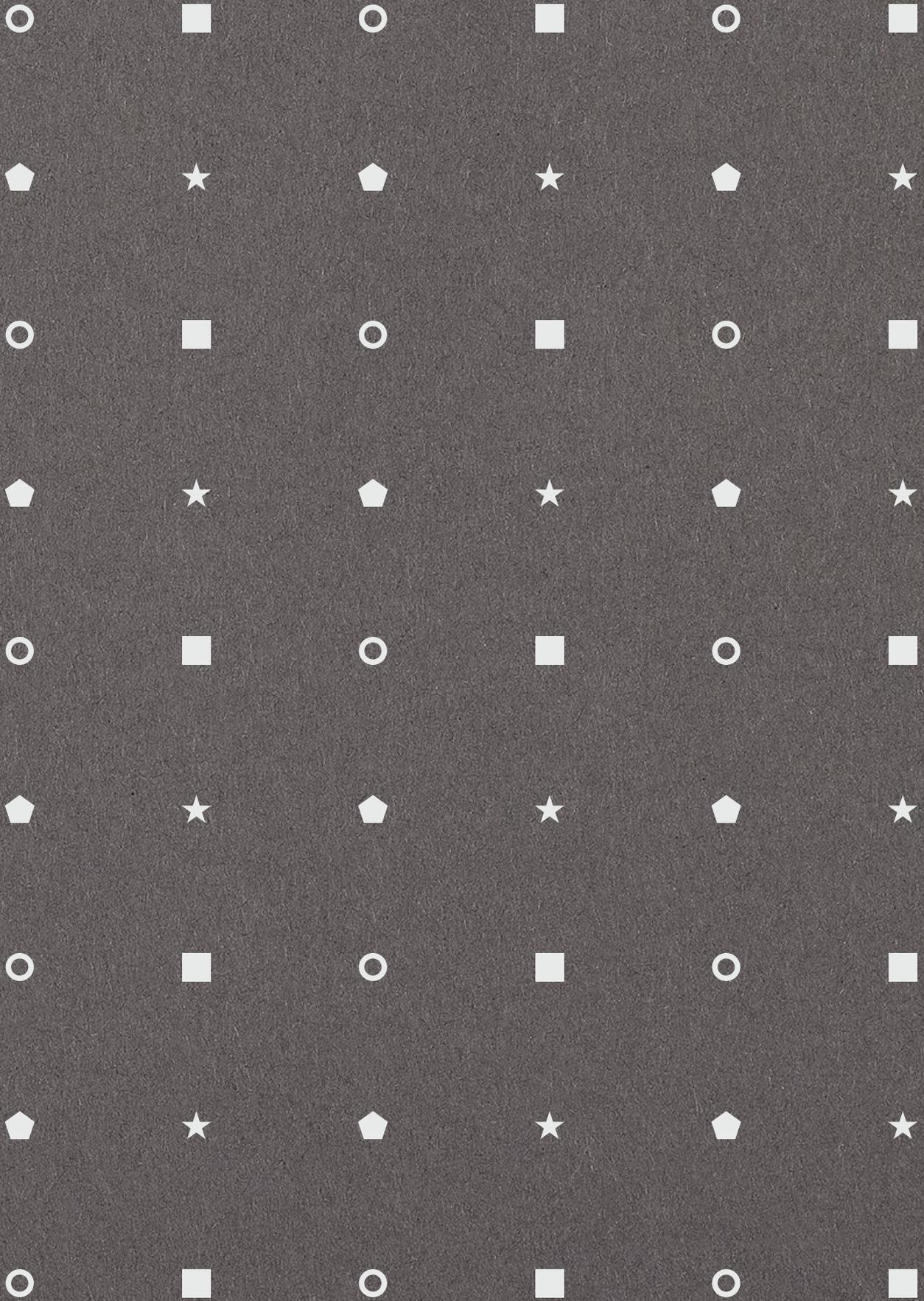




Quarterly NFT Market Report

Q2 · 2022



Foreword

Are NFTs finally dead and buried?

Has the bubble burst and taken with it what was left of cryptocurrencies and speculation on JPEGs?

Well... it might not be that simple.

It's a fact that the market is experiencing a historical bearish period. Liquidity is down, prices are very largely impacted by the fall in value of cryptocurrencies, and let's not even talk about the potential profit on resale!

Surely anyone who entered the NFT market a few months back with the expectation of buying and reselling for profit must be feeling damn right disappointed today.

As always at NonFungible, our goal is not to try to defend the NFT industry or to smooth things over. Our objective here is to provide a clear, transparent and honest picture of the reality of the markets, and above all to help you understand what macro and micro trends are at work in this very particular context.

If you are ready to discover the Good, the Bad and the Ugly of NFT markets, without detours and make-up, then this report is certainly for you!

THE NONFUNGIBLE TEAM

Learn all things NFTs

THE NFT ACADEMY

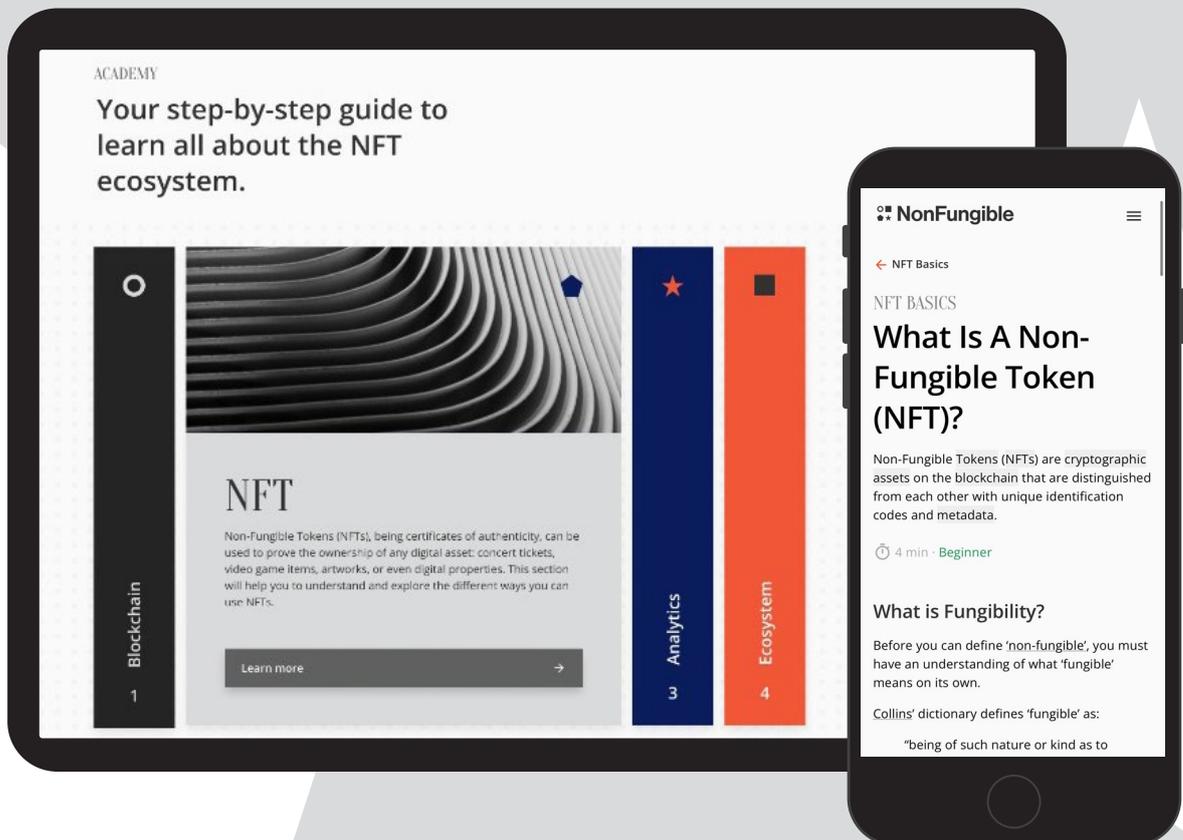


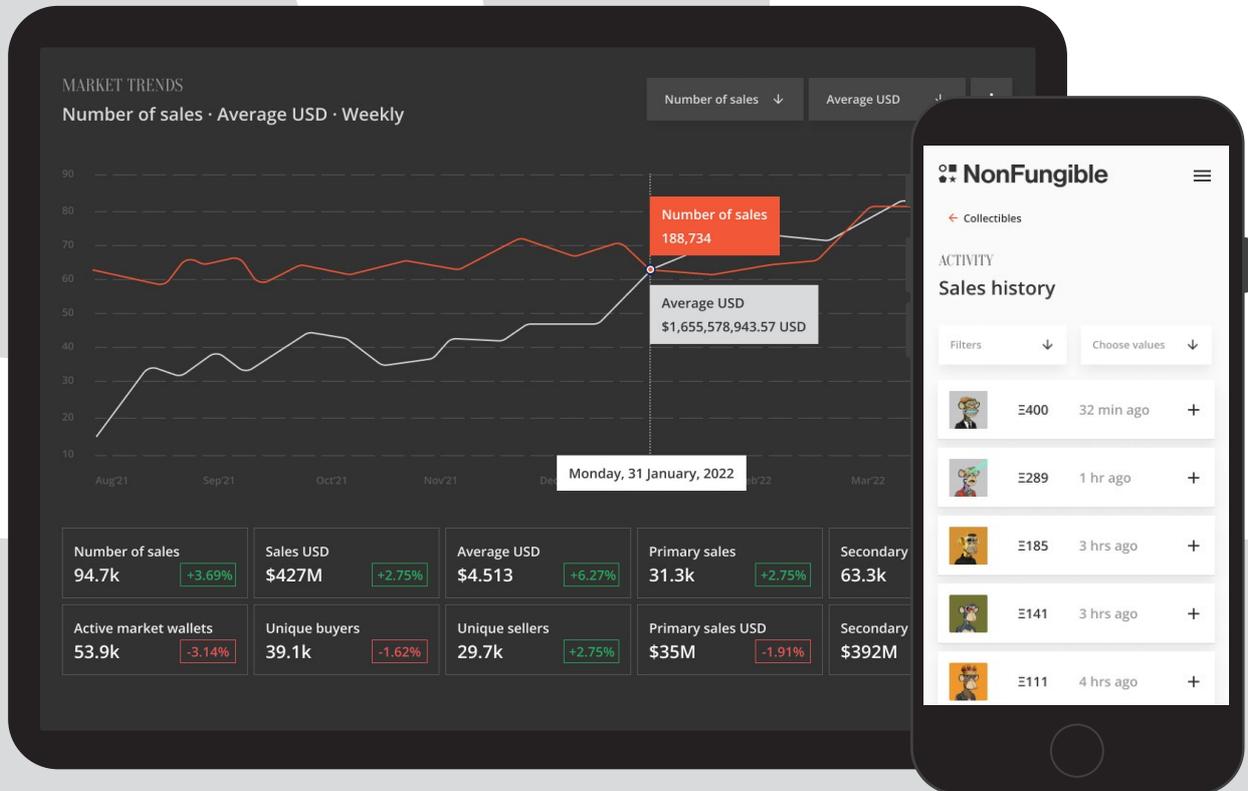
As one of the main pillars of the non-fungible token ecosystem since its early days, NonFungible.com was founded on the desire to bring clarity to the ecosystem.

To that aim, our team has decided to create a thorough guide for every newcomer or aficionado eager to deepen their knowledge about the complex and growing NFT industry.

Ready to challenge the way you apprehend Web3?

