



Trade Ideas

# Why Buy Meta? Buy Metaplex

Sep 18, 2024

Min Jung | Research Analyst

[minjung@prestolabs.io](mailto:minjung@prestolabs.io)

## Contents

1. Introduction
2. What is Metaplex?
  - a. Key Products of Metaplex
  - b. Key Statistics
  - c. History
3. Thesis
  - a. Dominance and Expansion into New Territories
  - b. Tokenomics and Buyback
4. Pair Trade Opportunity: Long \$MPLX and Short \$TNSR
5. Final Words

Figure 1 : Metaplex's Hidden Dominance in the Solana Ecosystem



Source: imgflip, Presto Research

## Summary

- Metaplex is the backbone of the Solana ecosystem, responsible for the creation of over 99% of NFTs and 90% of fungible tokens on the network. With tools like Core and Bubblegum, Metaplex enables creators to mint and manage digital assets efficiently, positioning itself as the core infrastructure for digital assets on Solana.
  - \$MPLX is undervalued given its market dominance and strong revenue generation. As Metaplex expands to new chains and broadens its support for fungible tokens, its influence and utility continue to grow, making it a compelling long-term investment. The ongoing buyback program further strengthens the token's value.
  - A strategic long \$MPLX/short \$TNSR trade could capture upside from Metaplex's dominance while hedging against risks in the NFT market. Despite trading at a lower FDV, Metaplex generates more fees than Tensor and faces no direct competition, unlike Tensor, which is contending with rivals like Magic Eden. This trade provides exposure to Metaplex's growth while mitigating risk in a competitive landscape.
- 

## Introduction

What defines a great business? While there are many ways to approach this question, one clear marker is the ability to dominate in a growing market. In the Solana ecosystem, names like Jupiter or Pump.fun might come to mind, as they each have their respective strengths. However, Metaplex is the hidden giant. Despite flying under the radar, 90% of its tokens and 99% of all NFTs on Solana are created using Metaplex's protocol. Most users are unaware that they're interacting with Metaplex, even as they pay fees to the company that are then used to strategically buy back its native token, \$MPLX. It's time to recognize Metaplex as a critical player in the Solana ecosystem.

## What is Metaplex

*Metaplex Protocol is a decentralized platform built on Solana that powers the creation, sale, and management of digital assets. Offering tools and standards to developers, creators, and businesses, Metaplex supports a wide variety of digital assets, from NFTs and fungible tokens to real-world assets (RWAs) and gaming items. With over 550 million assets minted across 55 million unique wallets, Metaplex stands as one of the most widely utilized blockchain protocols and developer platforms.*

### Key Products of Metaplex

#### (1) Core

- Core is the next-generation NFT standard on the Solana blockchain. This innovation uses a single-account design, drastically reducing minting costs and alleviating pressure on the Solana network compared to alternative protocols.
- Features include cost efficiency, low compute power, advanced plugin support, and enforced royalties, setting a new benchmark for NFT standards.

#### (2) Bubblegum

- Bubblegum is Metaplex's program for creating and managing compressed NFTs (cNFTs).

Compression technology enables creators to mint large quantities of NFTs at a fraction of the traditional cost, with 1 billion NFTs minted for just 500 SOL, offering unprecedented scalability and flexibility.

(3) Token Metadata

- The Token Metadata program allows additional data to be attached to both fungible and non-fungible tokens on Solana. While NFTs are the primary use case, this program also supports semi-fungible and fungible assets. All tokens created on Pump.fun rely on Metaplex’s metadata service.

(3) Core/Candy Machine

- Metaplex’s Candy Machine is the leading minting and distribution program for launching NFT collections fairly and efficiently. It’s become the go-to solution for creators launching NFTs on Solana, ensuring decentralized and transparent distribution.


Additional services include MPL-Hybrid, Fusion, Hydra, and Sugar, expanding the platform’s reach into various verticals of digital asset standards.

