Fundamental Report - Metaverse

Prime Rating Report V1.1

Protocol: Axie Infinity
Category: GameFi
Version:
Date: 21/04/2022
Previous Report: N/A

Author: Dliteofficial
Reviewed by: Verto
Season/competition: Metaverse Rate-athon

Scorecard

1. Value Proposition	Points
a) Novelty of the solution	**13 / 15**
b) Target market size	**15 / 15**
c) Product-market fit	**12 / 15**
Total Points - Value Proposition	**40 / 45**
2. Competitive moat	**Points**
a) Integrations & partnerships	**7 / 10**
b) Intellectual property	**8 / 10**
c) Infrastructure - security	**1 / 10**
d) Infrastructure - fees and ancillary infrastructure	**9 / 10**
e) Treasury management	**2 / 10**
Total Points - Value Proposition	**27 / 50**
3. Tokeneconomics	**Points**
a) Genesis token distribution	**7 / 15**
b) Purpose of the token	**4 / 10**
c) Ongoing token issuance / inflation	**2 / 10**
d) Value capture	**3 / 10**
e) Token liquidity	**3 / 5**
f) Extrinsic productivity	**0 / 5**

Total Points - Tokenomics	19 / 55
4. Team	**Points**
a) Credibility and reputation	9 / 10
b) Relevant experience	13 / 15
c) Thought leadership and public presence	7 / 10
d) Ability to foster a community and coordinate resources	13 / 15
Total Points - Team	**42 / 50**
5. Governance	**Points**
a) Extent of governance capabilities	0 / 10
b) Active governance contributors	0 / 5
c) Governance infrastructure	0 / 10
d) Robustness of the governance process	0 / 5
Total Points - Governance	**0 / 30**
Total	**128 / 230**

For gaming projects only:'

| **6. In-game economy**	**Points**
a) Ease of use / Onboarding	13 / 15
b) Sustainability of P2E or in-game economy	7 / 20
c) Utilisation of NFTs	14 / 15
Total Points - In-game economy	**34 / 50**
Total	**162 / 280**

1. Value Proposition

The "Value Proposition" section assesses the value a protocol delivers to its users. The rating is based on the size of the problem a protocol addresses and the product/market fit of the protocol's solution.

a) Novelty of the solution (15 points)