[**→ Explore the NFT Academy ←**](#)





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.

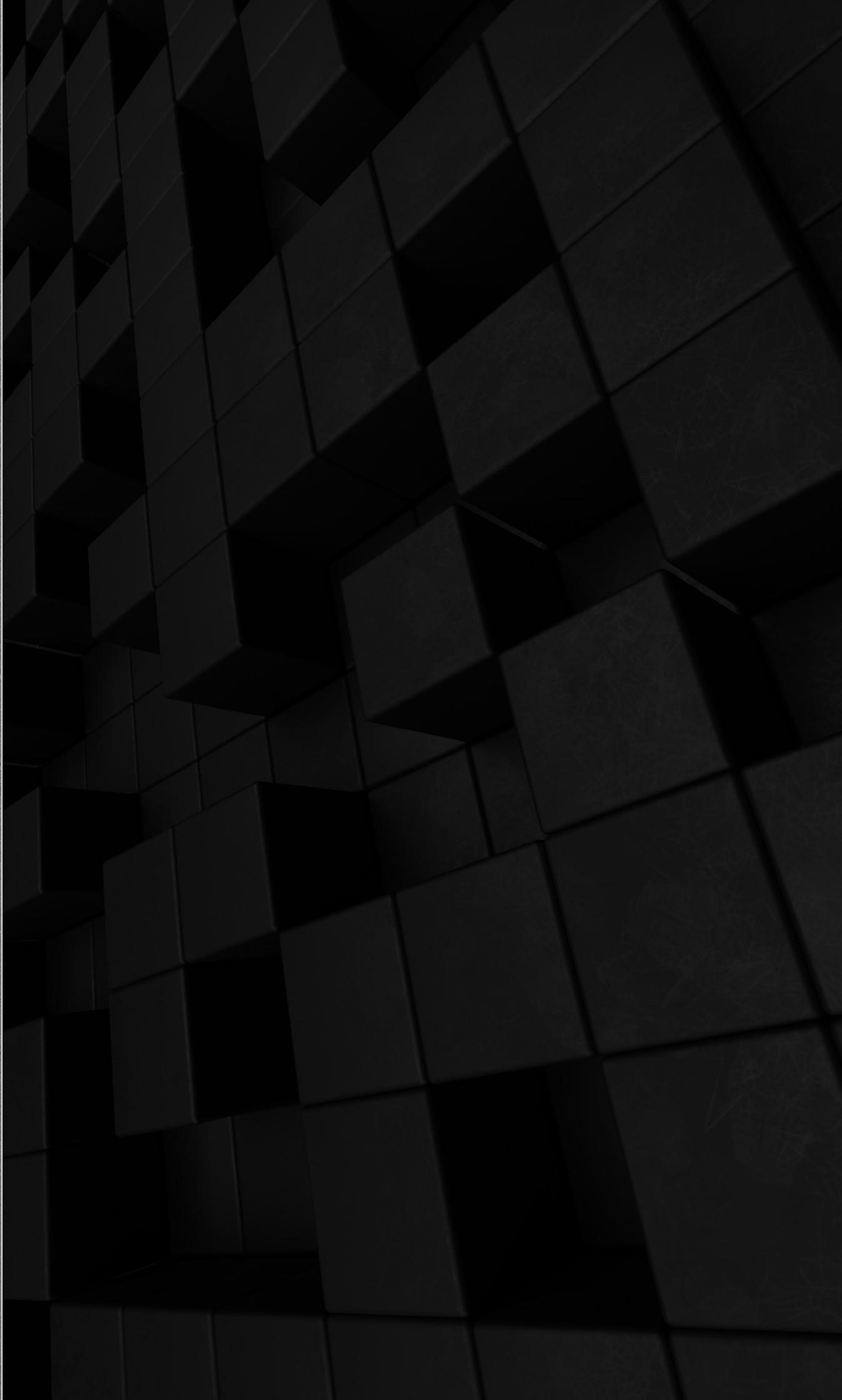
The NonFungible team have already assisted dozens of companies and investors in their NFT strategy, from due diligence to market analysis via portfolio valuation.

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

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The Fundamentals

1



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 complex 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 weapons 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 that has qualified as coming from genuine transfers was 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

The information contained in this report is provided solely for the reader's general knowledge and is not intended to be a comprehensive review of all matters and developments concerning the topics presented in the report. NonFungible has taken all reasonable care in producing and publishing information contained in this report.

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SPONSORED CONTENT

THE SANDBOX ALPHA SEASON 3

The Sandbox is a unique decentralized virtual world where players can build, own, and monetize their gaming experiences using NFTs (Non-Fungible Tokens) and SAND, the platform's main utility token. 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 yourself through your avatar, finding new ways of digital expression, creating your own experiences and games, and playing with your NFTs thanks to interoperability. Owners of BAYC, Moon Birds, WOW, Cool Cats, CloneX, and other bridged NFT collections can explore the metaverse through unique playable avatars in Alpha Season 3.

With over 20,00 unique LAND-owners, The Sandbox is the top virtual real estate company today, supported by countless brands, celebrities, and crypto/NFT communities. We have partnered with over 300 brands, IPs, and artists including Warner Music Group, Ubisoft, The Rabbids, Gucci Vault, The Walking Dead, Snoop

Dogg, Adidas, Deadmau5, Steve Aoki, Richie Hawtin, The Smurfs, Care Bears, Atari, ZEPETO, CryptoKitties, 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 constantly expanding to mirror real-world activities thanks to technology – from gaming to music, virtual shows and concerts to art galleries and museums, from socializing and dating to shopping, playing, and working. We reward creators who keep 95% of the revenue they generate on the platform and truly own their digital creations.

Join over 3 million members in The Sandbox community, create your avatar now at www.sandbox.game and enter the metaverse!

A Look Back at Q2 2022

2



Key Events

Highest Sales

April

03



CryptoPunks

♾️ 8865

450 ETH

\$6,196,021

06

Starbucks announces NFT initiative

13



CryptoPunks

♾️ 7756

1,050 ETH

\$5 907 542.97

14

Japan's most popular social messaging app Line adds NFT marketplace

17

Coinbase's Ethereum NFT Marketplace Launches in Beta

May

01

Yuga Labs generates \$300M selling Otherdeed for Otherside

05



Bored Ape Yacht Club

#17

410 ETH

\$7,718,811

08



Otherdeed for OtherSide

#59906

625 ETH

\$23,799,920

10

Madonna Launches First NFTs With Beeple

12

Sorare to Launch Major League Baseball Ethereum NFT Fantasy Game

June

10

Mastercard now allowing cardholders to buy NFTs on several marketplaces

14



Bored Ape Yacht Club

#7537

1,024 ETH

\$1,222,922

16



Bored Ape Yacht Club

#2488

999.7 ETH

\$1,165,035

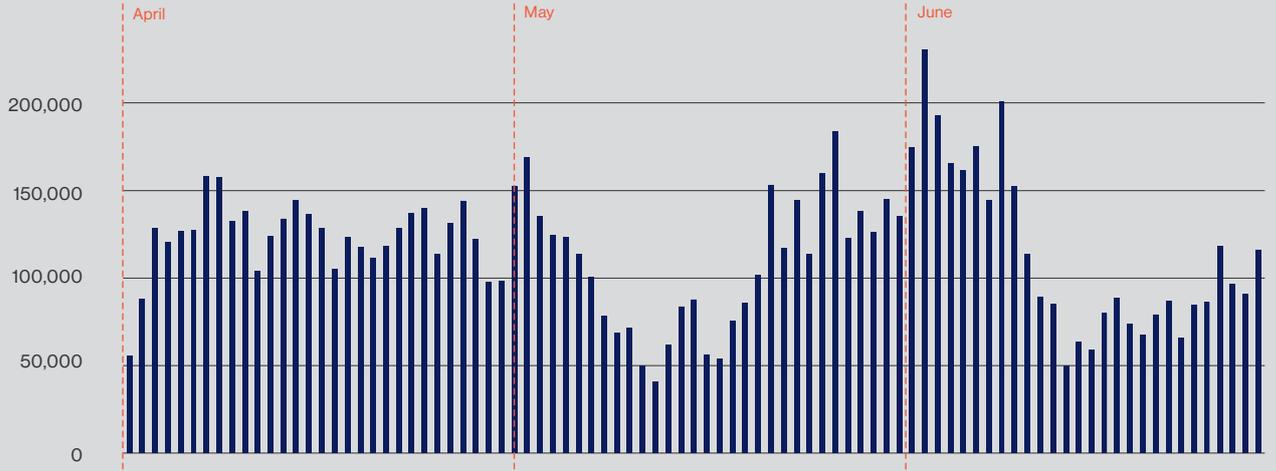
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NFT.NYC 4th Edition gathers 15,000 people in New York

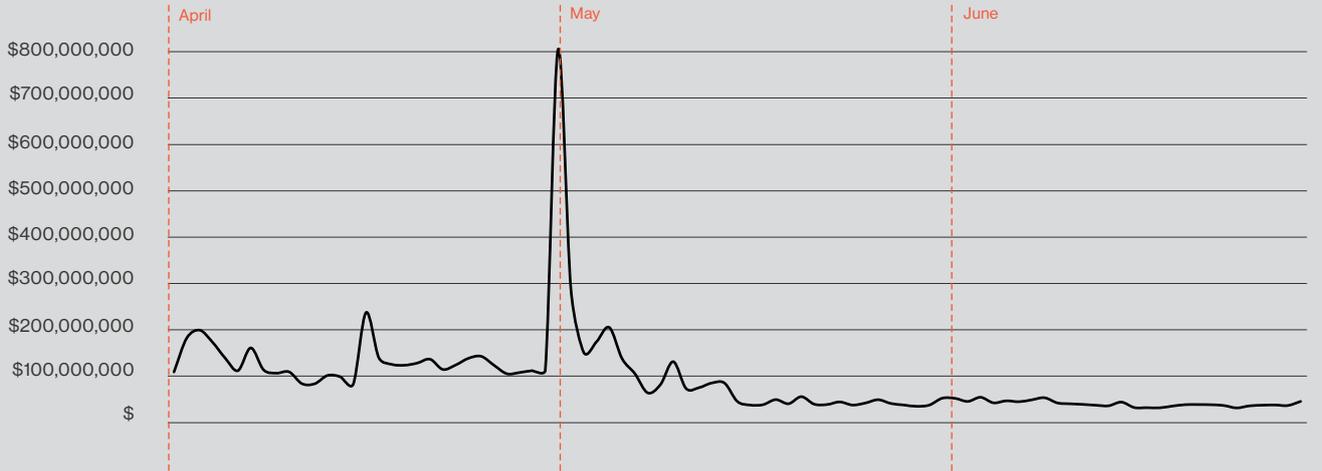
22

eBay acquires NFT marketplace KnownOrigin for an undisclosed sum

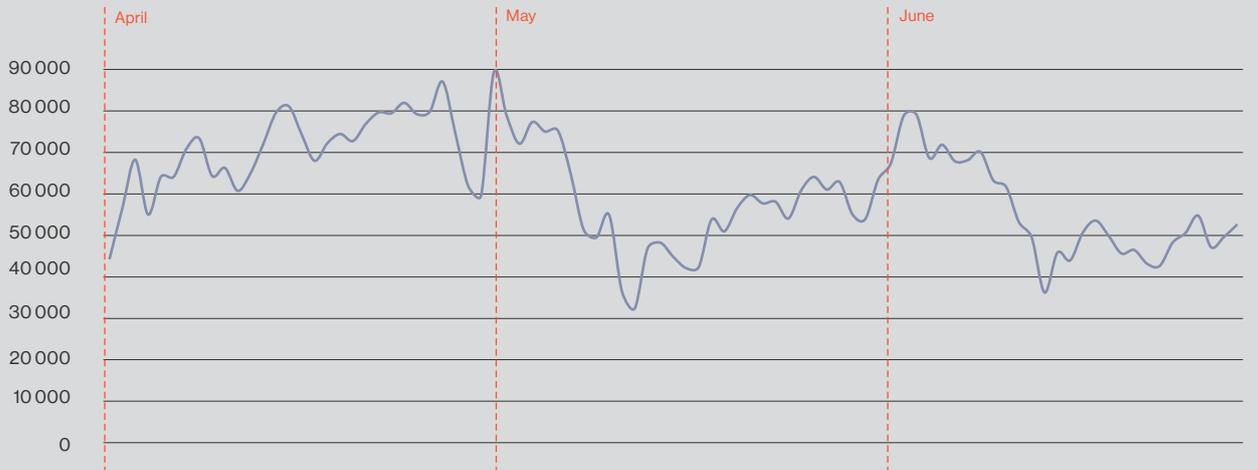
SALES VOLUME



VOLUME TRADED (USD)