**Figure 2 : Overview of Metaplex’s Programs and Tools**

Overview

## Metaplex Programs and Tools

### Create


 **Bubblegum**  
Compressed NFTs

 **Core**  
Next gen NFT standard

 **Inscription**  
NFT inscribed on Solana

 **MPL-Hybrid**  
Hybrid Assets

 **Token Auth Rules**  
NFT permissions


 **Token Metadata**  
Digital ownership standard

### Commerce

 **Candy Machine**  
TM NFT launchpad

 **Core Candy Machine**  
Core Asset launchpad

### Utility

 **Fusion**  
NFTs inside NFTs

 **Hydra**  
Fanout wallets

### Dev Tools

 **Amman**  
Local Validator Toolkit

 **DAS API**  
Fetch Digital Asset Data

 **Legacy**  
Products from our old docs

 **Sugar**  
Create Candy Machines easily

 **Umi**  
Client wrapper

Source: Metaplex

In essence, Metaplex is the foundational infrastructure protocol that powers the creation of most NFTs and fungible tokens in the Solana ecosystem, serving as the standard for digital asset creation.

## Key Statistics

Metaplex's recent performance data shows its dominance within Solana, particularly in the past three months:

(1) August 2024:

- 10.2 million digital assets minted
- 382,000 fungible tokens created, representing 90% of all fungible tokens minted on Solana
- 393,000 unique wallets directly signed transactions with Metaplex
- The total number of collectors reached 57 million unique wallets

(2) July 2024:

- 16.5 million digital assets minted
- 451,000 fungible tokens, accounting for 91% of Solana's fungible tokens
- 530,000 unique wallets used the protocol
- The total number of collectors reached 56 million wallets

(3) June 2024:

- 30 million digital assets minted
- 452,000 fungible tokens created
- 657,000 unique wallets interacted with Metaplex
- The total number of collectors hit 55 million wallets

Cumulatively, Metaplex has overseen the creation of 257,000+ collections, 512 million NFTs, and \$1.2 billion in creator revenue since its inception.

Metaplex Public Dashboard:  [Webpack App](#)

## History

Metaplex was originally incubated by Solana Labs, with Stephen Hess, former Head of Product at Solana Labs, leading the charge. Since 2021, the team has operated independently, building products that allow creators and brands to mint NFTs and launch decentralized applications. This strong foundation has attracted high-profile backers, giving Metaplex a reputation for technical innovation and industry leadership.

The recent notable news is as below:

- In January 2022, Metaplex raised \$46M from Multicoïn Capital, Jump Crypto, with additional support from Solana Ventures, Alameda Research, and Animoca Brands.
- In September 2024, Pantera Capital and ParaFi Capital acquired a large portion of \$MPLX tokens from the FTX estate.
- Notable investors include Modular Capital, Syncracy Capital, and Frictionless Capital.

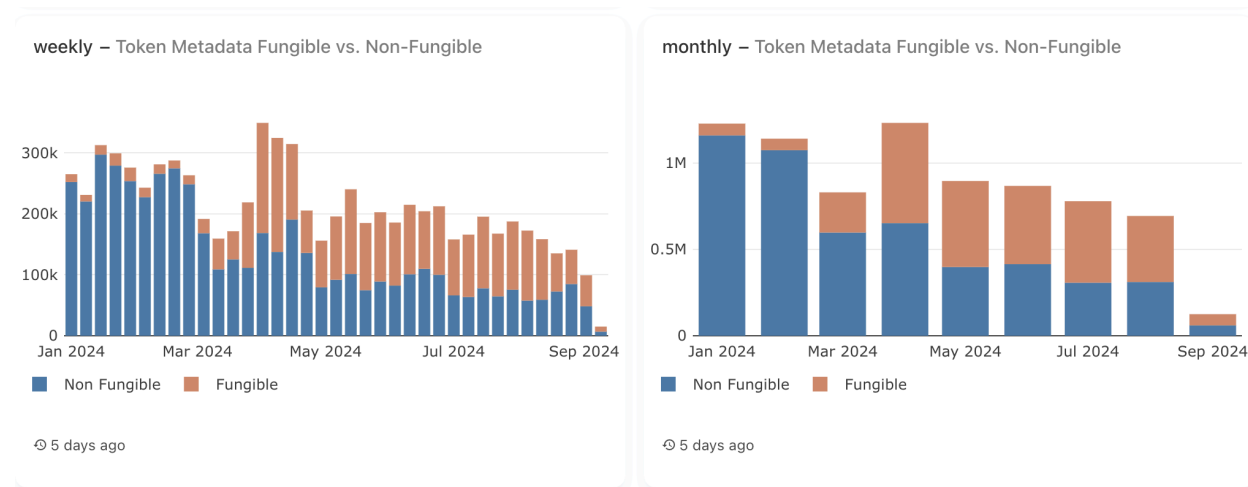
## Thesis

### Dominance and Expansion into New Territories

Metaplex’s dominance within the Solana ecosystem is undeniable. It powers the creation of 99% of NFTs and 90% of fungible tokens minted on Solana, positioning itself as the undisputed infrastructure provider for digital assets. This level of market penetration makes it extremely difficult for any competitor to challenge Metaplex’s dominance in the near future.