This score evaluates the novelty (uniqueness) of the protocol. Has the protocol introduced any innovations that help solve users' problems, either technical or organizational? Or has it just forked someone else's code?
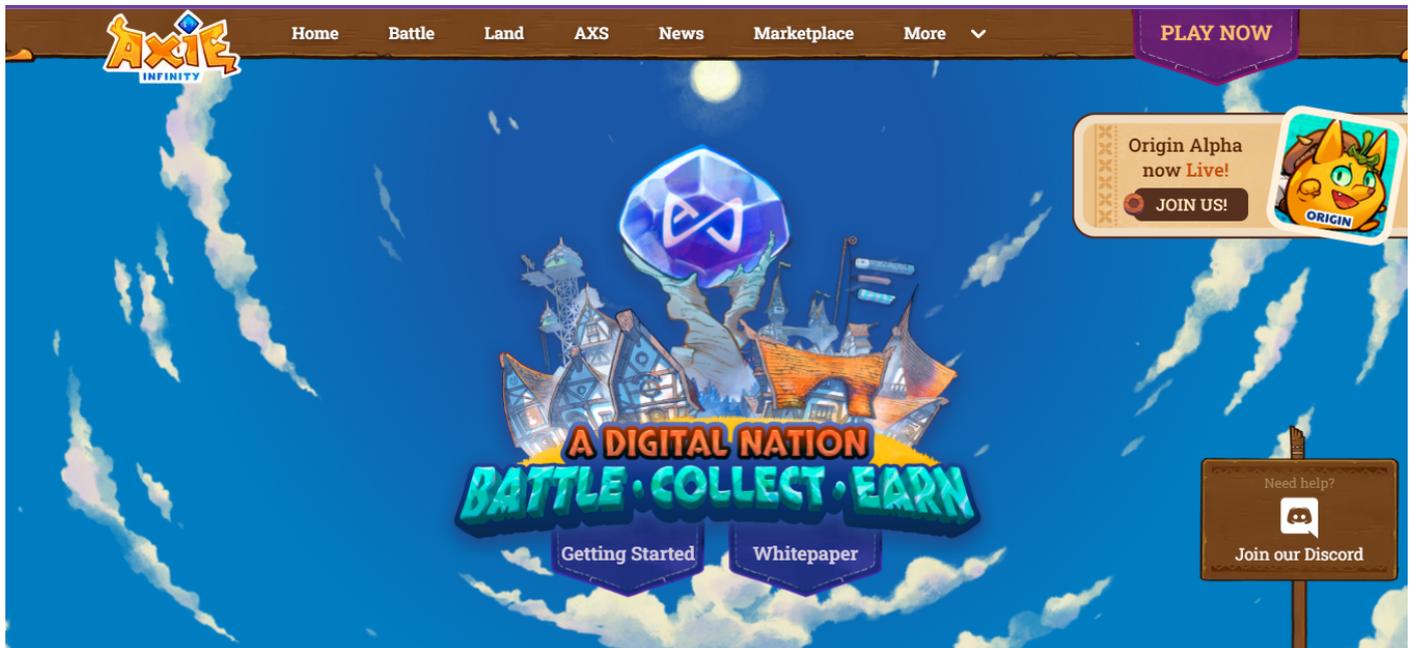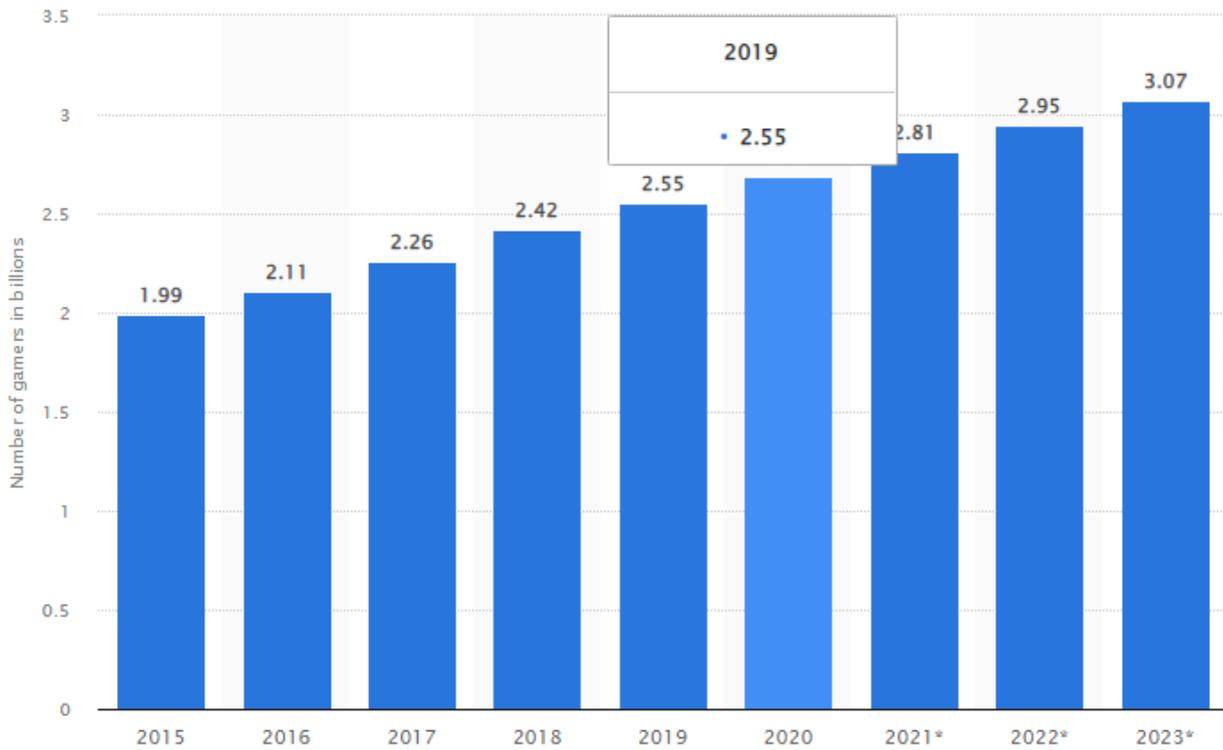

Answer: Axie Infinity is a turn-based Pokemon-like RPG game universe filled with fascinating creatures, Axies, that players can collect as pets. Players aim to battle, breed, collect, raise, and build kingdoms for their Axies. The universe has a player-owned economy where players can own, buy, sell, and trade resources they earn in the game through skilled gameplay and contributions to the ecosystem. Axie Infinity is a combination of DeFi, gaming, and Non-fungible tokens (NFTs) such that in-game digital assets such as the Axie creatures are represented by NFTs. While Axie is a fun game, it's also taken on characteristics of a social network and earning platform due to the strong community and opportunity to truly own resources earned within the games. Axie infinity launched a mobile version of the game for both Android and iOS in 2018. It is an innovation that many games still haven't been able to replicate in their years of existence. One of the organizational innovations by Axie Infinity that is worth considering is the fact that on Axie Infinity, the team, Sky Mavis, and indie developers collectively contribute to the development of the Axie Infinity ecosystem. Asides from being able to launch a mobile version (Android and iOS) of their game, another innovation by Axie is launching the Play-to-Earn model. A game model that is now being employed by many games, particularly blockchain games.
Score: 13

b) Target market size (15 points)

The target market size evaluates the current and future size of the problem a protocol aims to solve. While the term Metaverse is all-encompassing, what is the target market size for the relevant sector? For example, NFT games are trying to disrupt the traditional gaming industry, which is reported to be worth roughly $175 billion.