ACTIVE WALLETS



Global Performance



Q2 2022 performance



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

	Q1 2021	Q2 2022
Volume of USD traded (total)	\$10,734,200,304	\$8,070,349,275 -24.82%
Volume of Sales	12,639,781	10,105,967 -20.05%
Buyers	1,571,566	1,172,235 -25.41%
Sellers	903,771	579,513 -35.88%
Active Wallets	1,864,820	1,247,083 -33.13%
Total Profit (at resell)	\$3,502,706,752	\$1,888,762,534 -46%
Total Loss (at resell)	\$ -1,155,116,672	\$ -1,427,612,570 +23%
Average Ownership duration (days)	30.9	47.9 +55%
Active Smart Contracts	1,864,820	15,315 +29.26%
Average Price	\$849	\$798 -6.01%

How do we interpret these results?

Most indicators are down in the second quarter of 2022, without much surprise given the global economic context. The main metrics are down about 25%, which is a relatively modest decline compared to cryptocurrency trends.

We note a very marked tendency to the freezing of portfolios:

- Fewer sellers (-36%)
- 35% longer average holding period

This trend is mainly explained by the metric that has seen the most significant decline over the period: the total volume of resale profit which has fallen from \$3.5 billion to “only” \$1.88 billion, a drop of almost 50%.

In comparison, it should be noted that the volume of losses has meanwhile experienced a minimal increase, with only a 23% increase. The total cumulative profit (= profit – loss) over the quarter thus amounts to approximately \$450 million, far from the \$1.5 billion of the previous quarter.

Finally, note also that the average price of NFTs experienced a very slight drop of only 6% while crypto currencies were almost divided by 3 during the period.

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 the purchase and resell of a single NFT
- **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.

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 legitis, Spirit legitis, 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

Detailed Performance

4



Research volume

The volume of internet searches around the NFT theme has actually dropped very significantly since the peak in January 2022.

However, if we take a step back, we notice that interest has dropped back to the level of September 2021, which was considered the golden age of NFTs at the time.

In summary, even if the general enthusiasm around NFTs slowed down a lot in the first half of 2022, it should be kept in mind that overall interest remains much higher than it could have been 12 months earlier.

[as a reminder, the graph below presents the interest of Google users for the theme of NFTs. The score from 0 to 100 is a relative scale that gives an idea of the interest of the general public for this theme]

We are in a rising tide phase. Even though the current wave is receding, the tide level will still be higher than it was during the last wave.

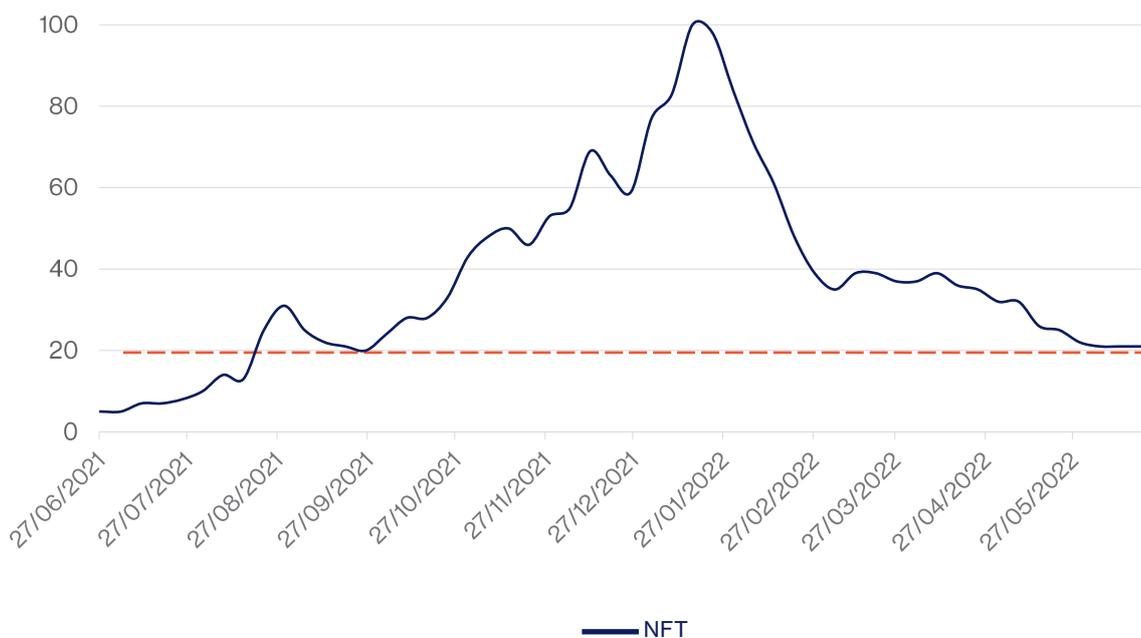


Fig. 01 – Search volume around “Non Fungible Tokens” Topic.
Source: Google Trends

The countries that show the most interest remain the countries of South East Asia. It is interesting to note that some countries in the Middle East and Africa are starting to appear in the top 20: Lebanon, Nigeria, United Arab Emirates.

At the same time, European countries seem to be relatively behind, the first two being the Netherlands and Switzerland in places 17 and 18 in the ranking with a score of only 35.

It's a safe bet that geopolitical concerns around the conflict in Ukraine have taken precedence over interest in NFTs in Europe. The countries of South East Asia being less directly impacted by the conflict are still of major interest for the subject.

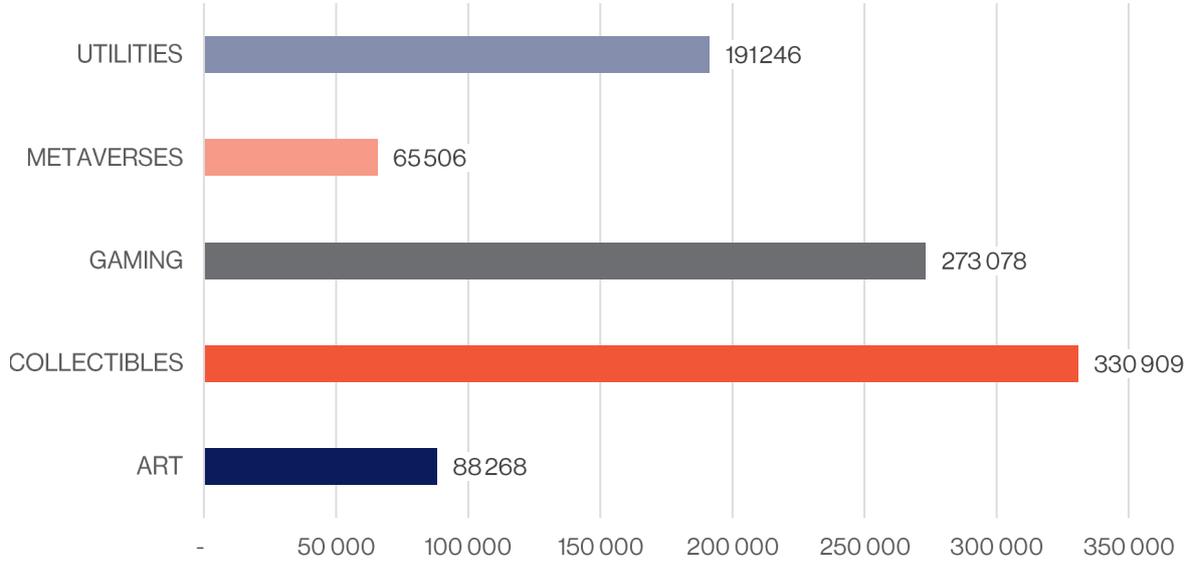
	Country	Interest Score
01	Hong Kong	100
02	Singapour	91
03	China	85
04	Taiwan	59
05	Philippines	53
06	Nigeria	49
07	Lebanon	49
08	United Arab Emirates	48
09	Venezuela	47
10	South Korea	47
11	Canada	43
12	Australia	43
13	Georgia	43
14	New-Zealand	42
15	United States	40
16	Israel	37
17	Netherlands	35
18	Switzerland	35
19	Malaysia	34
20	Romania	33

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

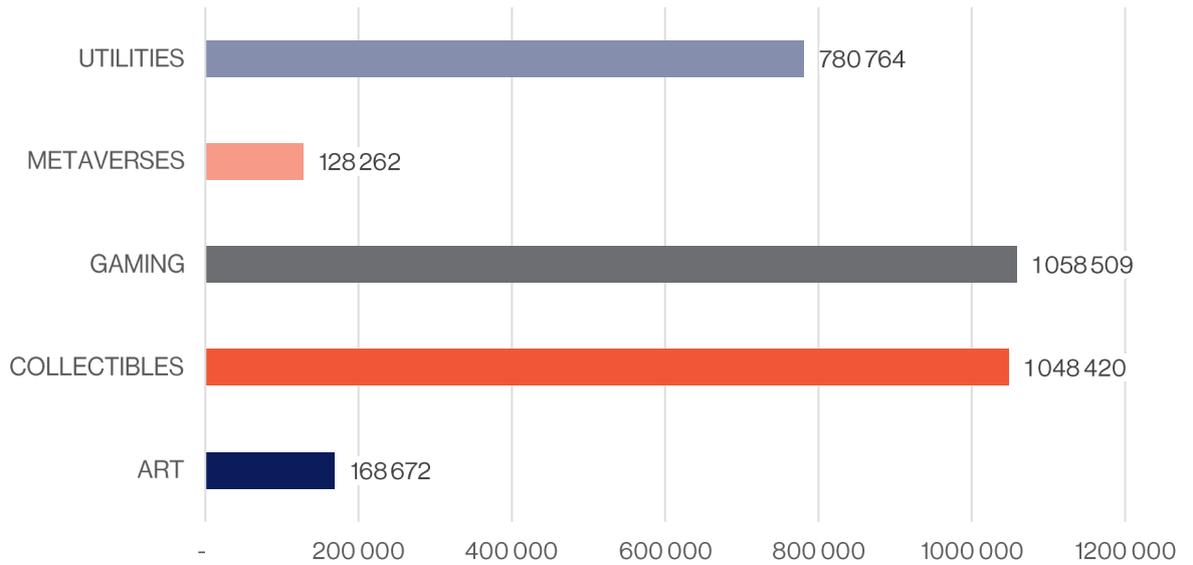
Any question? Custom needs?
Reach out to our market analysts
for tailored reporting