Despite fluctuations in the broader NFT market, Metaplex’s role as a critical piece of infrastructure has allowed it to expand into the fungible token space, proving that its utility goes far beyond NFTs. Platforms like Pump.fun have increasingly adopted Metaplex’s Token Metadata program, ensuring that 90% of tokens minted in the last three months on Solana are tied to Metaplex. This broadens its use case, establishing it as a cornerstone of both fungible and non-fungible token creation.

**Figure 3: Growing Influence of Metaplex on Fungible Tokens (FT)**



Source: Metaplex Public Dashboard

Looking ahead, Metaplex is preparing to expand its reach into Sonic and Eclipse, two highly anticipated networks. Sonic, Solana’s first Layer 2 solution designed for sovereign gaming, offers a particularly compelling opportunity for growth. As gaming and blockchain continue to merge, NFTs will play a critical role in in-game assets, and Metaplex is well-positioned to power this new wave of digital asset creation.

With the NFT market arguably at a low point, Metaplex stands to benefit from a potential resurgence, and its expanding role in fungible token creation further reduces its reliance on NFT market cycles. As new layers and use cases develop within Solana, Metaplex’s role as the foundational infrastructure provider only becomes more indispensable.

### Tokenomics and Buyback

A significant appeal of Metaplex lies in its tokenomics and strategic buyback program. In May 2023, Metaplex introduced small fees to sustain long-term ecosystem development, particularly for programs like Core and Token Metadata. As of today, the total revenue since inception is 128,347 SOL.

**Figure 4: Breakdown of Protocol Fees by Program**

### Protocol Fees

The Metaplex Protocol currently includes the following fees:

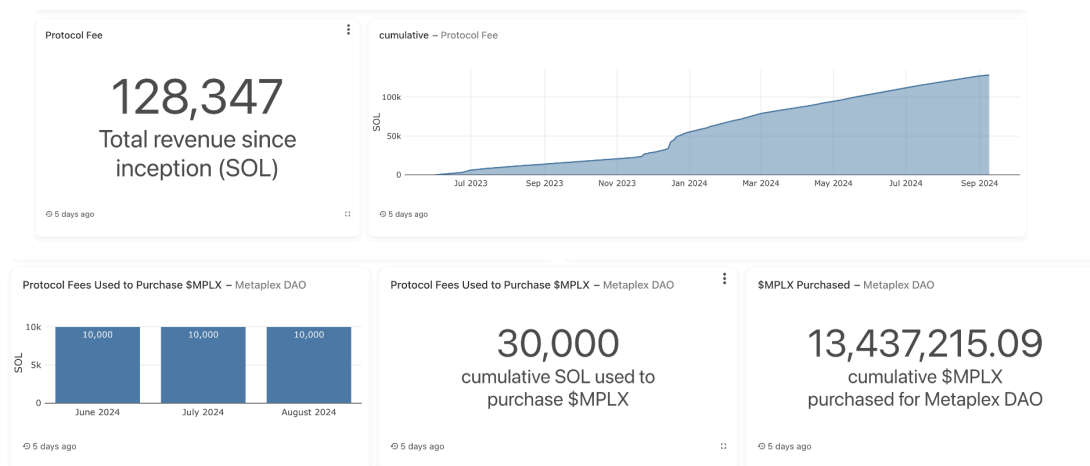
Instruction	Program	Typical Payer	Amount (SOL)	Notes
Create	Core	Collector	0.0015	Paid by the minter, which is typically individual collectors minting new drops. Includes all instructions that "create" an NFT including ones that create print editions.
Create	Token Metadata	Collector	0.01	Paid by the minter, which is typically individual collectors minting new drops. Alternatively creators may consider using Core (next gen NFTs) for maximum composability and lower mint costs, or Bubblegum (compressed NFTs). Includes all instructions that "create" an NFT including ones that create print editions.
Create	Bubblegum	-	Free	
Swap	MPL-Hybrid	Collector	0.005	Paid by the individual who swaps tokens and NFTs.
Combine	Fusion (Trifle)	Collector	0.002	
Split	Fusion (Trifle)	Collector	0.002	
Edit constraint	Fusion (Trifle)	Creator	0.01	