Answer: According to a research conducted by FinancesOnline on the traditional gaming industry as a whole, the total number of active video gamers in 2020 was pegged at 2.69 Billion. This figure factors in the pandemic/Covid outbreak in 2020. According to the report, the industry is expected to grow by 5.6% Y-o-Y with 2021, 2022, and 2023 figures expected to be 2.81Billion, 2.95Billion, and 3.07Billion respectively. The global games market had $159.3 billion in revenues for 2020, almost half of which came from the Asia Pacific market. Axie Infinity is a blockchain role-playing game (RPG). A blockchain game where stats and abilities can be improved upon, and Axies also get to battle each other for wins. According to The Business Research Company, the global role-playing games market reached a value of nearly $15BN million in 2019, having increased at a compound annual growth rate (CAGR) of 6.84% since 2015, and is expected to grow at a CAGR of 9.22% to nearly $22BN by 2023. The expected growth is way higher than the growth of the entire traditional gaming space at 5.6%. Based on this report, it is to be estimated that a major contributor to the growth of the traditional gaming industry is RPG games.

Score: 15

c) Product-market fit (15 points)

Product-market fit evaluates the degree to which a protocol satisfies market demand in its specific sector. How many users does a protocol have? What is the trading or transaction volume on a platform? Is there growth on both the buy and sell-side of the market? Is the protocol targeting the right product segment at all?

Answer: Axie Infinity is arguably regarded as one of the biggest blockchain gaming platforms. The total number of

daily active users is 1,140,812. DappRadar reports that Axie Infinity is No.1 in terms of the total value of assets in smart contracts and 2nd in terms of the total amount of incoming value to smart contracts.

With a Vol/Mkt Cap of 10%, with the trading volume at $311,109,636 and a 23% circulating supply rate (CoinMarketCap), there are a lot of transactions going on both on the buy and sell-side of the token.

Axie Infinity has been experiencing a downtrend in Daily Active Users (DAUs) since November 2021 even before the infamous Ronin hack according to a YahooFinance report. Asides from the hack, Axie Infinity isn't the only game out there, there are other games working day in, day out to get a larger share of the total target market. Between the hack and the loss of interest by its user, Axie infinity may have issues retaining its position as a major GameFi platform.

By media followers and subscribers, Axie Infinity Discord has over 735K members and Axie Infinity Twitter has over 958,4k followers. What does all of this information translate to? Axie Infinity has a clear market fit and they have been spearheading major development in the space. They have established themselves as a leader in the space however, they are slowly starting to lose their hold.

Score: 12

2. Competitive moat

The "Competitiveness" section looks at a protocol's competitive moat in the space and its unforkable assets. This includes integrations and partnerships, intellectual property, the underlying infrastructure being used, and treasury management.

a) Integrations & partnerships (10 points)

Due to crypto's open-source nature, the code of most protocols can easily be forked. This score represents one piece of unforkable value. Some indicators are the number of applications built on top of the protocol (vertical integration) and other entities integrating the protocol's services (horizontal integration).

Answer: Axie Infinity does not have any exclusive partnerships however, they have a couple of partnerships in the bag like the partnership with Maker, Samsung, HTC, Katlyn, Binance, Ubisoft, etc. ([Source](#)). Also, Axie Infinity once integrated with Chainlink Oracles using Chainlink Verifiable Randomness Function (VRF) to introduce provably fair random elements into the Axie universe, starting first with Axie Origin Coins (AOC). Chainlink is the market-leading decentralized oracle network providing real-world data to smart contracts on any blockchain. It allows dApps like Axie Infinity to consume data from outside the Blockchain, such as data from web APIs, premium data providers, IoT networks, enterprise backends, and more ([Source](#)).
Score: 7

b) Intellectual property (10 points)

Intellectual property is and will continue to be a crucial part of the metaverse. This score considers if a project, for example, developed a unique IP that creates a sustainable competitive moat around it or, as an alternative, secured IP through agreements with outside parties.

Answer: Of course, they have a strong IP. They have a laid down process to which any of the elements of the platform can be used if permission is even granted at all as identified in the [Terms of Use](#). The IP restricts building on the Axie ecosystem, it also restricts others from duplicating essential and non-essential elements. Axie's IP helps maintain competitiveness, exclusivity, and originality. However, as we have seen in recent times, Axie created a builders program to allow developers to contribute to the development of the ecosystem, Axie Infinity and Sky Mavis provided a bunch of resources to help other interested individuals and developers build on the platform. Developers can visit the whitepaper for access to these resources or better yet, visit their [GitHub](#) repo for information about the element of the platform. A more compact explanation of this recent development is a once closed ecosystem allowing developers to build on them.

Score: 8

c) Infrastructure - security (10 points)

Metaverse projects make all kinds of choices when it comes to infrastructure. Some build their solutions, whether Ethereum side-chains or a new blockchain entirely, and some deploy to an existing sidechain or a level 1 blockchain. These decisions have significant trade-offs across security, maintenance, ease of use, costs and scalability, etc. This score assesses specifically the security of the chosen infrastructure solution.