Performance by segment

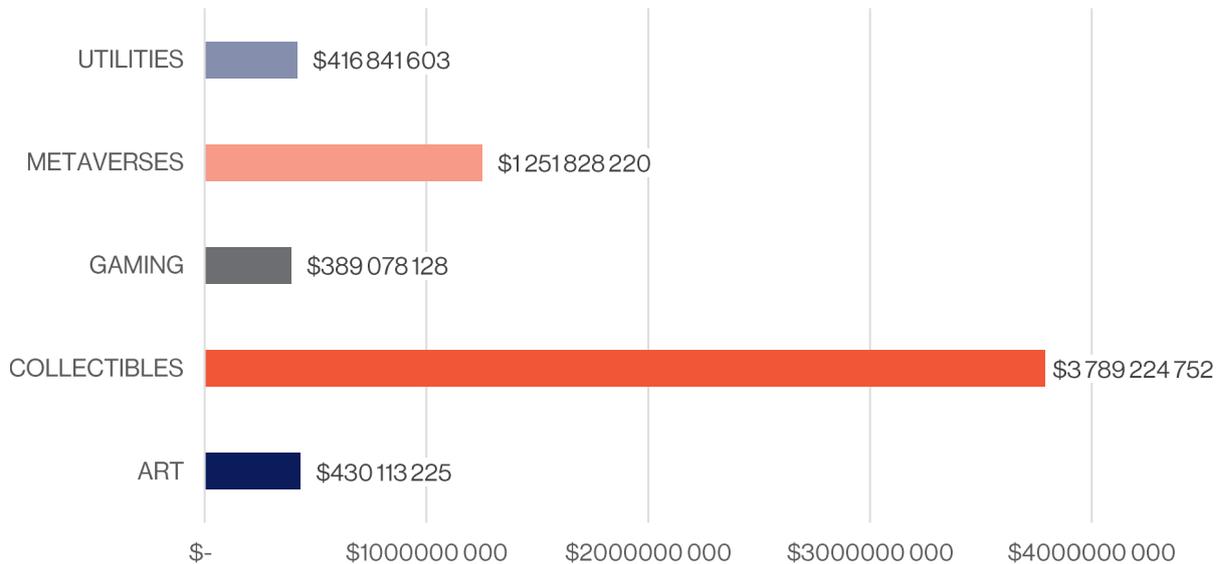
ACTIVE WALLETS



SALES VOLUME



USD VOLUME TRADED



Collectibles

Although the Collectibles segment remains largely dominant from the point of view of the volume of dollars traded (mainly thanks to Bluechips), we note that the volume of sales and active wallets is down sharply and almost neck and neck elbow with the Gaming segment.

Gaming

The number of active wallets in the blockchain gaming segment fell from around 1 million to less than 300,000 between the 1st and 2nd quarters. The overall drop in asset prices particularly affected the Blockchain Gaming sector, which presented the least volume in the second quarter of 2022.

Note that in the context of Gaming, the number of active wallets is not representative of the number of active players. Playing the game does not necessarily require interacting with the blockchain. Active wallets mainly represent trading activities only.

Art

Going from \$673 to \$430 million, the Art segment is one of those that has been the least impacted by the bear market. With nearly 90,000 active wallets and nearly 170,000 sales over the quarter, the volume of activity in the Art segment remains higher than that of Gaming.

Metaverses

The Metaverse segment experienced an exceptional performance over the period in terms of the volume of dollars traded, mainly thanks to the sale of LAND by OtherDeed for OtherSide.

Utilities

A recent trend has allowed utilities to explode, and more specifically Ethereum Name Service domain names.

Indeed, most owners of Bored Ape Yacht Club have started buying the 4-digit domain name corresponding to the Ape they own. This number corresponds more or less to the domain name of the Brand carried by their Ape.

Distribution of the market by project

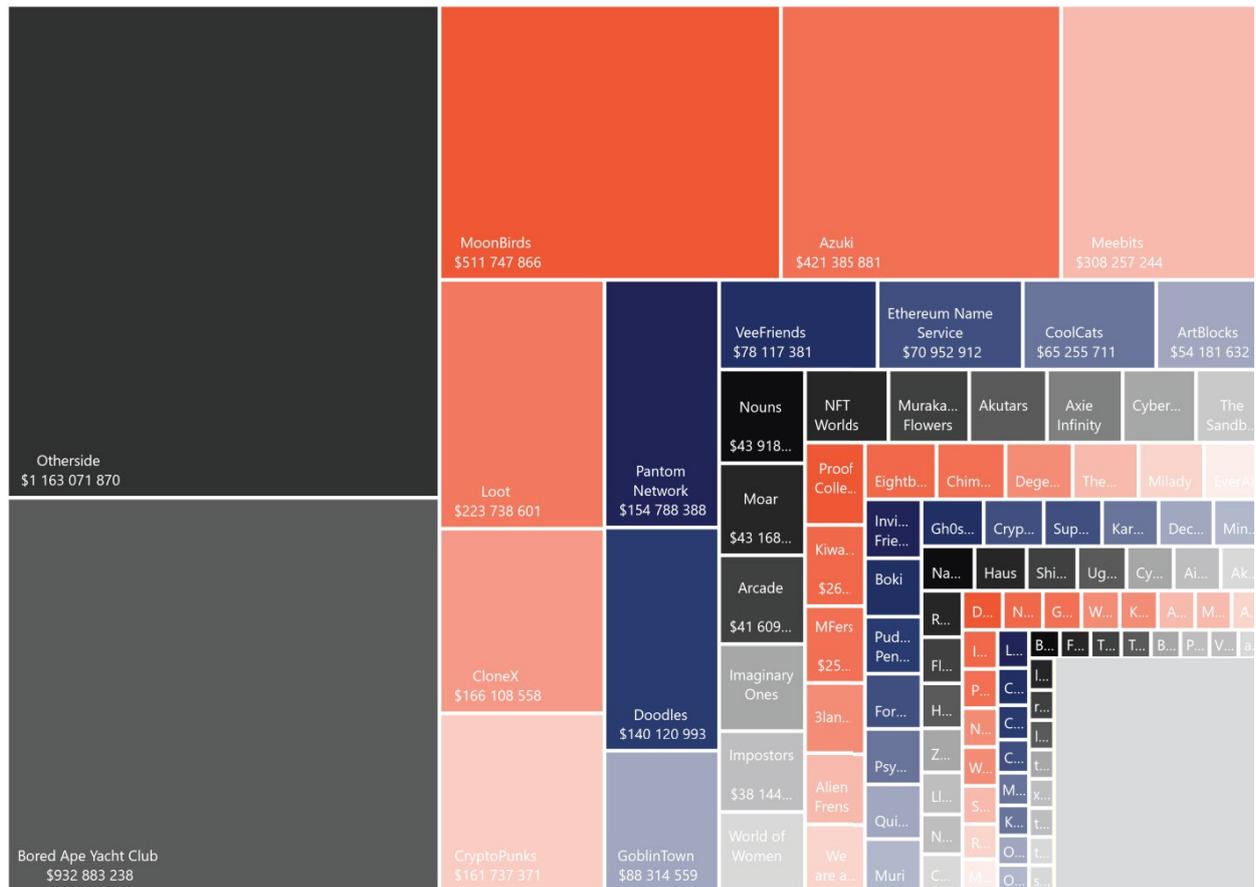


Fig. 03 – Market share per project – Q2 2022

The market is very largely dominated by the two projects launched by Yuga Labs: OtherSide and Bored Ape Yacht Club, which alone represent more than \$2 billion dollars traded in the second quarter.

The historic CryptoPunks (now owned by Yuga Labs) pales in comparison with just \$161 million traded over the period.

The 4 projects of Yuga Labs weigh for more than \$2.5 billion on the whole industry. In other words, Yuga Labs represents just over 30% of the entire NFT market during the 2nd quarter of 2022.

We are witnessing a hyper-centralization of activity in these Bear Market times where BlueChips retain most of their value, and where trading is focused on this asset class.

Primary and secondary markets

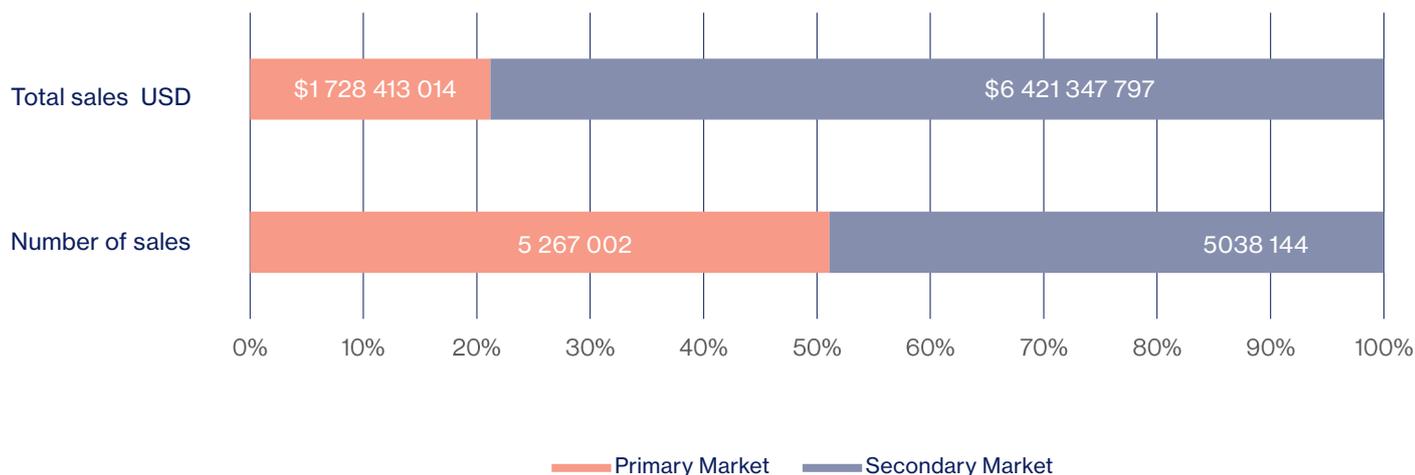


Fig. 04 – Volume of sales and dollars traded. Primary and secondary market (Q2 2022)

The secondary market tends to shrink, dropping from 90% to just under 80% between the first and second quarters of 2022.

Similarly, the secondary market, which represented 70% of trades in the first quarter, has now returned to equilibrium and represents only 48% of all sales in the second quarter.

This is the first time that we have seen such a development between the two markets from one quarter to the next. Our interpretation is that the liquidity of most collections has decreased considerably, thus lowering the rate of resale on the secondary market. The primary market has remained relatively stable in comparison, which brings this balance between the two markets.

On the other hand, the re-concentration of the market around BlueChips (see previous page) allows the secondary market to retain a significant share in terms of the volume of dollars traded.