Source: Metaplex

In March 2024, Metaplex committed to allocating 50% of all protocol fees to buying back \$MPLX and transferring the purchased tokens to the Metaplex DAO. This allocation includes both historical and future fees, ensuring a continuous accumulation of \$MPLX in the DAO treasury. The remaining 50% of fees is reserved for the ongoing development of the Metaplex Foundation.

Since June 2023, Metaplex has been buying back 10,000 SOL worth of MPLX monthly, with purchases totaling 13,437,215 MPLX (roughly 30,000 SOL) by August 2023. As SOL's price increases, the value of these buybacks will rise accordingly. 10,000 SOL currently equates to approximately \$1.4 million USD, representing over 1% of Metaplex's market cap, a substantial and steady force in reducing circulating supply.

**Figure 5: Total Revenue and \$MPLX Buyback Over the Last Three Months**



Source: Metaplex Public Dashboard

## Pair Trade Opportunity: Long \$MPLX and Short \$TNSR

Figure 6: Metaplex Performance Over a One-Year Horizon

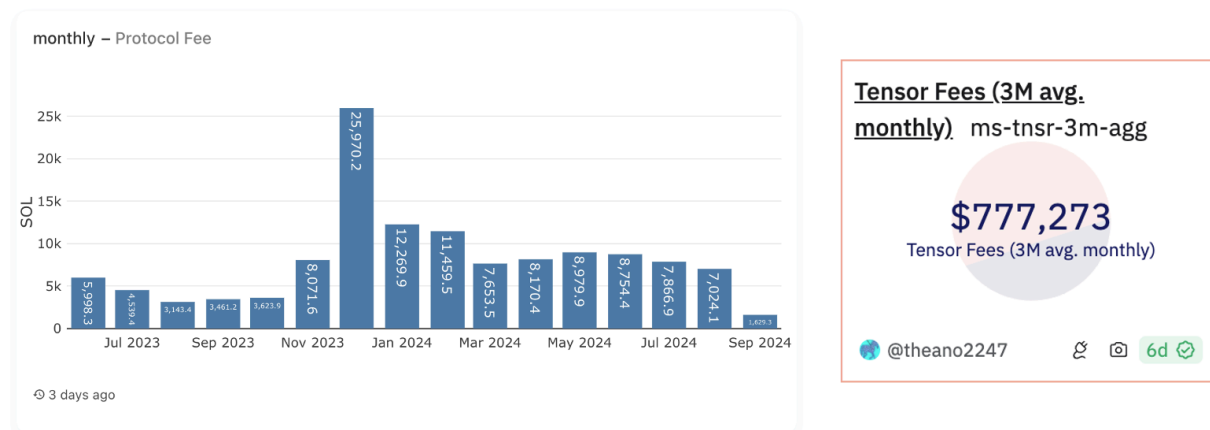


Source: Coinmarketcap

One way to capture the upside of \$MPLX while hedging against risks in the broader NFT market could be through a pair trade, specifically long \$MPLX and short \$TNSR (Tensor). This is based on the premise that \$MPLX is undervalued relative to \$TNSR, for the following three reasons.

- Higher Fees vs. Tensor:** Over the last three months, Metaplex has generated similar or more fees than Tensor, fueled by its growing dominance in both NFTs and fungible tokens. Despite this, \$TNSR trades at an FDV of \$350 million, significantly higher than \$MPLX. This discrepancy suggests that \$MPLX is undervalued relative to its revenue-generating potential, especially with the strong backing of its ongoing buyback program.
  - Last 3M average Tensor's monthly fees: \$777,273
  - Last 3M average Metaplex's monthly fees: 7,956 SOL (~\$1,034,323 using a conservative estimate of SOL at \$130).