Answer: Axie Infinity initially chose Ethereum back in 2018 due to the number of developers building on the platform, and the ability to recruit initial community members. As time passed it became clear that building a blockchain game solely on Ethereum would not be feasible from a scalability standpoint ([Source](#)). Sky Mavis created [Ronin](#) — an Ethereum-linked sidechain made specifically for Axie Infinity. The smart contracts that also power the platform have been audited and the audit report can be accessed using this [link](#). Despite all of these, about three weeks ago from when this report was written, [Axie Infinity suffered a hack in which the hacker stole over](#) USD 620Million. Sky Mavis reported that the Ronin Network which supports its Axie Infinity game has been hacked and the thieves stole 173,600 in Ethereum cryptocurrency (worth $594.6 million) and $25.5 million in U.S. dollars, stealing a total of $620 million. However, [Sky Mavis was able to raise about](#) USD 150M to compensate users of the network for the hack at the moment. This is being considered one of the biggest hacks in history as it leaves people wondering what the point would be as the reason for putting the game on the blockchain — in this case, a sidechain dubbed the Ronin Network — is to enable better security. To conclude, for better security, Ronin has also announced that they will be adding more

validators shortly. ([Source](#)). However, this security attack revealed how insecure the Ronin Network is and that the security of their infrastructure is on a low.

Score: 1

# d) Infrastructure - fees and ancillary infrastructure (10 points)

The section above assessed specifically the security of the chosen infrastructure solution. This score, however, looks at the other side of the scalability trilemma - fees and the ancillary infrastructure like bridges, wallets, etc.

Answer: Axie Infinity was originally built on the Ethereum network. This means that at the initial stage, Axie Infinity inherits the expensive nature of Ethereum. However, they built Ronin, an Ethereum-linked sidechain made specifically for Axie Infinity. Since Axie is built on the Ethereum Blockchain, transactions outside of Ronin (aka transactions external to the game) are subject to Gas Fees just like any other transactions on the ETH network, like using Uniswap or minting an NFT on Opensea ([Source](#)). Moreover, on an [Axie gas fee tracking website](#), the information there validates the fact that transactions using the Ronin blockchain cost little or nothing, anything otherwise costs a fortune.
Score: 9

e) Treasury Management (10 points)

Treasury management refers to the project's management of its assets and balance sheet. How diversified is its treasury? If diversified, are the assets productive? For example, does the project own its liquidity? Are there procedures and plans in place for managing the treasury?
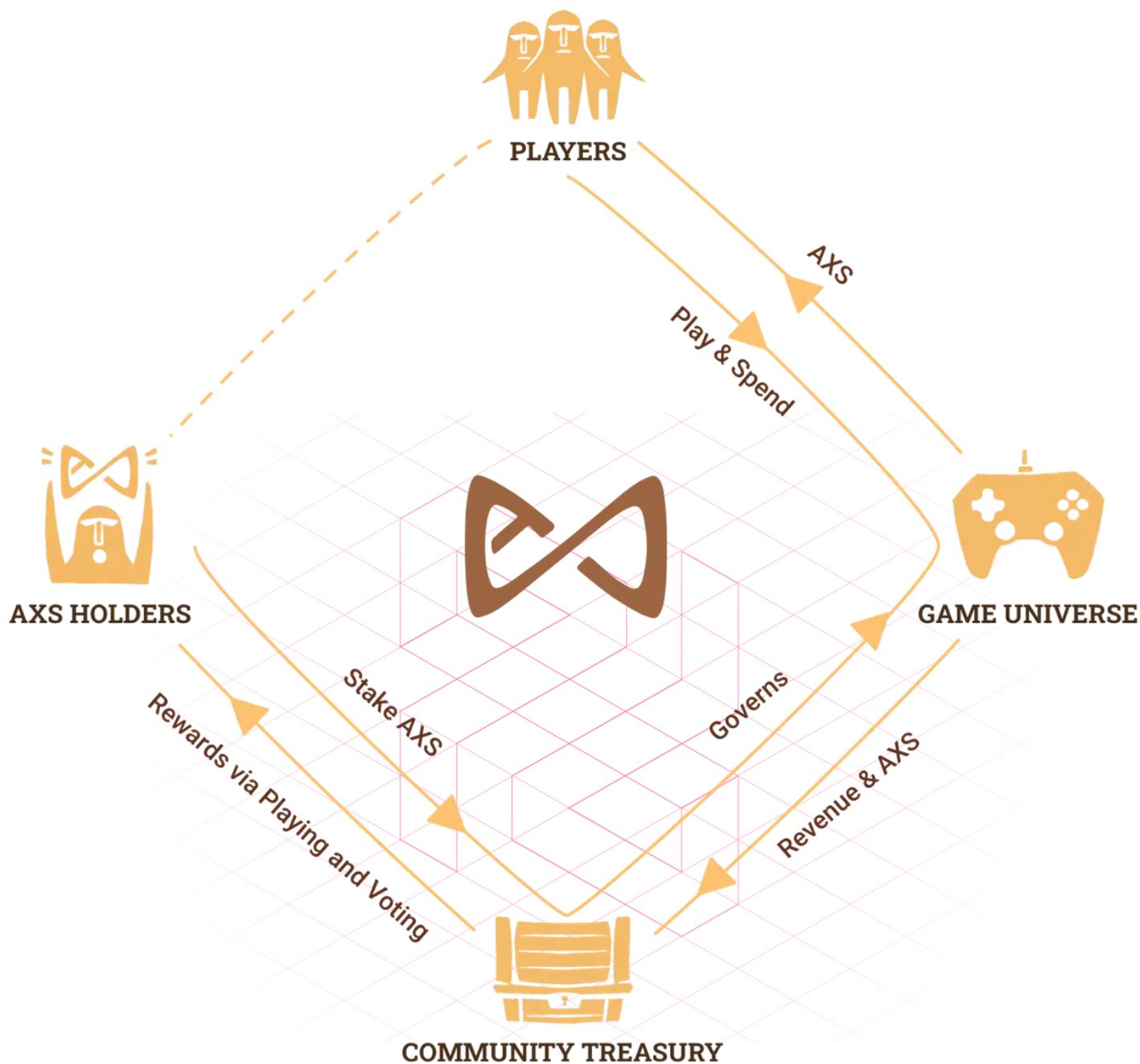
Answer: <u>The treasury for Axie Infinity is currently being managed by the team, Sky Mavis, till the protocol attains decentralization and AXS holders can control how the treasury is to be managed</u>. <u>The treasury has over $1BN in assets</u> with close to 74% of the entire treasury in the native utility token, AXS.