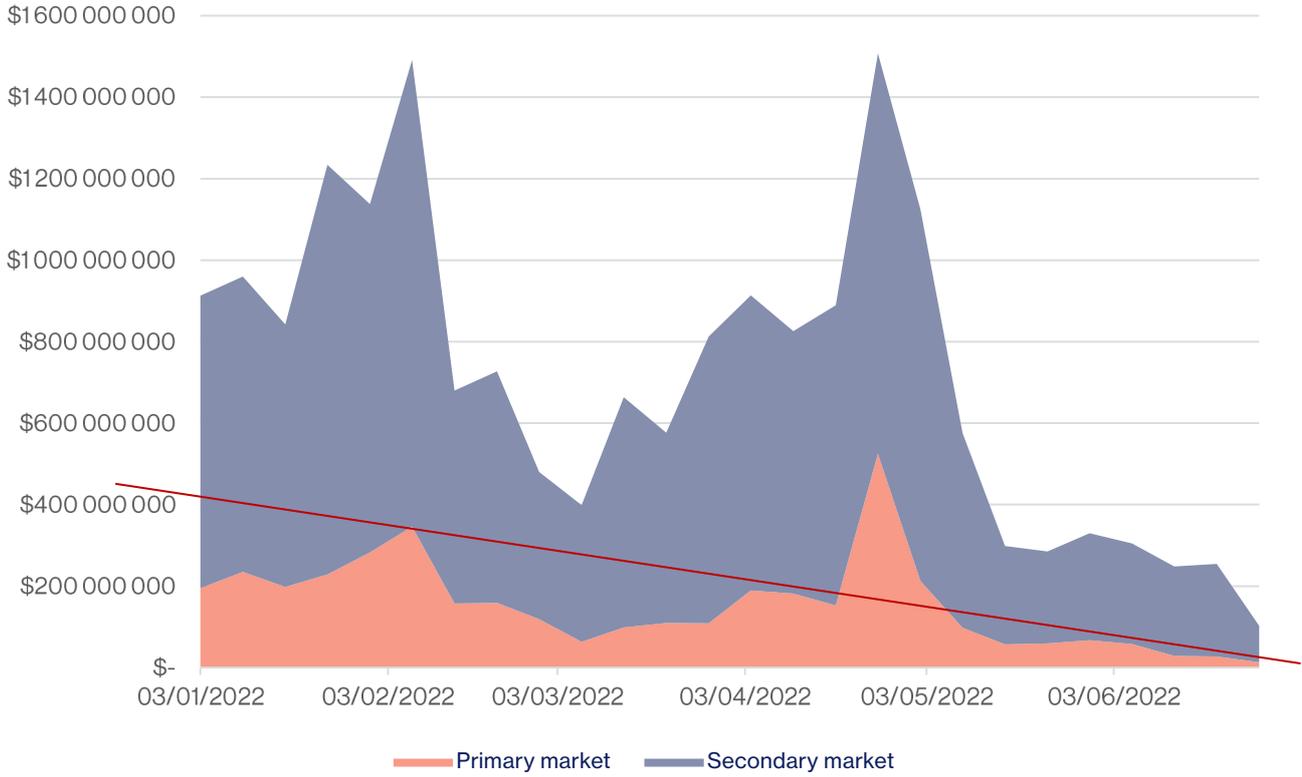


Fig. 05 – Breakdown of the volume of dollars traded between the primary and secondary markets (Q1 & Q2 2022)

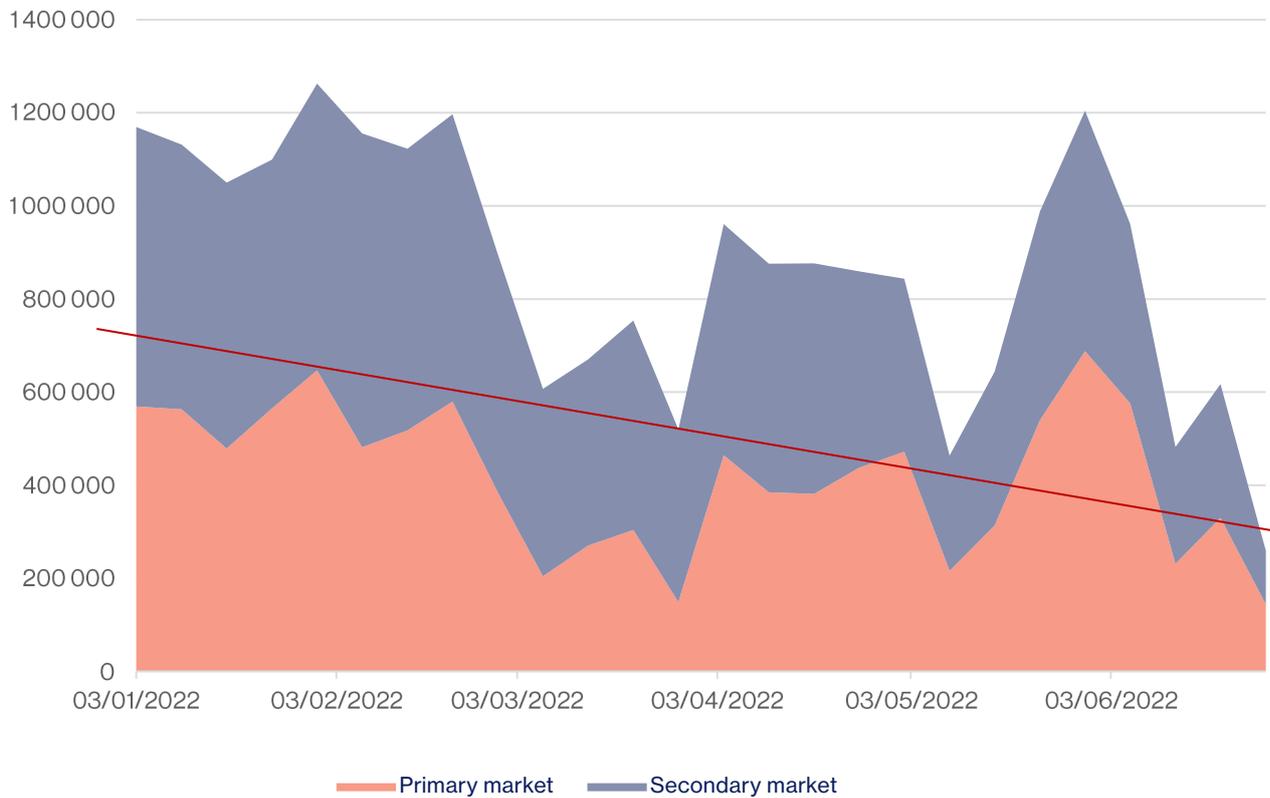


Fig. 06 – Breakdown of sales volume between the primary and secondary markets (Q1 & Q2 2022)

Although the market manages to maintain between \$200 and \$300 million traded each week, we notice that the primary market has considerably decreased and now represents only a tiny part of the weekly volume.

It seems pretty clear that given the context, buyers of NFTs are no longer willing to take great risks when buying their assets in the primary market.

Sales volume, although declining, remains relatively high, peaking at over 600,000 sales in the primary market in early June. In general, the weekly volume of sales on the primary market has very rarely been below 200,000 sales per week, which suggests that projects are still issuing assets regularly but for way lower prices.

Average NFT price evolution

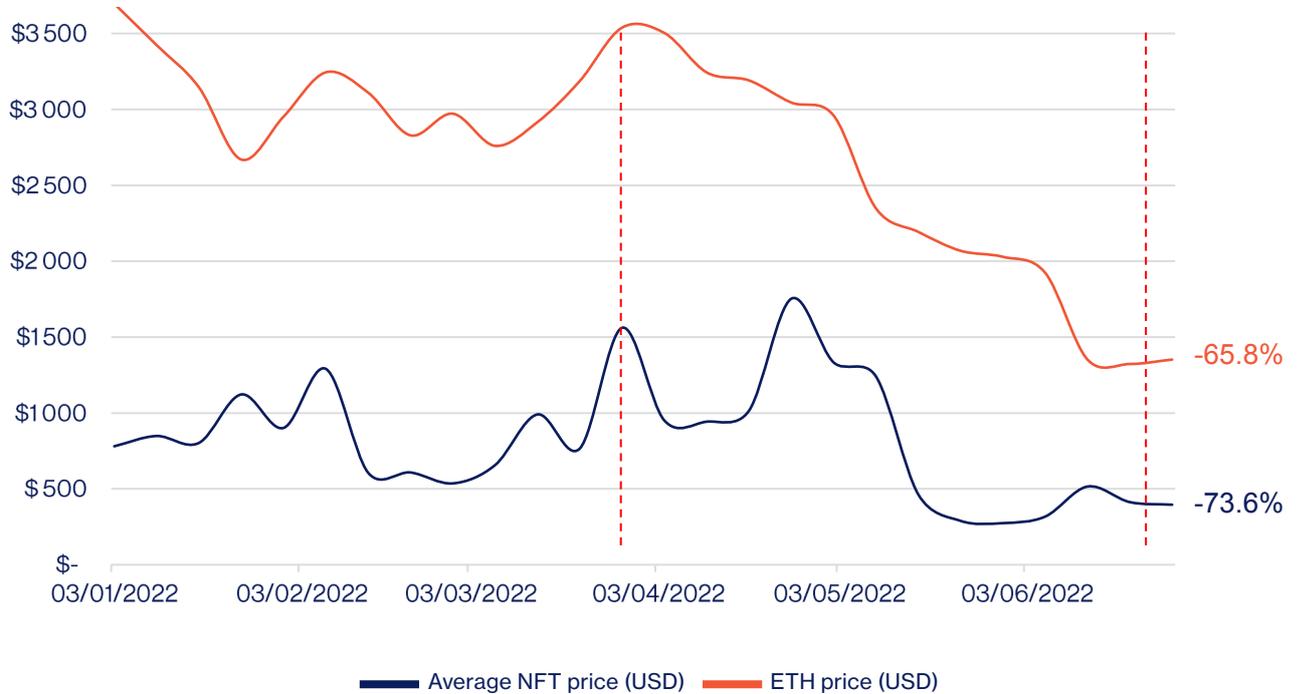


Fig. 07 – Average price of an NFT vs. Average price of Ether

The decline in the value of cryptocurrencies, and more specifically ETH, has had a direct (and unsurprising) impact on the average price of NFTs.

Between the end of April and the end of June, Ether experienced a price drop of around 66%, which was reflected in a drop of almost 75% in value for NFTs.

This phenomenon can be explained by the speculation observed in the Collectibles segment and by the need of a large number of traders to find liquidity in a more than unstable market.

Active wallets



Fig. 08 – Unique buyers, sellers and active wallets between Q1 and Q2 2022 (weekly basis)

Going from almost 450,000 active wallets per week to less than 200,000, the active community was reduced by 57% between January and June.

The number of weekly sellers seems to be stabilizing around 100,000 for 132,000 buyers. At the lowest, there is therefore a rate of 1.32 buyers for 1 seller.

For comparison, this rate was around 1.60 buyers for 1 seller at the beginning of the year.

Despite the significant drop in activity, it will be noted that the number of buyers is still higher than that of sellers.

Supply & liquidity



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	Total supply per segment			Percentage of increase over the quarter	
	01/01/2022	01/04/2022	01/07/2022	Q1 2022	Q2 2022
Art	1,751,218	1,889,387	2,002,389	7.89%	5.98%
Collectibles	6,909,533	8,195,275	8,583,806	18.61%	4.74%
Gaming	21,602,192	22,635,899	22,742,730	4.79%	0.47%
Metaverses	503,730	538,644	658,101	6.93%	22.18%
Utilities	1,440,044	1,700,636	2,410,804	18.10%	41.76%

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

The overall volume continues to increase, but at a particularly slower pace in the Art, Collectibles and Gaming segments. Gaming is the segment with the weakest growth with an increase in the volume of assets of less than 1% between the beginning and the end of the quarter.

Collectibles saw the biggest decline of the quarter, falling from nearly 19% increase to less than 5%. There are still about 8.5 million Collectibles in circulation to date.