Figure 7: Comparison of Metaplex Fees vs. Tensor Fees



Source: Metaplex Public Dashboard, Dune Analytics

- No Direct Competition:** While Tensor is facing increased competition from Magic Eden, which is planning to launch its own token and potentially steal market share, Metaplex has no direct rival

in the infrastructure space. This lack of competition strengthens its position as the backbone of Solana's digital asset ecosystem, further supporting its long-term value.

3. **Hedge Against NFT Market Volatility:** For those cautious about NFT market volatility, \$MPLX offers a more diversified opportunity. Metaplex's influence now extends beyond NFTs into fungible tokens, providing exposure to a broader range of assets and reducing its reliance on the NFT market alone.

This underappreciation is likely due to Metaplex's role as a behind-the-scenes infrastructure provider—unlike more consumer-facing platforms like Tensor or Pump.fun, most users interact with Metaplex's products without realizing it. As a result, the token has stayed out of the spotlight despite its significant influence on the Solana ecosystem. However, this perception may shift as Metaplex's growing contribution to the ecosystem becomes more visible and market awareness increases.

## Final Words

Metaplex has quietly become the cornerstone of the Solana ecosystem, powering over 99% of NFTs and 90% of fungible tokens on the platform. Despite its critical role, it remains underappreciated, operating behind the scenes while users unknowingly interact with its infrastructure. This hidden dominance, combined with strong tokenomics and a robust buyback strategy, positions \$MPLX as an undervalued asset. The protocol's consistent revenue growth, driven by increased fees from both NFTs and fungible tokens, allows for continuous buybacks, which enhance its value over time. As Metaplex continues to expand its reach, supporting new use cases and solidifying its market position, the upside potential for \$MPLX grows. For those seeking long-term exposure to the Solana ecosystem's infrastructure, Metaplex offers a unique opportunity to invest in a project with proven dominance, sustained growth, and significant untapped potential.

*Disclaimer: Presto is not an investor in Metaplex, nor has it received any grants, funding, or financial incentives from Metaplex or its associated entities. The views expressed in this report are based on independent research and analysis, and are not influenced by any direct relationship with the Metaplex project.*



## About Presto

Founded in 2014, Presto is a proprietary trading and financial services firm specializing in algorithmic trading across both digital assets and traditional markets. With a focus on delivering exceptional value for clients through a rigorous, research-driven approach to investment and trade execution, Presto processes over 100 million trades daily. The company maintains a global presence with offices in various countries, including Singapore. Presto Research is a research unit within Presto.

Find out more at <https://www.prestolabs.io>.

Follow Presto for more content: [X](#), [LinkedIn](#)

Follow Presto Research for latest research : [X](#), [Telegram](#)

---

## Authors

**Min Jung**, Research Analyst

[X](#), [Telegram](#), [LinkedIn](#)

---

## Required Disclosures

*Any expression of opinion (which may be subject to change without notice) is personal to the author and the author makes no guarantee of any sort regarding accuracy or completeness of any information or analysis supplied. The views and opinions expressed herein are those of the author(s) and do not necessarily reflect the views of Presto Labs or its affiliates. This material by itself, is not and should not be construed as an offer or a solicitation to deal in any investment product or to enter into any legal relations. This material is for informational purposes only and is only intended for sophisticated investors, and is not intended to provide accounting, legal, or tax advice, or investment recommendations, or an official statement of Presto Labs or its affiliates. Presto Labs, its affiliates and its employees make no representation and assume no liability to the accuracy or completeness of the information provided. Presto Labs, its affiliates and its employees also do not warrant that such information and publications are accurate, up to date or applicable to the circumstances of any particular case. Certain statements in this document provide predictions and there is no guarantee that such predictions are currently accurate or will ultimately be realized. Prior results that are presented here are not guaranteed and prior results do not guarantee future performance. Recipients should consult their advisors before making any investment decision. Presto Labs or its affiliates may have financial interests in, or relationships with, some of the assets, entities and/or publications discussed or otherwise referenced in the materials. Certain links that may be provided in the materials are provided for convenience and do not imply Presto Labs' endorsement, or approval of any third-party websites or their content. Any use, review, retransmission, distribution, or reproduction of these materials, in whole or in part, is strictly prohibited in any form without the express written approval of Presto Labs. Presto Research and related logos are trademarks of Presto Labs, or its affiliates.*