Score: 2

3. Token Economics

The "Token Economics" section assesses the function of a protocol's token. This includes the token distribution, its functionality, the ability of the token to incentivize desired behaviours, and value capture potential.

a) Genesis token distribution (15 points)

Token distribution can be an indicator of a healthy protocol and, if done well, can improve coordination and alignment among different stakeholders. Was the initial distribution fair and balanced? Are the tokens distributed widely or is the ownership concentrated?

Axie Infinity Shards complete release schedule
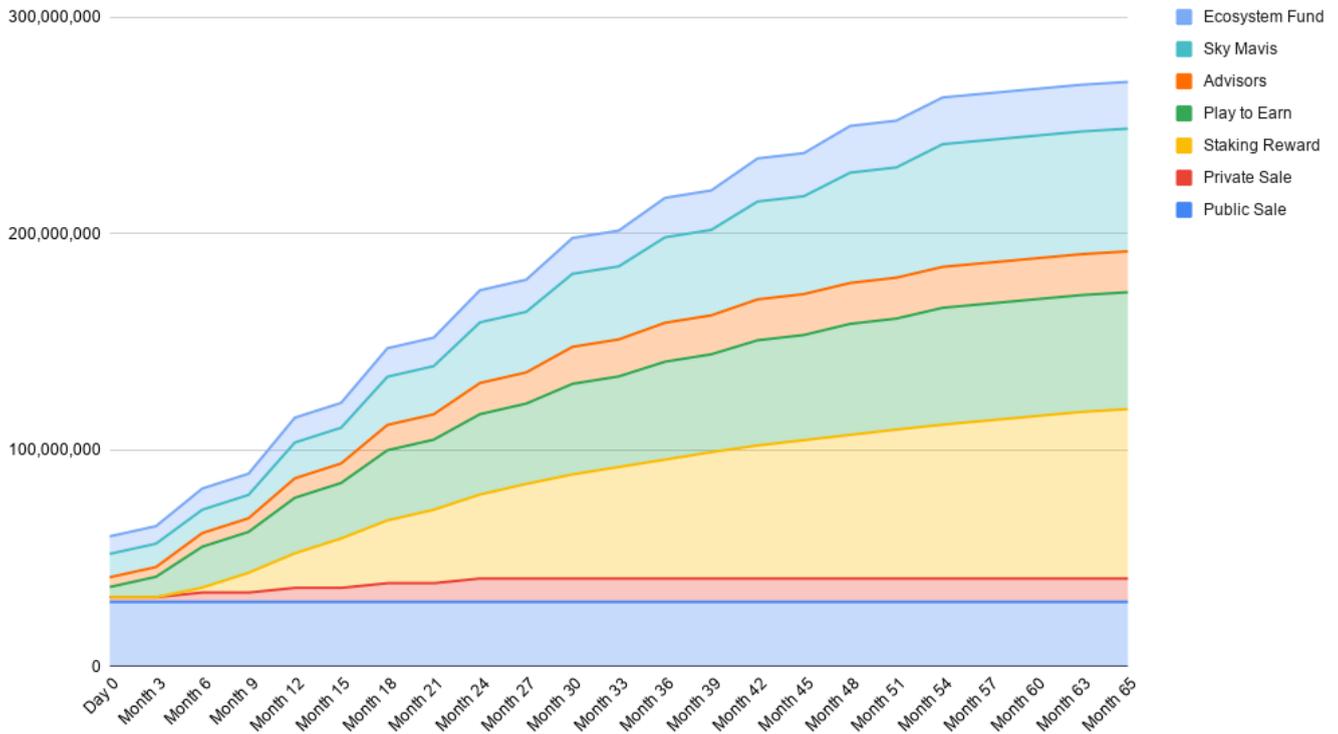
Answer: According to the Axie Infinity whitepaper, AXS will be unlocked in a predetermined schedule which lasts for 65 months from the public sale. The initial circulating supply is set to 59,985,000 AXS - 22.22% of the total supply. Axie Infinity has a comprehensive schedule for distribution of the token's supply which will span the space of 65 months. The above chart illustrates the maximum possible issuance of AXS over the coming years, and the total supply will never exceed 270,000,000. Attached below is a schedule of the entire supply to be distributed and the timing of the distribution. 69% of the total supply is to be distributed to users of Axie Infinity and the AXS token, however, objectively, a 21% insider allocation is a stretch and is way above the industry standard.