At the same time, we note that the Metaverse segment has experienced a fairly significant increase in its supply with nearly 25% increase, due to the launch of OtherDeed for OtherSide and its 100,000 plots.

Finally, Utilities saw the numbers soar with an increase of more than 40% between the beginning and the end of the quarter.

	Q1 2022		Q2 2022	
	Volume of NFTs circulating	% of the supply	Volume of NFTs circulating	% of the supply
Art	179,876	9.52%	115,245	5.76%
Collectibles	1,656,569	20.21%	654,642	7.63%
Gaming	2,089,706	9.23%	741,342	3.26%
Metaverses	38,237	7.10%	87,547	13.30%
Utilities	285,533	16.79%	712,666	29.56%

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

Unsurprisingly, we observe an overall slowdown in liquidity in the first 3 segments (Art, Collectibles & Gaming), with less than 10% of Supply in circulation over the period.

The Metaverses experienced a resurgence with 13% of the supply being traded at least once, while the Utilities remained the segment that performed best over the period with nearly 30% of all the supply in circulation. Once again, this phenomenon is explained by the sudden and massive craze known around Ethereum Name Service Domain Names.

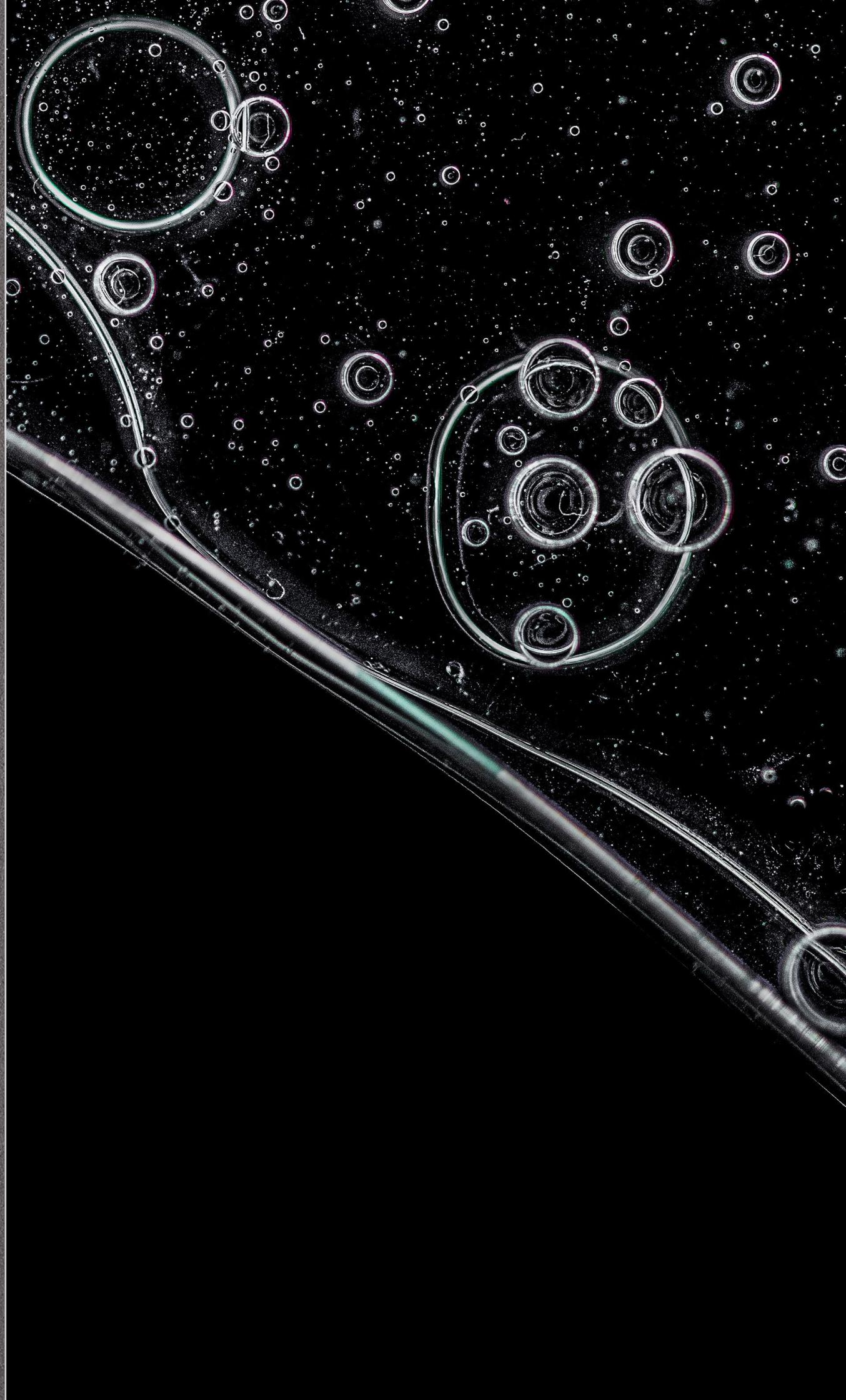


Methodological point

The volumes presented here correspond to assets that have been sold at least once between two wallets over the period analysed.

Interview of The Quarter

57



John Karp,

The Non Fungible Conference Organizer



John Karp
The Non Fungible Conference
Organizer, NFT Factory Co-Founder

John Karp is a key figure on the French NFT scene and increasingly on the European NFT scene.

For those who don't know him yet, John is the man behind the daily NFT Morning podcast, the "Non Fungible Conference" in Lisbon, and more recently he's been making waves again by co-founding the NFT Factory: place of innovation, meeting and conferences, the NFT Factory presents itself as the European Hub of the NFT industry.

We meet with the man who is the standard bearer for and important part of the NFT industry in Europe!

NonFungible.com: Who are you?

John: *I am...? Good question, I am first and foremost an entrepreneur. I like to create things without really knowing how to monetize them, but I like to create them. I began a startup 12 years ago called Food Reporter, then I created Bemyapp (also known as hackathon.com). It developed well, we had around a hundred customers such as Facebook, Intel, HP and others and we organized events in more than 50 countries.*

I discovered crypto and blockchain a few years ago. We organized some events around blockchain but I wasn't too into it, I bought Ether back then but didn't really believe in it. And then I discovered NFTs two years ago, and I took a slap! I bought a plot of land in Sandbox to organize events in the metaverse because I thought it was funny... and then I dug in and fell in love

with the NFT "art" movement. I was lucky enough to witness the birth of a movement and I started collecting like crazy.

With my colleague Remi, we created a live show on Clubhouse to invite artists and entrepreneurs on a daily basis a week or two before the Hype Beeple. Basically, it was to explain the NFTs to Remi and it became a daily... and we did about 250 podcasts. In parallel we wrote a book and other things, always with the aim of democratizing NFTs.

To come back to the question, I would say that my goal is to federate. We organized meetups, small events and we embarked on the NFT Factory, always with the objective of bringing more and more people into the NFTs and that the people who are in it can see each other.

NonFungible.com: How did you come up with the idea for the Non Fungible Conference?

John: *It's really the fusion of my two passions: NFTs on the one hand and events on the other. I was in NFTs and I participated in a lot of events around the world but I think I needed to make my interpretation of this world, to share my vision of NFTs. Because there were mostly Bitcoin or DeFi events... which is cool, but it's not the same audience, the same passion. When I said I was in the NFTs, I was told "oh yeah it's good it's booming". And for me I thought there was a problem. There are many events where I have noticed that most of the speakers have never minted any NFTs. That's how I wanted to make a European event for people who know NFTs.*

This is perhaps a somewhat radical positioning because I did not want to discover NFTs but to go to the level above. With a clear spirit to put art and artists at the heart of the processes. In 2021 we saw a lot of evolution, the big brands have put themselves on it, there are metaverses in all directions... but before the "industry" side, it's really about putting artists at the center.

There are awesome metaverse projects, awesome PFP projects but for this event, it was putting art at the center of attention. Last October, I set up a small team to be able to set up the Non Fungible Conference in Lisbon a few months later.

NonFungible.com: What is the biggest barrier for the mass adoption of NFTs?

John: *Honestly? There is no barrier anymore. We could talk about a technical barrier perhaps, but the main barrier today is psychological. To answer this problem of psychological barriers today and have mass adoption, it is that the common man hears about it once, twice, four times ... and is interested in it. Everyone, when they hear about NFTs today, thinks "it's still weird to buy JPEGs". Everyone went through this phase.*

Depending on your mentality, your aversion to innovation or the trend of the world it will take more or less time for you to take an interest in it. So for me the only barrier is a time barrier. The only question is the faster we communicate and communicate strongly, the closer we get to this snowball that will allow adoption.

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

John: *In 5 years I think we will use the title "NFT" more. In 5 years, in the same way as the internet which is everywhere, NFTs will be everywhere. Today we use a smartphone, we use a TV, a computer, a whole series of things that depend on the internet without asking ourselves the question of whether the internet is there or not. To take an older example, it's like electricity.*

For me we are at that point. These are underlying technologies that make it possible to do a lot of things. You're going to play video games, you won't realize you're activating, using or earning NFTs. You're going to buy skins like that kind of thing you won't realize. You're going to buy goods like works

of art... and during the transaction you will not realize that you are using an NFT when buying. I don't know if it will be in 5, 7 or 10 years but we are moving towards a society where we will talk more about NFT but it will be just everywhere.

NonFungible.com: Let's go back to the NFT Factory, what are its objectives?

John: *The NFT Factory is anchored in this evangelization process. When I wrote the book NFT Revolution, it was so that my father could appropriate NFTs. The NFT Factory follows this same logic. From the outside you see an art gallery and then behind this very accessible and very simple to understand thing there is all this NFT movement. The goal is that you can come in and go with your first with a little training, a little onboarding, and an understanding of what an NFT is. The goal is really to have a team of about fifty people to have a maximum of referent of this universe.*

The starting point is that we do not realize how far ahead France and even Europe is on this subject. Sandbox is one of the world leaders in the metaverse. Sorare in entertainment, Ledger in security, other companies that are not yet known, artists who are already known worldwide such as Pascal Boyart, Obvious, Allota Money... In the DeFi there are monsters that are French too.

If you project yourself in 5 years precisely, this kind of box will succeed GAFA. If you look at the history of GAFA, these boxes have cheesy HP and IBM who were the leaders in computing. And in my opinion, there are new leaders who will surpass the old leaders. It's boxes, if you want them to work, the whole continent must wake up. Maybe it goes through politicians, maybe through journalists, but it goes mainly through people.

If tomorrow in France there are 40M wallets, which buy and exchange NFTs and well behind there is a market that journalists and politicians will follow. The goal is to start at the grassroots and take people from the bottom up to the NFTs. The more collectors, consumers, sensitized people, the more you will accelerate the snowball effect and welcome people into the ecosystem.