Token amount	Total Supply	%	
Play and Earn	54,000,000	20%	Locked: issuance starts in Q1-Q2 2021
Staking Rewards	78,300,000	29%	Locked: Issuance starts in Q1-Q2 2021
Ecosystem Fund	21,600,000	8%	Some unlocked, some locked
Sky Mavis	56,700,000	21%	Some unlocked, some locked
Advisors	18,900,000	7%	some unlocked, some locked
Public Sale	29,700,000	11%	Unlocked
Private Sale	10,800,000	4%	Some unlocked, some locked
Total amount	**270,000,000**	**100%**	

Score: 7

b) Purpose of the token (10 points)

This score evaluates the purpose of a token in the project's ecosystem. For example, does it provide utility? Does it have governance rights attached to it or a built-in value capture mechanism?

Answer: Axie Infinity Shards (AXS) and Smooth Love Potions (SLP) are the tokens that fuel the Axie Infinity ecosystem. As for SLP, it provides you with the ability to breed axies, which are collectible digital creatures in the game. AXS also allows you to vote on the future development of the game, and to participate in governance. AXS can help you gain access to certain auctions by the Axie team and lastly, holders earn additional rewards by staking. In summary, AXS allows you to participate in governance but does not grant you a share of the revenue.

Score: 4

c) Ongoing token issuance/inflation (10 points)

Most tokens have built-in inflation. This section evaluates the purpose of that inflation. Is it justifiable? Does it help improve the coordination and alignment of incentives for the protocol? Does it incentivize positive-sum behaviour? Are the benefits flowing to all relevant stakeholders or just select groups?

Answer: Token issuance hasn't started yet. The majority of the tokens are still locked and there aren't any initiatives that distribute AXS to players and contributors to the ecosystem.

Score: 2

d) Value capture (10 points)

The ability to accrue value and consequently distribute it to stakeholders can be an effective coordination mechanism and deliver long-term benefits to a project.

Answer: Not sure if Axie Infinity is accruing any value currently talk less of distributing it to their stakeholders. 5.25% Marketplace fees and AXS for breeding go into a treasury that has no distribution mechanism. As for stakers, rewards are paid from inflation and not marketplace or breeding fees.

Score: 3

e) Token liquidity (5 points)

Is the token widely available and is there sufficient liquidity to facilitate all protocol functionalities?

Answer: Axie Infinity Shards ($AXS) are available on all major decentralized and centralized exchanges. According to CoinMarketCap, AXS is traded across over 100 exchanges. Beyond this, AXS currently maintains a 10%+ Vol/MKt Cap and its current trading volume stands at 299,987,420. According to Sushi Analytics, AXS liquidity stands at $166,677.54 in a 24hr range. Compared to the 24 hr trading volume, it is low.

Score: 3

f) Extrinsic productivity (5 points)

Can the token be used outside of the project's ecosystem? For example, can it be used as collateral elsewhere, be staked for yield or rewards, etc.

Answer: As far as Axie Infinity Shards go, it stays in the ecosystem which translates to no extrinsic productivity

Score: 0

4. Team

The "Team" section describes the quality of the team behind the protocol. The current version of Prime Rating favours publicly identifiable teams. In the case of an anon team, the track record of the specific anons involved can be taken into account.

a) Credibility and reputation (10 points)

Are the identities of the core team public? In the case of anon team members, do they have a track record or reputation in the crypto space?

Answer: Axie Infinity is being developed by Sky Mavis which is a technology-focused game studio founded in early 2018. The team has its headquarters in Ho Chi Minh City, Vietnam. The founding team consists of the following individuals:

Trung Thanh Nguyen

Chief Executive Officer

Trung is involved in all key decisions from product to marketing and leads the company in Vietnam. At the age of 19, Trung co-founded and was CTO of Lozi.vn, an early Vietnamese e-commerce startup that has raised around 10 M in funding and is still in operations as of now. He left Lozi once it became a stable business and the team's focus shifted from building to business/operations. Trung also had stints at Trusting Social (25 M recent funding round led by Sequoia) and Anduin Transactions (a Joe Lonsdale company) before founding Axie Infinity. Trung represented Vietnam in the ACM-ICPC World Final 2014 held in Yekaterinburg, Russia.