So the objectives in the NFT Factory in summary are:

- *Evangelization*
- *Formation*
- *Event for the community and large groups*



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

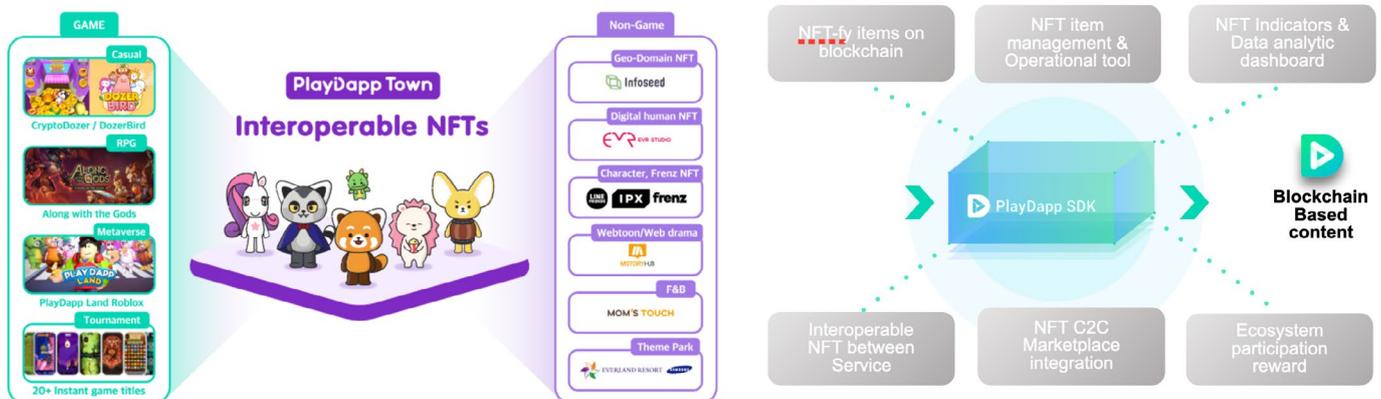


Exchanges



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.



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Profits and Losses on NFT Markets ๑



Global performance of NFT trading

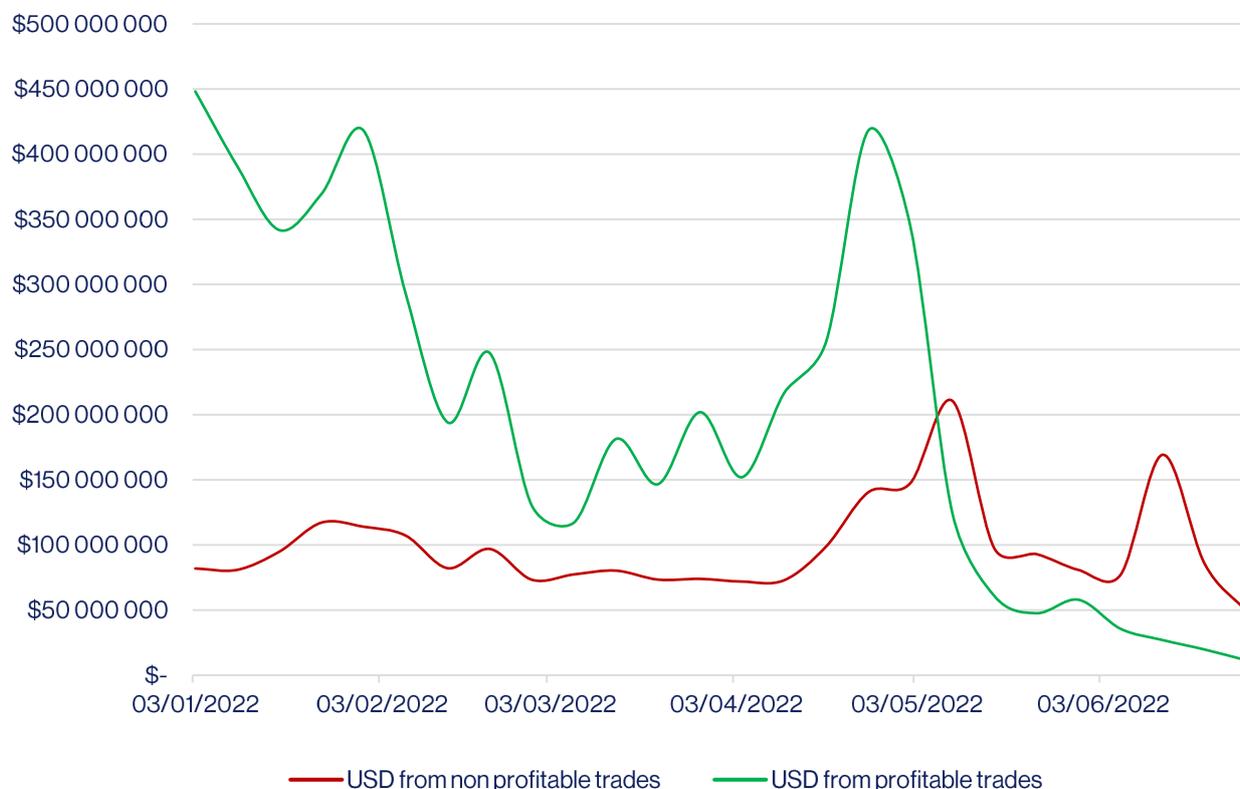


Fig. 11 – Weekly evolution of the volume of profit and loss when reselling NFTs

For the first time this year, we observe a clear inversion of the curves between the volume of profit and loss on the resale of NFTs.

This trend started on the week of May 09, and continued until the end of the quarter. If the trend settles over the next few weeks and months, it's a safe bet that NFT trading will no longer be a profitable activity at all in the 3rd quarter of 2022.

The peak at the end of April is explained by the Presale of OtherSide for OtherDeed which somehow slowed down the inevitable inversion of the curves. At the lowest, we recorded up to \$142 million in weekly losses for the week of June 13, 2022.

Profit and loss per segment over time

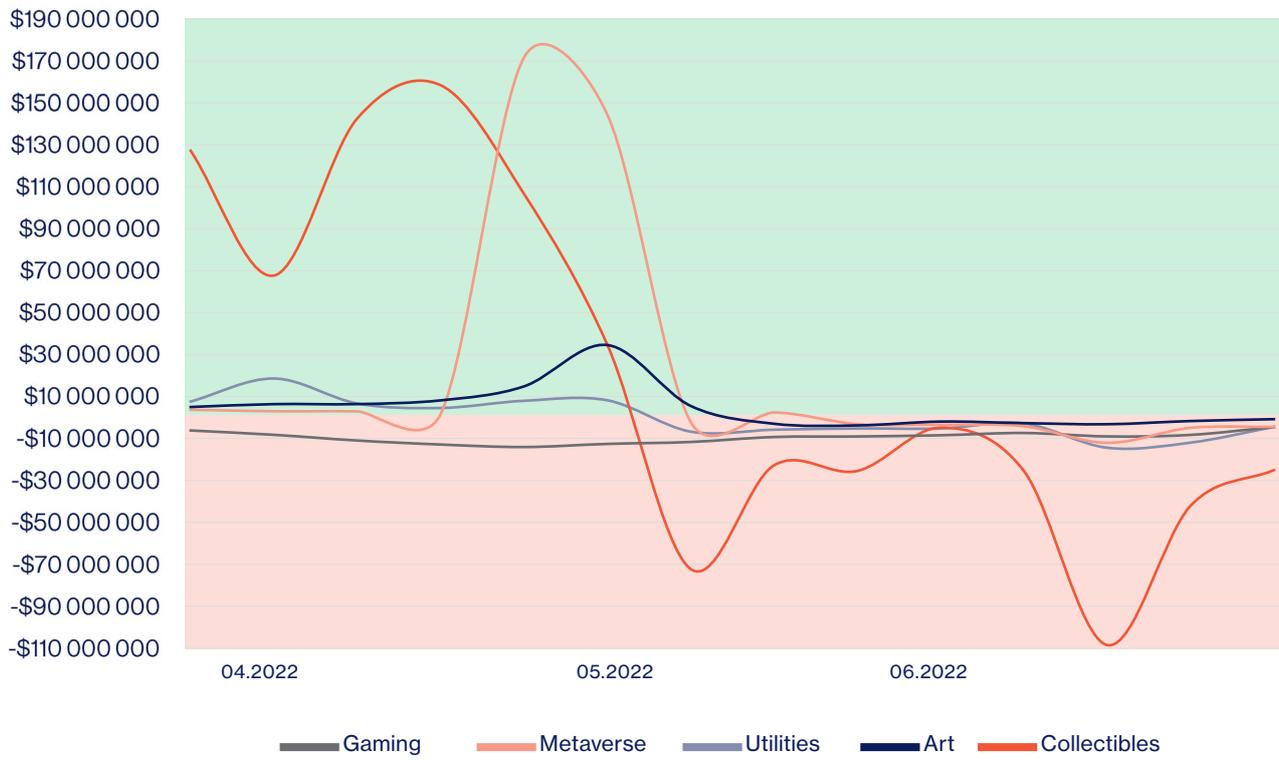


Fig. 12 – Weekly evolution of profit volume by segment when reselling NFTs

If we look in detail at the activity by segment, we notice that the Collectibles segment has been the most affected by the phenomenon of losses on resale.

Collectibles are historically the most speculative assets in the industry, so it is not surprising to see very high rates of resales at a loss in a bear market environment.

Most of the other segments, although also affected by the current context, seem to be stabilizing with just under \$10 million in weekly losses.

The segment that recorded the least loss at the end of the quarter was Utilities, with approximately \$800,000 per week.

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
METAVERSES	Otherside	\$300,343,059	\$377,621,801	\$-77,278,742	\$4,427	89.3%	2.73
COLLECTIBLES	Moonbirds	\$224,757,668	\$250,419,190	\$-25,661,523	\$14,331	93.0%	2.73
COLLECTIBLES	Bored Ape Yacht Club	\$132,799,222	\$386,151,347	\$-253,352,125	\$49,730	58.3%	75.85
COLLECTIBLES	Azuki	\$35,835,970	\$132,503,708	\$-96,667,738	\$8,410	65.7%	18.00
UTILITIES	Ethereum Name Service	\$32,362,384	\$37,158,423	\$-4,796,039	\$52	98.1%	9.42
COLLECTIBLES	Goblin Town	\$26,784,432	\$34,671,198	\$-7,886,766	\$1,234	83.1%	2.41
COLLECTIBLES	Doodles	\$26,399,898	\$56,538,906	\$-30,139,008	\$12,133	67.6%	46.84
UTILITIES	Proof Collective	\$21,933,132	\$24,446,906	\$-2,513,774	\$94,390	79.9%	70.81
COLLECTIBLES	Phantom Network	\$14,929,489	\$36,301,003	\$-21,371,514	\$1,881	75.3%	3.37
COLLECTIBLES	Chimpers	\$11,749,901	\$14,415,054	\$-2,665,153	\$1,792	90.2%	2.33

Fig. 13 – Performance of the top 10 most profitable projects – Q2 2022

7 of the 10 most profitable projects are Collectibles projects, for 1 Metaverse and 2 Utilities.

It should be noted that the Super Star project “Bored Ape Yacht Club” is only ranked 3rd in terms of total profit recorded, despite a particularly high average profit at almost \$50,000 per resale.

The largest proportional profit is recorded with the Ethereum Name Service collection, with almost 98% profit on resale. Remember that this collection has been the subject of very strong speculation around domain names composed of 4 digits (corresponding to the Bored Ape Yacht Club number).

The most profitable sales of the quarter

	NFT	Project	Days since purchase	Purchase Price (USD)	Resale Price (USD)	Profit (USD)	Profit(%)
	Punk #7756	CryptoPunks	583	\$9,337	\$3,261,857	\$3,252,519	34,833%
	OtherSide #59906	OtherSide	7	\$5,905	\$1,647,788	\$1,641,883	27,806%
	Ape #6388	Bored Ape Yacht Club	377	\$107,000	\$1,083,512	\$976,512	913%
	Ape #7537	Bored Ape Yacht Club	85	\$298,001	\$1,222,922	\$924,921	310%
	Moonbird #3904	Moonbirds	7	\$7,554	\$902,498	\$894,944	11,847%

Fig. 14 – Top 5 most profitable sales in Q2 2022

Of the 5 highest-grossing sales of the quarter, 4 of them are Collectibles for 1 plot of Metaverse.