Linkedin / GitHub / Twitter

Aleksander Leonard Larsen

Chief Operating Officer

Aleksander is responsible for all things business-related in Axie Infinity. He also serves on the board of directors in the Blockchain Game Alliance and holds the secretary position. He has worked in the Asia Pacific region since early 2018 and has a vast network of Blockchain industry and gaming connections, particularly in Vietnam, Hong Kong, South Korea, and Japan. Before Axie Infinity he worked as a manager in the Norwegian state and spent his free time as a content creator and competitive gamer. He has been ranked as one of the top 200 players in Europe in DotA 2 and has represented the Norwegian national team in Warcraft 3 and DotA.

Linkedin / Twitter

Tu Doan

Art Director and Game Designer

Tu runs the art team in Vietnam and designed the original Axies. He is responsible for the art direction and many game design concepts. He co-founded and formerly worked as the Head of Design at Lozi.vn.

Linkedin

Andy Ho

Chief Technology Officer

Andy leads the engineering team and is responsible for the technical strategy and engineering operations. He previously worked as a software engineer at Anduin Transactions and interned at Google and Paypal. Andy attended the International Olympiad in Informatics (IOI) 2010 held in Waterloo, Canada. He graduated from Nanyang Technological University, Singapore, and also represented Singapore in the ACM-ICPC World Final 2015 held in Marrakech, Morocco.

Linkedin / GitHub

Jeffrey Zirlin

Growth Lead

Jeff AKA "Jihoz" is responsible for the growth and community development. He also spearheads token design and works closely with the product team. Jeff grew up collecting fossils and insects; he uses this experience when thinking about the collector side of NFTS. Jeff was a member of a top-ranked USA Horde guild in vanilla World of Warcraft; he spent much of his childhood/adolescence in raids. Academically, he studied military and economic history at Yale where he wrote his thesis on the ideological origins of Alexander Hamilton's debt restructuring plan.

Linkedin / Twitter

Score: 9

b) Relevant experience? (15 points)

Does the team have a track record of execution? Have individual team members built a product or a business before? Does the team have the necessary skills? For example, if a project is making a game, do they have a game developer?

Answer: To start with, the team must have the experience to coordinate this project effectively. There are two sides to this. There is the business side and the tech side. As for the business side, every member of the team has adequate business experience, at least adequate to enable them to make proper business decisions like Trung, who is the CEO. He co-founded and contributed to the success of a Vietnamese e-commerce startup, Tu the art director who also worked in design for the startup that Trung co-founded. Some of the team members have built successful businesses while others gained their industry experience by being a part of the success of other businesses. As for the tech aspect, of the many important elements, it is necessary that whoever controls this division knows how to coordinate tech resources to achieve the goals of the project like the Chief Operating Officer, Leonard, and the Software engineer, Andy who either have experience working for a successful blockchain business or have worked with FAANG or big tech companies to know how tech projects work. Looking at the progress and achievements of the team for the years of building Axie Infinity, it is clear the team has the required experience and technical skills.

Score: 13

c) Thought leadership and public presence (10 points)

To what extent do the protocol contributors participate in the public debate around the metaverse? Are the team members giving presentations, sharing their thoughts and opinions, and do they help raise the industry's collective intelligence?

Answer: Regularly, they entertain the opportunity to contribute to public discussions or an insight session into how they began Axie Infinity and how they grew it to be one of the biggest blockchain gaming platforms, if not the biggest.

About a year ago, someone published an article about the team, and the CEO referenced it in one of his [LinkedIn posts.](#) [Jeff joined the Solana podcast to talk about Axie Infinity, the NFT gaming platform](#). This is also a [link to an image of Jeff](#), a co-founder at Axie Infinity speaking at the NFT LA in late March 2022

Score: 7

d) Ability to foster a community and coordinate resources (15 points)

How effective is the team at attracting and coordinating resources for the benefit of the protocol? Do they manage the community well, fostering a welcoming and positive environment? Does the community represent the project well externally?

Answer: Axie Infinity has no problem managing the community to foster a welcoming and positive environment. Axie Infinity is a new type of game - one where users and the core development team are both incentivized to work together to grow the network. In January 2022, the first Axie builders program was released. Axie is widely recognized as the largest and strongest community in NFT gaming. [Here is a guide created for Axie content creator](#)s. Axie universe can be a powerful medium for attracting developers to blockchain technology and as a potential launchpad for Indie developers. To date, the Axie community has built a variety of tools and experiences such as

1. tools for appraising Axies.
2. tools for enhanced market search.
3. Small mini-games

The engineering team is made up of top technical talent from Vietnam. Many of the team members met through competitive coding competitions and hackathons such as the International Collegiate Programming Contest (ICPC). The team members are thought leaders in Vietnam's Rust community and have presented their findings to the broader community in various tech talks.