It should also be noted that of these 5 sales, 4 come from projects initiated or now managed by Yuga Labs (CryptoPunks, OtherSide, Bored Ape Yacht Club).

Finally, the last observation is that the maximum profit recorded is much lower in this quarter than in the previous quarter: as a reminder, a CryptoPunk had been resold for a total profit of \$23 million.

This quarter, only 2 sales managed to register a profit above \$1 million.

Conclusions

As we said in the introduction to this report, generating profit in NFT trading has become a particularly complex task lately and more specifically since May.

The Collectibles segment is paradoxically the one with the highest resale loss rate, peaking at more than \$100 million per week, but which at the same time still has the most profitable sales of the quarter.

Increasingly, we can consider that the Collectibles segment stands out as a separate segment, much more speculative than the others, and therefore more subject to market fluctuations. Insofar as the primary motivation for the purchase is a short-term profit when reselling, this explains why owners do not encumber themselves with their assets over time.

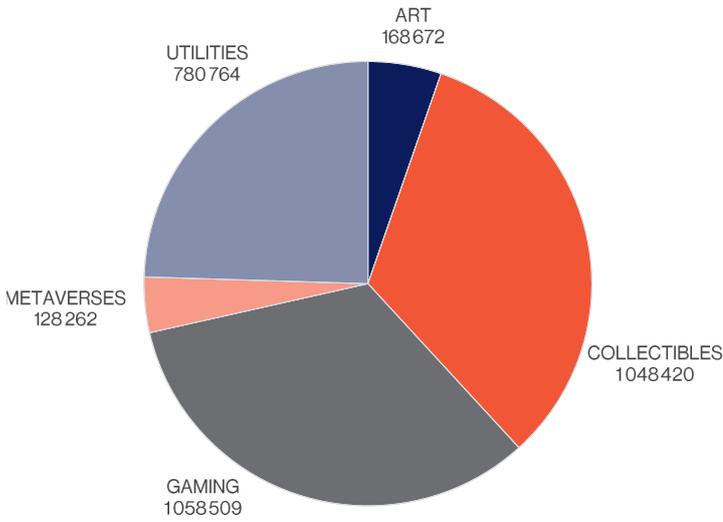
On the other hand, this resale rate at a loss also indicates that the players who have “invested” in these NFTs are in a form of feverishness which leads them to resell even in unfavourable market conditions. We can therefore think that this NFT Bear Market tends to discourage amateur traders who thought they would become millionaires in a few days.

Focus per Segment



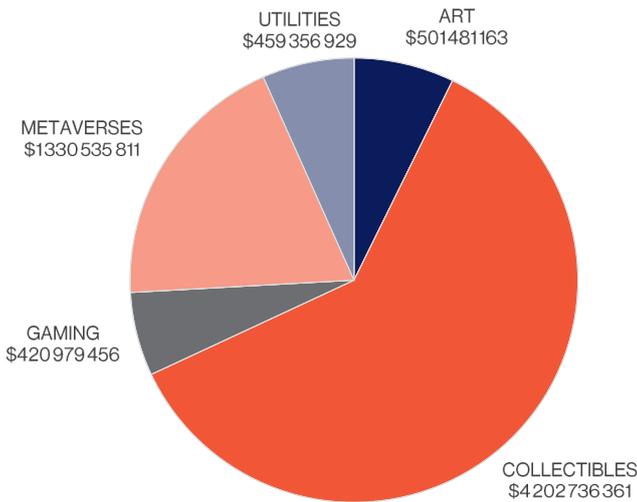
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Breakdown of activity by segment



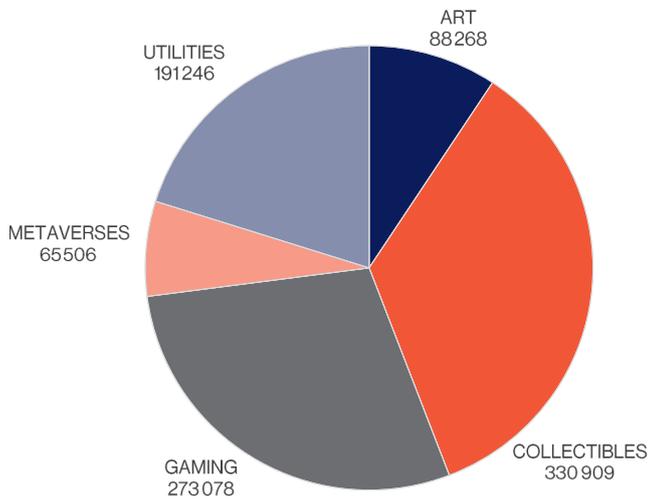
Number of sales

Gaming	33%	(-22%)
Collectibles	33%	(-4%)
Art	5%	(+2%)
Utilities	25%	(+21%)
Metaverses	4%	(+3%)



Volume of USD traded

Gaming	6%	(-2%)
Collectibles	60%	(-16%)
Art	7%	(-1%)
Utilities	7%	(+4%)
Metaverses	20%	(+15%)



Active wallets

Gaming	29%	(-22%)
Collectibles	35%	(+3%)
Art	9%	(+3%)
Utilities	20%	(+11%)
Metaverses	7%	(+5%)

Key metrics about Crypto-Art in Q2 2022

Market

\$501,481,163
Total volume (USD)

-34%

181,153
Number of sales

-28.4%

Assets and profitability

\$2,768
Average price (USD)

+4%

\$141,217,806
Total profit

-55.2%

66.4%
% of profitable sales

-14.2%

\$146,079,648
Total loss

+48%

Community

39.3
Average ownership period (days)

+44.6%

112,756
Active wallets

-18.9%

Volume of NFTs and circulation

113,220
New assets created

1,994,792
Total number of assets identified

+6.02%

115,228
Volume of circulating assets

-35.9%

Key metrics about Collectibles in Q2 2022

Market

\$4,202,736,361

Total volume (USD)

-43.6%

1,126,829

Number of sales

-58.3%

Assets and profitability

\$3,721

Average price (USD)

+64.4%

\$1,264,369,072

Total profit

+55.9%

\$999,500,264

Total loss

+35%

62.5%

% of profitable sales

-16.6%

Community

44.1

Average ownership period (days)

+97.3%

340,919

Active wallets

-37.3%

Volume of NFTs and circulation

141,322

New assets created

7,867,236

Total number of assets identified

+1.83%

634,327

Volume of circulating assets

-61.4%

Key metrics about Blockchain Gaming in Q2 2022

Market

\$420,979,456
Total volume (USD)

-44.5%

1,266,201
Number of sales

-69%

Assets and profitability

\$331
Average price (USD)

+107%

\$20,785,174
Total profit

-87.3%

39.7%
% of profitable sales

-11%

\$148,795,177
Total loss

-47.2%

Community

78.8
Average ownership period (days)

+99.6%

317,003
Active wallets

-77.3%

Volume of NFTs and circulation

106,853
New assets created

22,742,143
Total number of assets identified

+0.47%

741,293
Volume of circulating assets

-61.4%

Key metrics about Metaverses in Q2 2022

Market

\$1,330,535,811
Total volume (USD)

+228%

136,111
Number of sales

+156%

Assets and profitability

\$9,775
Average price (USD)

+113%

\$404,432,266
Total profit

+127%

84.6%
% of profitable sales

+0.7%

\$110,424,236
Total loss

+398%

Community

23.77
Average ownership period (days)

-63.96%

67,742
Active wallets

+76.2%

Volume of NFTs and circulation

119,457
New assets created

658,101
Total number of assets identified

+22.18%

87,547
Volume of circulating assets

+129%

Key metrics about Utilities in Q2 2022

Market

\$459,356,929 +17.6%
Total volume (USD)

806,651 +151%
Number of sales

Assets and profitability

\$569 -36.5%
Average price (USD)

\$122,710,754 +22.3%
Total profit

95.4% +1.8%
% of profitable sales

\$61,641,404 +116.8%
Total loss

Community

11.46 -37.5%
Average ownership period (days)

195,428 +22.9%
Active wallets

Volume of NFTs and circulation

710,168
New assets created

2,410,804 +41.76%
Total number of assets identified

712,666 +149.6%
Volume of circulating assets

The situation by segment

The Metaverses and Utilities segments have both seen a major increase in their activity in terms of number of sales and volume of dollars traded, which may seem paradoxical for a Bear Market context.

In reality, this is explained on one hand by the sale of OtherDeed for OtherSide (the Yuga Labs metaverse) and on the other hand by the sudden craze for 4-digit domain names on Ethereum Name Service.

In addition to these two segments, which are doing surprisingly well in this market context, almost all the indicators are down over the period.

Gaming and Collectibles still hold a leading position in terms of number of sales and size of communities with 2/3 of the overall market. Art, Metaverses and Utilities share the remaining third.

From a profit & loss point of view, there are more resales at a loss than resales at a profit in the Art segment for the first time (around \$5M loss recorded over the quarter). The Collectibles segment which experienced the largest drop (-16%) remains globally profitable with still \$265M in profit, but given the trend over the last few weeks, it is a safe bet that this rate will increase and reverse over the next quarter.

Finally, in most segments, the average holding period has tended to lengthen considerably (it has almost doubled for Collectibles and Gaming). Metaverses and Utilities, the two “performing” segments of the quarter saw their average holding period drop and remain below 30 days.

Overall Conclusions



Overall Conclusions



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

« Ultimately hard work will pay off more than short term speculation. Join the quiet yet powerful movement behind building the future of NFTs! »

The very least we can say is that the market has changed pretty dramatically over just one quarter!

Without doubt for some, the NFT industry has failed their expectations. One year since the industry boomed many promises seem either delayed or non-existent, the world has not relocated to the metaverse, our IDs are not NFTs and not all NFT owners became millionaires, the disappointment is real..

Without doubt the hopes and dreams a booming industry created has impacted many, newcomers especially and this new downward turn has been a reminder to everyone of the volatility of the crypto space as a whole.

Nevertheless, as with other crypto bear markets in the past, when the speculation fades the building phase intensifies leading into the next bull run of the future. Bull runs may bring much profit but it is in the bear markets where the real value is built.

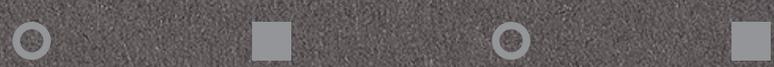
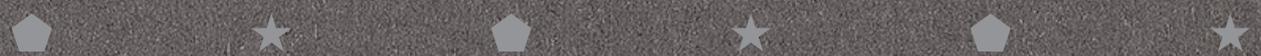
The NFT industry we see today grew and formulated over the famous Crypto Winter 2018 - 2019. This is when Bitcoin dropped from \$20,000 to under \$4,000 and Ether fell back below the symbolic \$100 mark, but it was also during this time

that thousands of people participated in building the world of NFTs we see today.

This incredibly complex ecosystem we call the NFT industry may not currently be in the spotlight as it was during last year's bull run hype but during this market downturn builders in every project and community are quietly moving forwards in full force, even stronger than ever, ushering in the next era of Non Fungible Tokens.

Sorry but NFTs are not dead, on the contrary we're only just getting started!

We'd love to hear from you!
Please contact us if you have any questions
or feedback about the report.



Thank *you.*

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

Every year since 2018, NonFungible.com has published various reports covering the different dimensions of the NFT industry. 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.

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