Score: 13

5. Governance

The "Governance" section evaluates all aspects of the protocol's governance, from infrastructure to processes and distribution of governance power.

a) Extent of governance capabilities (10 points)

Distributed governance should allow token holders to participate in the governance process. How much influence does the current governance process have when everything works as intended? What parts of the protocol does governance touch? Who can put forward a vote, and are there any limits or requirements (number of tokens, only the team can queue votes up, etc.)?

Answer: There is no governance process and nobody can put forward a vote. The project is 100% controlled by Sky Mavis.

Score: 0

b) Active governance contributors (5 points)

Governance is time-consuming, and governance apathy is a common problem in most democratic systems, including crypto. Therefore, it's essential to have a sufficient number of community members allocate resources to the governance process of the protocol. How many individuals participate in the debate around the protocol? How active are voters? Is delegation enabled?

Answer: The whole governance process is not finalized yet. It is a process that will be finalized by September 2023 when Axie Infinity becomes completely decentralized.

Score: 0

c) Governance infrastructure robustness (10 points)

Robust infrastructure relates to how well the technology, software, and models used by the protocol's governance withstand actual use cases. Does the protocol have a reliable voting mechanism? How robust is the governance process, and does it facilitate good governance? Are the votes binding, or do they function solely as signals to the team?

Answer: The whole governance process is not finalized yet. It is a process that will be finalized by September 2023 when Axie Infinity becomes completely decentralized.

Score: 0

d) Process and ease of use (5 points)

This score is based on the documentation and process for governance. More specifically, how easy it is to participate in governance. Does the protocol have a formal governance process? Is sufficient documentation available? Is there a basic framework to establish social consensus? Are there channels dedicated to governance debate?

Answer: The whole governance process is not finalized yet. It is a process that will be finalized by September 2023 when Axie Infinity becomes completely decentralized.

Score: 0

6. Gaming Specific - In-game Economy

Gaming is and will continue to be an essential part of the metaverse. One of the benefits of NFT gaming and blockchain technology more broadly is authentic verifiable digital ownership. For games, that enables the creation of open in-game economies. However, these economies need to be well balanced through token economics and token design. The "Gaming" section focuses on the analysis of in-game economies and their sustainability.

a) Ease of use / Onboarding (15 points)

Gaming projects are introducing crypto to a lot of people in a short space of time. How easy is it for players to get to grips with the game, token economics, and onboard funds from the traditional financial system? Can the game be

played on mobile, PC (browser or install), or both?

Answer: Getting started with the platform is simple, easy, and straightforward. All you need to be able to use the Axie Infinity platform is to register an account with the Ronin blockchain using your email address and a password of your choosing. After registering, you'd get a private key, and verify the private key which needs to be kept safe. You can deposit or withdraw wETH through a third-party (RAMP). Playing any of the games would require you to have at least 3 Axies that can be gotten from the marketplace. Getting 3 axies is considered expensive and a huge bottleneck by many, especially for people in developing countries. However, Origin allows you to play without needing to own axies. The mobile version can be downloaded through their website, it is currently not available on the Play Store or iOS store. A direct download link is on the website. The platform is easy to use just like any other game. A gameplay recording/Youtube tournament shows how easy and interesting the game is on the desktop. Although the origin is also available on mobile, there were some technical issues with connecting with the ronin wallet.

Score: 13

b) Sustainability of P2E or in-game economy (20 points)

This section scores the sustainability of the in-game economy. Does it rely on the ever-increasing growth to sustain the ecosystem? Are there multiple levers the team can pull to balance the economy?

Answer: In the beginning to maximize growth, by design, the Axie economy will be dependent on new entrants. New players require Axies to get started and it is important to ensure there are enough Axies being bred to make obtaining them accessible. There needs to be careful consideration for exactly when additional Axie sinks are introduced as it could limit growth by causing prices to go too high. Over time, the outlined additions above will be rolled out to transition the economy towards growth and sustainability via demand from existing players, and reduce dependence on new entrants coming into the ecosystem. However, as of now, the economy depends on new entrants. Axie has tried since launch to keep DAUs up however, the downtrend in the DAUs can then pose a threat to its sustainability.

Score: 7

c) Utilisation of NFTs (15 points)

NFTs are the fundamental building block of NFT gaming projects and enable open and transparent in-game economies. Can everything in the game be owned by players (Land, Character, Items) as an NFT, or is it limited? Once owned, can items be traded freely?

Answer: Game elements on Axie Infinity are tokenized and are owned by players through Non-fungible Tokens (NFTs).. This includes Land, axies, etc. when a player purchases land (called Lunacian) or axies as NFTs in the marketplace in order to enable them to enjoy the game, these items are theirs to own and can be traded freely on the marketplace. As of April 2022. The total number of Lunacian holders (Landholders) currently stands at 2,825

Score: 14

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